

A decorative graphic consisting of a grid of dots in various shades of gray and red, arranged in a pattern that suggests a world map or a network of connections.

Trade Unions in Transformation

The CUT's Experience During the Workers' Party's (PT) Governments in Brazil (2003–2016)

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- The CUT is the main trade union federation in Brazil and Latin America and the fifth largest in the world, representing 7.8 million unionized workers. CUT has been at the heart of years of progressive economic and social policies under the Left governments of Lula and Dilma Rousseff. Due to its close alliance with the Workers Party, it has been able to influence workers oriented policies and thereby strengthen its structural, associational and institutional power.
- However, the years of social progress have provoked a fierce reaction by the political Right, culminating in the illegitimate impeachment of President Dilma Rousseff. Currently, retrogressive reforms in areas such as social security and workers' rights are pushed by the government and are putting the CUT to the test. CUT's proven abilities to mobilize and to build alliances and its framing capacities will be decisive for strengthening its associational power and regaining its societal power – and for maintaining democracy in Brazil.
- Trade Unions in Transformation is an FES project that identifies unions' power resources and capabilities that contribute to successful trade union action. This study features among two dozen case studies from around the world demonstrating how unions have transformed to get stronger.



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Abstract

This paper looks at the development of the Unified Workers' Central of Brazil (CUT) during the four consecutive PT governments, first under Luiz Inácio Lula da Silva and later under Dilma Rousseff (2003–2016). The authors maintain that this period – coinciding with the first one and a half decades of the millennium – has been characterized by contradictory elements. On the one hand, factors such as the social and economic policies implemented, the close relationship between the CUT and the PT and the progress achieved in collective bargaining and unionization strengthened the CUT's structural, associational and institutional powers. On the other hand, the CUT had to find ways of handling its dual role of representing the workers' interests and partaking in government at grassroots level, while facing criticism from more conservative segments of society. The CUT's societal power began to decline from 2013 onwards despite the ongoing effort to establish alliances, and was further weakened by the economic and political crisis in 2015, which ultimately culminated in the illegitimate impeachment of President Dilma Rousseff. With Michel Temer taking over government, retrogressive reforms in areas such as social security and workers' rights have reappeared on the agenda. They will put the CUT to the test. Its ability to mobilize, to build alliances, and to strengthen its framing capacity will be decisive for maintaining its associational and societal power.

1. Introduction

This paper looks at the development of the Unified Workers' Central of Brazil (CUT) during the four consecutive PT governments, first under Luiz Inácio Lula da Silva (2003–2006, 2007–2010) and later under Dilma Rousseff (2011–2014, 2015–2016).¹ The CUT is currently the main trade union federation in Brazil and Latin America and the fifth largest in the world. It has 3,800 affiliates with 7.8 million members, representing 24 million workers in those sectors and regions where the CUT is active. Internationally, the CUT plays a prominent role in regional organisations such as the Trade Union Confederation of the Americas (TUCA), in global unions through its confederations, as well as in the International Trade Union Confederation (ITUC), whose current president was formerly president of the CUT.

Despite a legal ban, the CUT was founded in 1983 amidst the ongoing struggle for democracy in a country under military rule (1964–1985). It represents the »*New Trade Unionism*« that was and remains critical of the existing state-controlled trade union structures and is the result of the renewed relevance of the workers' movement at the end of the 1970s. This movement has its roots within the more modern segments of the working class who

believe in a new conception of trade unions grounded on ILO conventions, such as Freedom of Association, and on more class-based and combative activities.

Since the 1930s and 1940s, the Brazilian trade union movement has been controlled by the state through a corporatist system. Its main elements are: (a) the principle of exclusivity that only allows one local trade union in each municipality and bans factory-based trade unions; (b) a vertically organised system (confederation at national level, federation at state level, and trade unions for each economic sector and each profession) that formally banned any kind of horizontal organisation and/or confederations until 1986 and only officially legalized these structures in 2008; (c) negotiation of collective bargaining agreements between a trade union and a corresponding employers' association; (d) the fact that a trade union organisation needs to be legally recognized to be able to use its prerogative rights; (e) guaranteed state funding via compulsory contributions, namely a trade union tax and a contribution to the confederation², as well as other duties linked to collective bargaining and membership fees; and (f) decision-making power lies with local trade unions.

This structure is marked by a high degree of ambivalence and flexibility. On the one hand, the state safeguards and controls the trade union system, which contributed to the founding of innumerable trade unions – more than

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1. Dilma Rousseff's second mandate was interrupted by a parliamentary coup in May 2016 promoted by conservative forces with the backing of the big media corporations.

2. The trade union tax is a tax paid by any worker and corresponds to one working day per year. The amount of the contribution paid to the confederation is defined by a decision of the respective general assembly.

22,000 as of 2016, many of them without any representativeness, as the founding of a trade union depends merely on the fulfilment of legal requirements and not on the desire of the workers to be represented. On the other hand, Brazilian legislation grants a series of rights and prerogatives to trade unions in order to ensure their functioning, such as certain protection rights for trade union leaders, guaranteed state funding, the (limited) right to strike, and the right to collective bargaining as a way of defining standards.

Trade unions vary in their orientation and activities depending on the political position of the union's leadership. The system makes it difficult for internal changes in power to occur as the unions define their rules of association themselves, so that they may contain rules which hamper the participation of opposition groups. Brazilian law further allows different trade union federations to coexist, which compete for local trade union affiliation. Therefore, the representation system is characterized by unicity at the base and pluralism at the top.

