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			DEPT. PASS TO DEPT. OF LABOR BRASILA
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AGR	СОМ	FRB	FROM : AMCONSUL SAO PAULO DATE: March 31, 1975
INT	LAB	TAR	E.O. 11652: N/A
			SUBJECT: LABOR UNION 'OPENING: The Illusion and the Reality' L.
TR	ХМВ	AIR	REF : DECLASSIBIED
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1	1	NAVI	Summary
OSD	USIA	NSA	- W
			Through direct statements and judicious leaks to the press, the Geisel
			Administration has for the past several months conveyed the impression
			that it was moving to loosen its tight control over labor union activities.
			While it is true that a number of recent government decisions have
		'	benefited the working man, a careful examination of the facts indicates
			no similar government readiness to allow the unions themselves any
1	CT	1101	greater latitude. Strict government control over the election of union
DCM	-	7-	officials remains in force, although the methods to achieve this end
POL			seem to be changing, and unions are still precluded from conducting meaningful collective bargaining with employers. Thus, despite the
FINA		V -	atmospherics, unions for the foreseeable future will be compelled to
CON			continue to content themselves with the almost exclusively social
USIS		7	service functions imposed on them since the 1964 Revolution. End Summary
DAO		1	Service functions imposed on them since the 1701 feet of the 2000
POL	R	7	THE ILLUSION. Since the beginning of the year, the Geisel Administration
RSO			has sought to create the impression, at least in the public's mind, that a
MSG JBUS			labor union opening (abertura sindical) was in the works that would
FAS		1	parallel the government's much heralded 'distensão politica'. The
LEG	_	~	government's precise plans for loosening its tight grip over organized
PER			labor have never been spelled out. More often than not, the word that
PC B &			some change was in the wind has been allowed to sift out to the public
GSO			through calculated leaks to the press. One article, which appeared in
C &		1	O Estado in mid-January and elicited much comment in São Paulo labor
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circles, suggested that the government was now inclined to let the "natural leaders" come to the fore of the labor movement, and, by extension, to displace the government-manipulated "pelegos" currently in control of many unions and federations. On occasion, however, an official government spokesman has broached the theme of abertura sindical directly. In a January 23 speech, for example, Labor Minister Arnaldo Prieto, whose own appointment last year was interpreted by some as a step towards an abertura, stated flatly that the government had the "intention of promoting an opening in Brazilian labor activity and of suspending gradually all government interventions (takeovers) of trade unions". Prieto went on to note that during the past six months, the government had lifted 30% of its interventions, and that the interventors in the remaining unions had been chosen by the government from the ranks of the union involved.

President Geisel too has sought to foster the impression that his administration would loosen his predecessors' smothering hold over organized labor. In late January, for example, the President sought to show his human face at a much publicized and well-received visit with top São Paulo labor leaders at Praia Grande, the site of numerous vacation colonies maintained by São Paulo unions.

Although little specific emerged from the informal encounter, São Paulo labor leaders appreciated the President's gesture in meeting with them, which they claimed was unprecedented since the 1964 Revolution.

THE REALITY. Despite these atmospherics, few in São Paulo labor circles really expect a relaxation of government restrictions of labor union activities per se in the foreseeable future. São Paulo labor leaders, regardless of their political coloration or militancy, do admit that the government has recently taken a number of long overdue but concrete steps in favor of the working man (although their interpretation of government motives varies). In this regard they cite the government's 43% wage hike for workers covered by contracts ending in January (and 44% in February) which exceeds the cost of living for the first time since 1964.

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They insist with reason, however, that a sharp distinction be drawn between that which could be construed as a government abertura toward the working man on the one hand and the government's treatment of unions on the other. The salary increase, they point out, while laudable does nothing to strengthen the unions, and is merely a paternalistic governmental act over which both the working man and unions have extremely limited influence. Indeed, by satisfying some demands of the workers without recognizing unions as their legitimate representatives in a meaningful sense, principally in the area of wage negotiations, the government down plays and weakens the role of unions altogether. Thoughtful union leaders realize the government's unilateral wage decree underscores in the workers' minds the superfluousness of unions in areas outside strictly social service functions, which clearly is what the government desires. They believe that the President's February 28 message to Congress, which dwelled at some length on the government's intention to improve the lot of the working man but neglected to once mention labor unions, serves the same effect.

Reduction of Interventions a False Criterion

Union leaders also generally dismiss as a false harbinger of abertura the reduction in government interventions of unions. The more outspoken and candid, such as Alcy Nogueira, President of the São Paulo Chemical Workers Federation, argue that after ten years of interventions, the government has long since winnowed out most of those it considers 'undesireable elements' in the traditionally more troublesome unions, leaving a sanitized and innocuous core of 'bomzinhos' or 'pelegos' in control. In this environment, the former wholesale interventions in which entire union leaderships were purged are no longer necessary from the government's point of view. In its place, the government has merely substituted a more subtle tactic of removing the offensive individuals from leadership positions. In any event, few unions remain under government intervention in São Paulo.

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A Better Test of Abertura

A valid test of go vernment performance in the area of abertura sindical should gauge the government's willingness to allow some forward movement in two major areas----internal union elections and collective bargaining. (In the Brazilian context, no give in the government's prohibition of strikes should be expected.) In the area of elections, the government has shown no detectable inclination to allow the unions a greater degree of self-determination. In fact, several labor leaders, including those favorable to the government, believe the government has clamped down a bit as a result of the Labor Minister's issuance in December of a little noticed Ministerial Decree (Portaria 3437) to go into effect May 1, which governs the election of officials at the union, federation and confederation level. Among several of the provisions in the new portaria these labor leaders find objectionable is a requirement that candidates for union offices present "certificates of good conduct" (atestado de bons antecedentes) from the local police. In a bold (in the Brazilian context) editorial in its February bulletin, the Graphic Workers Federation denounced the requirement as a poorly disguised return to the ''nefarious certificate of ideology'' which it claimed the government used early in the revolution to exclude oppositionists from leadership positions in unions.

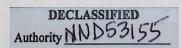
It may be unfair to