Looking back in history, it is possible to find examples of diverging applications of the same laws depending on the political regime in power. Between 1930 and 1980, the period in which the country was industrialized, Brazil experienced 35 years of authoritarian governments and 15 years of democracy marked by a high level of instability. The authoritarian governments tried to intervene and impede unions from exercising their right to collective representation of the workers' interests. During moments of democratization, several official bodies played a decisive role in coordinating and planning activities and struggles in favour of single professional categories as well as in favour of the general workers' interests in society. Between 1950 and 1964, the year of the military coup, and towards the end of the authoritarian regime in 1985 with the rise of a new form of trade unionism, it was common practise amongst workers to establish horizontal structures of representation outside of the official structure. The CUT is the biggest organisation of that kind, and was founded despite existing legislation banning such structures.

The CUT gained pace within society by combining activities for economic improvements – mainly by campaigning for wage increases after the cuts and for better working conditions – with the political struggle against the authoritarian regime and for political diversity and democ-

racy in Brazil. The latter involved intense striking, which proved to be a decisive instrument for: (a) reorganizing trade unions by electing more active leaders that promoted the democratisation of trade unions; (b) establishing new vertical structures, namely federations, confederations for each industry, and the CUT itself as a trade union federation; (c) consolidating collective bargaining; (d) giving trade union leaders the stage to gain national reputation, including the future president Luis Inácio Lula da Silva; and (e) legitimizing trade unions, which gained the reputation of being trustworthy organisations in Brazilian society during the 1980s. However, two other trade union centres were founded during this time: The General Workers' Trade Union Federation (CGT) in 1986,³ and the Union Force (FS) in 1991.⁴

The object of analysis hereafter will be the relationship between the CUT and the PT governments of Lula da Silva and Dilma Rousseff, using the analytical categories of power resource and capacities (Schmalz/Dörre, 2014). The authors maintain that contradictory elements can be observed between 2003 and 2016. On the one hand, the CUT strengthened its important role as a discussion partner for the PT government by participating in the formulation of policies that were crucial for the improvement of the living conditions for the majority of Brazilian workers. On the other hand, though, the CUT lost some ground amongst trade unions and society in part due to its adoption of a more moderate political approach because of its role within Brazilian politics (Boito Jr., Galvão and Marcelino, 2015). Nevertheless, the CUT is still the main trade union centre in the country.

The 1990s had a negative impact on workers. Neoliberal policies aimed at economic liberalisation, stabilizing the currency and restructuring the productive sector caused a high increase in unemployment and informal employment. During this period, the CUT was weakened and adopted new campaigns strategies, focused more on: (a) collective bargaining in the different economic sectors; (b) activities at institutional level by formulating public policies and regulating labour relations; (c) widening its agenda by addressing new issues in or-

3. The CGT was established as a counterpart to the CUT and mainly aimed at defending the official trade union structure. Its affiliates range from traditional trade unions without links to political parties to the trade unions of the communists parties.

4. At the beginning, the FS defended ideas that could be described as neoliberal. Over time, the FS became more pragmatic and is now guided by a result-based approach. Its base is concentrated within the private sector.

der to attract new segments of society; (d) networking with other social movements in the fight against neoliberal politics; and (e) promoting positive political change, which would come through the election of Lula as Brazilian president.

The CUT's strategy for political change was based on being part of a larger political camp. Although the CUT had lost some of its structural and associational power due to the economic crisis, this strategy ultimately led to the strengthening of its associational and societal power through its link to the PT and to wider social movements respectively.

Despite the CUT's autonomy and the fact that it has affiliates from different left wing political parties, the CUT and the PT share many common features, starting with the origin of both entities. The PT was founded in 1979 during the military regime after the adoption of the law granting political amnesty. Its support base is very similar to the CUT's, bringing together organized left-wing groups, militants of the left-wing Christian *liberation theology* movement, intellectuals, and trade unionists. Its relationship with the CUT is historically close, similar to several workers' movements across Europe. Lula da Silva, a well-known trade unionist, was the first president of the Workers' Party.

The 2002 election of Lula as Brazilian president gave rise to hopes amongst trade unionists that the focus would now be on creating jobs and promoting social inclusion based on a new development model for the country. The political and social reforms carried out by Lula's government as well as the close relationship between the CUT and the Workers' Party strengthened the CUT's structural, associational and institutional power. Concerning its societal power, the CUT tried to handle its dual role of representing the workers' interests and participating in this new political project, itself not without tensions, while also facing criticism from conservative segments of society. From 2013 onwards, a weakening of its societal power can be observed, which led to a loss of presence within Brazilian society. 2015 marked the return of retrogressive reforms in politics due to the economic crisis and the worsening of the political crisis that culminated in the impeachment process against Dilma Rousseff and Michel Temer taking over as president. This might once again weaken the CUT's structural, associational and even institutional power.

This analysis will look into four periods: (a) from Lula's inauguration as president in 2003 until the political crisis of 2005; (b) Lula's second mandate between 2006 and 2010; (c) Dilma Rousseff's first mandate (2011–2014); and (d) the political crisis that led to the impeachment process in 2016.

2. From Lula's Inauguration as President in 2003 Until the Political Crisis of 2005

Lula's election victory gave rise to hopes among most trade unionists that the neoliberal policies of the 1990s could be reversed. However, the start of this government's tenure, amid a crisis, was conservative in many aspects, mainly regarding its economic policies and topics put on the agenda for debate in parliament, such as on reform of the social security system for public sector employees. At the same time, a range of policies against poverty were implemented, such as the programme Zero Hunger (Fome Zero). Structures for coordination and institutional participation were opened up for organized social movements. Prominent examples of such institutional structures include the Brazilian Economic and Social Development Council (CDES), whose mission is to define a development model for the country, and the tripartite National Labour Forum (FNT) with employers, trade unions and the government debating the reform of the trade union system and labour law. The CDES succeeded in bringing the government closer to different organized civil society groups. However, the FNT was not able to reach a consensus on the reforms.

During this period, the CUT experienced an apparent paradox: on the one hand, due to its historical link to the political camp that supported Lula, it defended the government against attacks from conservative forces and criticism from the left, even though the CUT itself did not fully agree with the ongoing reforms and the PT's economic policies. It was precisely this lack of a clear position in the face of the government's economic politics and the reforms that caused two groups⁵ more to the political left to leave the CUT, demanding a more critical attitude towards the government. On the other hand,

5. The Popular Union Central/National Coordination of Struggles (CSP/CONLUTAS) and the Intersindical, that later split up into the Union Central of the Working Class and the Instrument for Fighting and Unionizing the Working Class. Both together made up 10 per cent of CUT's affiliates. However, these organisations do not fulfil the legal criteria for official recognition as trade union centrals.

the CUT managed to increase its institutional participation in the state through its membership of several councils, forums and public bodies that debated, defined and implemented public policies in Brazil (Araujo & Vêras de Oliveira, 2011, p. 86).

Public policies in favour of discriminated groups in Brazilian society, such as women, young people, the LGBT community and people of colour found their way onto the political agenda. A special ministry for women was established that aimed to empower women and strengthen their economic autonomy as well as gender equality and human rights. Some CUT leaders were directly involved in the implementation of these policies. This further contributed to the strengthening of its institutional power. More and more trade unionists were voted into Parliament. During 2003–2007, 69 out of 513 MPs were trade unionists in leadership roles in their organisation.⁶ Networking with other social movements and cooperating with other trade union federations were decisive for the CUT's societal power. The CUT is part of the Confederation of Social Movements (CMS) founded in 2003, which has amongst its members some of the main trade union organisations in the country, the CUT and the Brazilian Workers' Trade Union Federation (CTB), student associations, the National Students' Union (UNE), Brazilian Union of High School Students (UBES) and National Association of Post-Graduates (ANPG), women's associations, the World March of Women (WMW) and the Brazilian Women's Union (UBM), black civil rights organisations, the National Co-ordination of Black Entities (CONEN) and Union of Blacks for Equality (UNEGRO), and land reform movements, namely the Landless Workers' Movement (MST), Popular Movements' Central (CMP), Homeless Workers' Movement (MTST), National Confederation of Neighbourhood Associations (CONAM) and others.

The economic recovery from 2004 onwards that was initially fuelled by the commodity boom and later by a strong domestic market, came hand in hand with a political crisis in 2005. Facing attempts by the right to overthrow Lula's presidency, the government approached trade unions and social movements for support. Fol-

lowing negotiations with the trade union federations, policies were adopted that helped to pave the way for socially inclusive economic growth such as an increase in the minimum wage, an increase in social benefits, the *Bolsa Família* programme, in order to fight hunger, and the creation of consigned credit schemes⁷ which facilitated access to credit for workers (Baltar & Leone, 2016).

Despite the inability of the FNT to agree on reforms of the trade union structure and labour law, several positive results were achieved. For instance, real wage increases through collective bargaining were obtained in the majority of professional categories from 2004 onwards (see table 2). That and the increase of the minimum wage contributed to a reduction in income disparities and to an increase in purchasing power. Moreover, the expansion of formal employment contributed to reduced unemployment numbers and decreased informal employment. At the same, more people joined trade unions (see table 4)

It is, therefore, a period that starts with tensions and affiliates leaving the CUT, but that also enhanced the CUT's participation in the process of policy formulation with positive results for workers and the trade union movement under the hegemony of the CUT. This period is marked by a strengthening of the federation's structural, associational and societal as well as institutional power resulting from the establishment of new structures for participation. It should be pointed out that in the richer regions of Brazil, the South and the Southeast, first signs of weariness were noticeable amongst middle class citizens.⁸

3. Between 2006 and 2010: the Height of *Lulaism*⁹

Between 2006 and 2010, the PT government changed its approach to development and the state took on a more prominent role in the economy by restructuring public services, requesting new tenders and making public employment more attractive, strengthening

6. More than 20 parties are represented in the Federal Parliament. Most of them without significant influence of their own. Therefore, the government's success in implementing its agenda depended heavily on its popularity and its ability to create alliances with other parties. This is even more the case as no left party, including the Workers' Party, ever got more than 20 per cent of the mandates in parliament.

7. Consigned credit is a loan with payroll deduction.

8. Including public employees and employees with higher wages such as doctors, engineers, bankers etc.

9. Concept developed by André Singer (2012) in order to show that Lula was gaining support among the non-organized segments of society due to his social policies.

state-owned companies, and promoting socially inclusive economic growth.

Faced with the global economic crisis in 2008, the government adopted policies to spur domestic demand via negotiations with the trade union federations. This led to economic growth. Together with policies to strengthen social inclusion through private consumption, this growth brought very positive results: a decrease in unemployment and informal labour, an income increase for workers, especially the less qualified, a reduction in salary discrepancies, and an increase of the age at which young people start to work (Krein & Manzano, 2014). It was a process of restructuring of the labour market, expanding formal employment. However, there were no substantial changes to the development model. Economic liberalisation and measures to strengthen the Brazilian currency – even though they increased the purchasing power of Brazilians – contributed to the deindustrialization of the country.

Against this backdrop, the trade unions were able to strengthen their structural power. This can be seen by the fact that different professional categories achieved real wage increases through collective bargaining for ten consecutive years.

From 2006, the CUT's strategy was based on two pillars: strengthening democracy and valorisation of work. Since the end of 2004, the CUT has organized the yearly Working Class Marches together with other trade union federations. While the first three marches mainly called for an increase in the minimum wage, the 2008 March demanded that the agenda that the trade union federations had defined together was transformed into law. Two important documents were written together with the other official trade union federations: the *Workers' Agenda for Development: with Income Distribution and Valorisation of Work* (2007) and the *Agenda for a National Development Project: with Sovereignty, Democracy and Valorisation of Work* (2010). Both documents demanded that the government take a more active role in promoting development and emphasized the benefit of an increase in the minimum wage and the creation of jobs for economic growth and development.

It was at this time that the main trade union federations joined the support base that was sustaining the government with the exception of a few more left-wing

groups. The fact that the CUT took on a more positive attitude and put economic issues on its agenda shows that its structural power had been strengthened. During the 2008 economic crisis the CUT maintained its strategy and supported the countercyclical policies adopted by the government, such as tax cuts in order to promote investments and consumer spending and to prevent mass redundancies.

The positive effects on labour facilitated the government's strategy of deepening its relationship with the trade union federations, which adopted a more collaborative attitude. The institutional structures were maintained and policies to counteract the effects of the crisis were negotiated together. This social dialogue and the participation of trade union leaders in public bodies strengthened the direct relationship between the government and the trade union movement. For example, the Ministry of Labour and Employment was handed over to the second main trade union central (FS).

During this period, the CUT was an active member of the Labour Relations Council (CRT) and the Deliberative Council of the Workers' Assistance Fund (CODEFAT) through which it participated in debates on labour policies and in the design and implementation of the government's employment policies. The CUT was further involved in implementing policies for particularly vulnerable groups of society such as women, young people, the LGBT community and people of colour.

During the second term of office, between 2007 and 2010, the number of trade unionist MPs decreased from 69 to 55, but unionists continued to have an important voice in parliament and occupied high offices in public bodies (D'Araujo, 2009). This shows that the trade union movement maintained its institutional power.

With regards to labour regulations, there are examples of how, through campaigns, the CUT managed to put labour and employment topics (minimum wage, access to credit, income transfer programs) onto the government's agenda. Nonetheless, the government also implemented measures that restricted rights, for instance its social security reform. The most expressive act of this time was a veto on easing labour law and on the reduction of social protection. This was a demand of the private sector in the 1990s, including the permission to subcontract workers and the prevalence of negotiated

terms over legislation. Looking at the record of governmental policies, it can be said that there are contradictory elements. Some measures increased protection, while others increased flexibility.

The following elements contributed to a strengthening of the trade union movement's associational power: (a) networking and joint mobilization activities of the trade union federations such as the Working Class Marches and others since the 2008 crisis; (b) an increase in the absolute number of members, but a loss in density, as more jobs were created than workers unionized; and (c) the bill on official recognition of the trade union federations in 2008 that was agreed between the trade union federations and the government. The CUT made concessions during those negotiations regarding its view of trade unionism, mainly concerning the compulsory contributions and the principle of exclusivity of representation.¹⁰ Official recognition meant that 10 per cent of the trade union tax revenue paid by every Brazilian worker was passed to the trade union federations (equal to 3.3 per cent of a monthly wage per year). In 2008, this corresponded to approximately 38 million US dollars, in 2014 to nearly 80 million US dollars of which the CUT receives one third.

Legal recognition contributed to a strengthening of the trade union federations' associational and institutional power, even though it brought three undesired consequences. Firstly, an increase in the fragmentation of the Brazilian trade union movement was experienced on all levels as new trade union organisations were founded.

The number of trade union federations rose to 12, of which six are officially recognized.¹¹ The Class-based Union Current left the CUT in 2007 and founded the Brazilian Workers' Trade Union Federation (CTB). Nevertheless, the CUT continued to be the main trade union federation in Brazil. Secondly, there emerged an inability to agree on a reform of the trade union structure, which

10. By law the trade union federations need to fulfil some criteria regarding representativeness to be officially recognized, such as distribution in the regions and within economic sectors and a representation of at least 7 per cent of all trade union members.

11. The officially recognized trade union centres are: the CUT, the FS, the General Workers' Union (UGT), the Brazilian Workers' Trade Union Federation (CTB), the New Workers' Union Central (NCST), the Central Brazilian Union (CSB). The not officially recognized trade union centrals are: CSP/CONLUTAS, the Brazilian Democratic Workers' Central (CBDT), the Unified Central of Public Servants of Brazil (CSPB), the Intersindical/Working Class Central and Intersindical/Instrument of the Working Class's Struggle.

consolidated the fragmentation of the Brazilian trade union system, where many entities exist but with little representativeness. Thirdly, the emergence of a »trade union market« where the trade union federations competed for new members, as every new affiliate means an increase in revenue, hampered reform. In other words, there was a run for founding new structures. This reinforced the contradictory trade union structure in Brazil: unicity at the base and pluralism amongst organisations on the second or third level. Another aspect worth mentioning is the fact that no progress was made in the last years in merging trade unions and in representing subcontracted workers and those affected by unemployment.

Regarding societal power, the cooperation with other trade union federations and social movements is strengthened. Within the Confederation of Social Movements (CMS) activities concentrated on promoting national sovereignty, economic development and the valorisation of work. The CMS claimed to be a platform for participation of the generally »excluded« and a think tank on viable alternatives for the country. The demands put forward during campaigns in which the CUT took part mainly focused on defending the PT government for the benefit of an alternative development model that will promote democracy, distribution of income and valorisation of work as well as the struggle for democratization of the media.

The trade union's Social Trustworthiness Index (ICS) suffered no changes during this period. In 2010, 46 per cent of the Brazilian population considered trade unions trustworthy (see table 1). This is lower than the ICS of financial and religious institutions but higher than that of other political institutions.

4. The Government of Dilma Rousseff (2011–2014): A Growing Alienation of the Trade Union Movement

The previous period was marked by decisive progress in terms of restructuring of the labour market. Thus, Lula's candidate was elected president despite furious rhetoric against Dilma Rousseff spreading among the middle and upper income classes. They were opposed to policies that promoted social inclusion, to corruption, to their loss of social status, and to public services incapable of

attending to the growing masses of people consuming, travelling and using those services. It is, however, much more difficult to build a country for millions than for only a small portion of society.

During this period, the economy began to slow. While the economy grew 7.6 per cent in 2010, by 2014 the growth rate was zero. The causes of the economic downturn are: (a) the ongoing international crisis; (b) the fact that the expansion of domestic consumption was nearing its limits; (c) the government's inability to implement a development project, several important initiatives not being successful either due to mistakes made during their implementation or due to strong opposition from the economic elite of the country; and (d) incorrect interpretation of the current context and economic policy mistakes, especially concerning exchange rate policy. The economic problems were used by the big media corporations and opposition groups to wear down the government.

In spite of the economic slowdown, labour market indicators were still improving. Unemployment sank to its lowest level by the end of 2014 (4.8 per cent), less the half of what it was when the PT took over in 2003. Wages, especially low wages, continued to grow above inflation thanks to an increase in the minimum wage and positive collective bargaining results. Even increases in variable pay, such as profit sharing schemes, were achieved. This shows how efficiently the trade unions managed to increase workers' purchasing power, especially in low-income groups of society. The formal employment sector was also still growing. The improvement of indicators cannot be explained merely by the dynamic of the economy but rather by other factors, such as demographic change, higher income of households and by the fact that the state actively promoted policies of social inclusion and the fight against illegality.

During this period the relationship between Dilma Rousseff's government and the trade union movement started to show signs of wear. The number of trade unionist MPs again increased to 64, the majority belonging to the CUT. Some of the highest governmental offices were occupied by trade unionists during this government. The institutional structures for dialogue and cooperation still existed and meetings were held – even though less frequently than in the previous period. Nevertheless, the interaction between the social actors and the government

became more intricate, which impeded the building of a consensus around a common agenda. At the same time, the difficulties the country was experiencing highlighted the different understanding of how the economic problems should be solved and of how social inclusion policies should be implemented.

Some of the more ambitious measures adopted by the government, mainly in 2012, namely reduction of interest rates, strengthening of public banks, exchange depreciation, in order to reduce profit from speculation and to stimulate productive investments, led to growing discontent, especially on the financial market and among the big media corporations. Moreover, the poor quality of public services, the rise in inflation, albeit short, and investigations into corruption cases, mainly in the more developed regions of the country, contributed further to the discontent.

At this time, the CUT, whilst belonging to the same political camp, started to criticize the government for its lack of dialogue, policy of tax incentives for companies, which weakened the social security system, and its economic policy. Even though the government met some of the demands – the social inclusion policies continued to be implemented – the dialogue between the CUT and the government became more difficult, increasingly giving way to more explicit criticism, not only of the government, but also of those that defended the government's development and social inclusion policies.

In the national debate on employment regulations, the topic that was most visible was the one on easing labour law. The CUT played an important role in preventing the passing of some of the demands of the private sector into law, dominating the resistance against legalizing the indiscriminate subcontracting of workers. Looking at the sum of all employment regulations adopted the picture is contradictory. Some of the laws, namely the increases in minimum wage, the strengthening of domestic workers' rights, and the promotion of gender equality, benefited workers. However, some demands made by the trade union federations were not taken into consideration, such as a reduction of working hours to 40 hours per week, the introduction of a mechanism preventing unjustified dismissals, and a more inclusive social security system. In short, neither employers nor workers saw their agenda being taken up by the government.

Although the number of trade union members increased to 4.5 million, the number of new jobs created increased by 21 million between 2001 and 2015 (see table 4). The trade union density amongst all employees was practically stable, but it fell among workers in the formal sector from 29 to 27 per cent. In the aftermath of the election of a former union leader as president, trade union density rose to 29 per cent between 2001 and 2005 while the number of employees grew 21 per cent in the same period.

Between 2005 and 2012, employment grew much faster than the trade unions did. However, 2013 is the only year, in which absolute numbers of trade union members fell. Between 2014 and 2015, the rate began to grow again in absolute terms (2.2 million new trade union members) as well as proportional terms (22 to 27 per cent).

Generally speaking, unionization is higher among women and in the less developed regions of Brazil, the North and Northeast. During the recent political crisis and with ongoing attacks on rights, the unionization rate increased further. However, the trade union movement in Brazil continued to be highly fragmented. In 2015, more than 22,000 entities were registered while the CUT continued to be the main trade union federation, representing 36 per cent of unionized workers.

There was a rise in strikes and participation in them after 2008 (see table 5). In 2003, 340 strikes were registered, of which 156 affected the public sector, 20 state companies and 160 private companies. In 2013, however, there were 795 strikes by public servants, 137 in state companies, 1,106 in private companies and 11 in private public enterprises: 2,050 strikes in total (DIEESE, 2015a). Although there are no official statistics yet for the following period, it is expected that the numbers will have fallen slightly but will continue at high levels.

Regarding the CUT's internal structure, there was progress made in attracting segments of society that had hardly been represented before and in broadening its agenda with new topics of social relevance. The debate about these topics within the CUT had started already in the 1990s. However, it was only in the first decade of the new millennium that the new issues were institutionalised within the CUT's organisational structure with the establishment of the Secretariat of Working Women (2003), the Secretariat of the Fight Against Racism

(2009), the Secretariat of the Environment (2009) and the Secretariat of Young People (2009). As for gender equality, the 11th CUT congress in 2012 voted for an equal representation of women and men on all leadership levels of the federation.

Also worthy of mention is the establishment of the Agency for Solidary Development (1999) that promotes the management of companies by the workers themselves and alternative forms of work and income generation. In 2012, the CUT founded the Cooperation Institute. From being a mere beneficiary of international solidarity, the CUT progressed and started to develop a more systematic approach to international cooperation.

From 2013 onwards, important changes affected society and politics. The demonstrations in June 2013 mobilized the masses, initially demanding a reduction of public transport rates and protesting against public spending for the World Cup in 2014. More and more people joined these protests, particularly young people who belonged neither to trade unions nor to political parties. Those of the political left in particular were very present during the protests. They started off with progressive demands, but were then taken over by conservative groups, which led to an increase in the organisational capacities of the right.

This is a complex dynamic that requires further investigation. On the one hand, there were progressive groups that pointed out the limits to the strategy of social inclusion by means of private consumption instead of by fully safeguarding citizenship rights. They argued that public services in poorer areas are insufficient and access to urban mobility is limited. On the other hand, there were conservative forces that aimed at preserving the *status quo* for the middle and upper income classes, as they benefited from inequality. They protested against social inclusion policies, such as the *Bolsa Família* Program, the minimum wage, and the affirmative action law with racial quotas at universities. As a result, the government's position began to deteriorate from that moment onwards and the Right, with the support of the big media corporations, continued to widen their protests. However, they were not capable of defeating Dilma Rousseff in the 2014 presidential election. The protests continued vigorously in 2015 and 2016 and eventually led to the impeachment process against Rousseff.

The trade union movement was not welcome at these protests. There are countless reports of aggression against bearers of the red flags of left wing parties and the CUT. At the height of the protests in July, the trade union federations organized marches in order to bring their demands back on the country's agenda. The demonstrations were smaller in size than the counter-protests, but they drew the attention to the workers' agenda. The CUT's lack of leadership in the 2013 protests seems to be reflected in the trustworthiness index, which fell to its lowest level in 2013, even though it was a record year of strikes. However, the index rose again in 2014 and 2015.

Some social movements gained strength during this period, such as the Homeless Workers' Movement (MTST), but it was mainly the Right that benefited and that found a common enemy and scapegoat for the problems of society: the »reds«. The CUT maintained its associational and institutional power, but this new situation put pressure on its structural and societal power. Facing an invigorated Right supported by the big media corporations and the continuation of the economic problems, the government was forced to adopt a more orthodox economic policy of austerity, ease labour law, restrict rights, and reduce social security and social benefits.

5. The Crisis of 2015 and the Impeachment of Dilma Rousseff

Notwithstanding a growing political polarisation and the strengthening of the right, civil society organisations were mobilized in large numbers by campaigns, which the CUT participated in, in order to guarantee Rousseff's re-election in 2014. The growing polarisation also reflected itself within the union system, where divisions were increasingly visible. While in 2010 all the official trade union federations supported Rousseff's election, by 2014, it was only the CUT. The other trade union federations were incapable of agreeing on one candidate due to internal divisions, and the FS, the second largest federation, predominantly supported the opposition.

During the impeachment process, a considerable number of trade union organisations joined the fight for democracy, but with the exception of the CUT and the CTB, all of the trade union federations had to deal with internal divisions. Several other social and more left

wing trade union organisations joined the movement, which did not, however, support the Workers' Party. Thus, the fight for democracy brought the CUT and social movements closer together again, which temporarily strengthened the CUT's societal power. At the same time, the CUT lost some support amongst its affiliates, especially among more qualified workers with higher incomes, as they were more inclined to support a coup, hoping that political change would end the economic crisis that has affected Brazil since the end of 2014 – a hope fuelled by the press, but never fulfilled.

This was the moment when the economic indicators started to deteriorate. The deterioration was exacerbated by the government's change of course towards a conservative austerity agenda which included restricting rights, such as restrictions to access to unemployment benefit and to minimum wage bonus schemes e.g. the 14th monthly wage paid by the state to those who earn up to two minimum wages, and a sharp rise in prices, particularly of petrol and energy. Moreover and as a consequence of growing polarization, the conservative forces clearly won the Congress elections in 2014 and Eduardo Cunha¹², a corrupt MP, was elected the new President of the Chamber of Deputies. A liberal agenda was introduced and any attempt by the government to pass legislation was blocked. Furthermore, Cunha played a decisive role in the impeachment process. Growing unemployment, inflation, austerity measure, the weakening of its grassroots support base, the tactic of blocking government policies, and a strengthening of the Right further exacerbated the economic, political and social crisis and played an important role in the lead up to the impeachment process. Moreover, the Right is highly represented in Brazilian public institutions – especially in the judiciary – and the media landscape is dominated by five big corporations that strongly supported the coup.

The CUT participated in the Brazilian Popular Front movement (2015) that brought together several civil society organisations, trade unions and supporters of the Left. Their aim was to join forces, so the left could respond with one voice to the attacks from conservative forces and not just in defence of Rousseff's government. At the height of the crisis in 2015, another movement was founded, the *People without Fear* movement, which the

12. Following the impeachment of president Rousseff, Cunha was banned from his post and lost his mandate as an MP. He is currently under arrest and accused of corruption and illicit enrichment.

CUT also participated in together with other civil society organisations such as the MTST. These two alliances played an important role in the protests in defence of democracy and social rights that were organised in 2015 and 2016.

It all started in 2015 with protests organized by the trade union movement against a draft bill presented by Eduardo Cunha in Parliament that aimed to fully liberalize the subcontracting of workers. Many citizens supported the demonstrations against this law, allowing the CUT to play a lead role in the resistance. Given the strong mobilization against it, the draft bill, which had the support of 400 MPs during the first reading, was approved with only 230 votes in the second reading. It has been pending in the Federal Senate for over a year now and came back to the political agenda recently in the context of the labour law reform that is being pursued by the current government. However, in March 2017 another bill was passed that allows subcontracting for all economic activities, which is a clear attack on workers' rights.

Over weeks and months, demonstrations in defence of democracy and social rights increased significantly bringing together a big part of the social movement in Brazil. Even though the demonstrations and protests for democracy grew, they still did not bring together as many people as the protests organized by the Right. The CUT was one of the main actors in the coordination of the demonstrations against the institutional coup and decisive in organizing the protests. However, it was not very successful in mobilizing the workers represented by its affiliates.

Seeing that support for the coup was growing, the government assumed a totally conservative and liberal agenda: destructuring and privatization of state-owned companies, weakening of public banks, cuts in social benefits with freezing of public spending for 20 years, restriction to workers' rights, permission to sell land to foreign companies, and increasingly opening the market to international companies for oil production, among other measures.

After the illegitimate government took power, the trade union federations split into two blocks: four of them (FS, NCST, CSB and UGT) decided to negotiate with the government, whereas the other two (CUT and CTB) together with another two other left wing (and not officially

recognized) trade union federations decide not to recognize the new government as such. Within this context, the CUT assumed a position of resistance against the government's plans to reform labour law and the social security system. Currently, the trade union federations are cooperating in order to organize their resistance and joint protests in 2017.

6. Closing Remarks

Over the last decade, the CUT has contributed to the shaping of alternative governmental politics. The election of a trade union leader as Brazilian president brought advantages and disadvantages. On the one hand, the CUT became an indirect part of the new coalition in power, with trade unionists taking up political posts and the CUT supporting them publicly. The strong link with the government also meant that at least during the times in which the government was popular, the greatest part of the period analysed, the CUT grew stronger. However, it also meant that its image suffered during moments of crisis, as in 2005 and after the protests in June 2013. Especially in times of political and economic crisis, the government drew closer to the social movements, adopting more progressive causes. This contributed to keeping the government in power, but also resulted in growing tensions between the trade union movement and some parts of society, including some segments of the working class.

On the other hand, the CUT always sought to maintain its autonomy by organizing demonstrations and making demands that it thought to be important for improving workers' living conditions. It organized countless demonstrations during the decade and achieved great mobilization during the demonstrations against the reform of the labour law in 2015. Although its image suffered, the CUT is still the main trade union federation in Brazil. Today the CUT is trying to regain force – not without difficulty – in order to become the backbone of resistance against the new conservative government's attack on workers' rights and social security.

The CUT's achievements in economic terms were significant and strengthened the structural power of workers: an increase in the minimum wage, a correction of income tax rates, an introduction of the consigned credit, and strengthening of the domestic market. All these

measures contributed to unprecedented socially inclusive economic growth with. However, a large amount of jobs in Brazil are still low-wage. Industries as metalwork, the oil industry and civil construction benefited from the countercyclical policies. The CUT supported this approach in all the forums that participated in defining the country's economic policies. Moreover, it presented together with other union federations the *Agenda for a National Development Project*, whose objectives in economic and social terms, however, were not achieved.

The CUT's associational power also increased during the four governments, as evidenced by: (a) the passing of the bill that officially recognized the union federations and guaranteed their funding; (b) an increase in the number of members of the trade unions by 4.5 million; (c) the ability to organize strikes, which rose in numbers until 2013; (d) the fact that real wage increases were achieved in collective bargaining; and (e) the establishment of the new Secretariats for women, youth and anti-racism, which shows that new topics were embraced and considered a priority. The decision to have equal representation of women and men in the leadership of the union federation together with other historic policies on proportional representation at other levels and the direct election of the delegates at grassroots level, prove that the CUT endeavours to achieve internal democracy.

The CUT is still the main union federation in Brazil, despite other trade union federations, such as UGT and CTB, gaining relative importance and despite internal differences of opinion. This shows that the CUT was able to maintain its associational power. Moreover, the campaigns, marches and demonstrations organized by the trade union federations also contribute to the strengthening of their associational power.

With regard to its institutional power, the CUT was able to strengthen and to increase its participation in rele-

vant organisations and public institutions. It partakes in more than 140 forums, where public policies are debated and formulated. Furthermore, there were hardly any substantial debates on labour or employment conducted without the CUT's participation. Despite contradictory outcomes in the period analysed, the most substantive result is the fact that there was no deconstruction of workers' rights as sought after by the neoliberals. Some of the central issues, such as the reform of the trade union system and the reduction of the weekly work hours, were not substantiated.

Activating the CUT's social power was decisive in the success of the political project represented by Lula in the 2002 presidential elections. The CUT maintained its networking strategy in order to integrate new topics and demands into its agenda. However, in spite of this strategy, the CUT lost ground as an organization able to voice the most important social issues. This is shown by its marginal role during the protests in June 2013 and the decrease in the trustworthiness index score for trade unions. The CUT's experience reveals how essential it is, despite progress in institutional terms, to maintain alliances with social movements around an agenda that defends the general interests of the poor in society and to challenge existing ideas and to politicise society again.

In short, the CUT's experience between 2003 and 2016 was very meaningful. Nowadays, still being the main trade union federation, the CUT's capacity will be tested in the conflict over the reforms to labour and social security currently being debated in Parliament. In terms of structural power, the worsening of the crisis with growing unemployment and the advancement of austerity policies will make progress in collective bargaining more difficult. However, within a larger context the CUT's ability to mobilize and to build alliances and its framing capacities will be decisive for strengthening its associational power and regaining its societal power.



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Annex

Table 1: Distribution of employees older than 15 years according to employment type

	2003	2007	2011	2014
PEA	87,575,900	97,069,535	100,440,276	105,874,723
Employed	79,053,946	89,230,451	93,722,402	98,620,522
Working in formal sector	31,145,232	38,087,580	45,584,355	48,132,438
Informal sector and without pay	26,598,214	28,599,233	25,066,901	25,631,256
Employer	3,384,078	3,402,725	3,221,750	3,728,845
Self-employed	17,926,422	19,140,913	19,849,396	21,127,983

Source: National Household Sample Survey (PNAD)

Table 2: Distribution of wage increases

Increase % / Year	2003	2006	2010	2012	2014
Above inflation	18.8	86.3	87.8	94.6	91.5
Equal to inflation	23	10.7	7.7	4.1	6.1
Below inflation	58.2	3.1	4.5	1.3	2.4
Total	100	100.1	100	100	100

Source: DIEESE 2015.

Table 3: Evolution of trade union federations' representativeness between 2008 and 2015

Central	2008	2015*
CUT	35.84	31.73
FS	12.33	10.82
UGT	6.29	10.3
NCST	6.27	7.65
CTB	5.09	10.36
CSB*	–	7.15

*The CSB was founded in August 2008.

Source: Ministry of Labour and Employment



Table 4: Evolution of trade union density between 2003–2015

Year	Non-unionized	Unionized	Total	% unionized
2003	20,529,242	8,686,765	29,216,007	29,73 %
2005	22,538,991	9,848,177	32,387,168	30,41 %
2011	32,966,218	10,333,890	43,300,108	23,87 %
2012	34,054,733	10,443,979	44,498,712	23,47 %
2013	35,409,456	9,894,367	45,303,823	21,84 %
2015	31,606,875	12,191,744	43,798,619	27,84 %

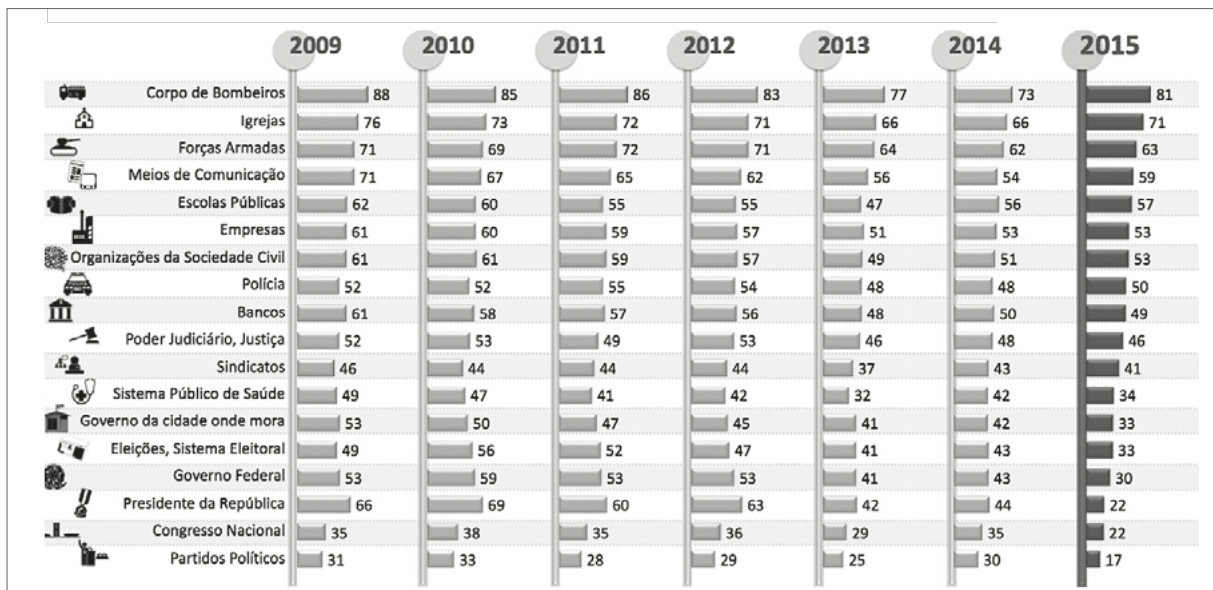
Source: PNAD; data compiled by Pedro Henrique de Alcântara.

Table 5: Evolution of strikes between 2003–2013

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total	340	302	299	320	316	411	518	445	554	877	2,050
Public sector	156	158	137	145	140	155	215	233	296	381	796
State-owned companies	20	27	25	20	21	29	38	35	29	29	137
Private sector	160	114	135	151	149	224	264	176	227	464	1,106

Source: DIEESE; data compiled by authors

Figure 1: Social Trustworthiness Index (ICS)



Source: Amostra (2.002 Interviews).



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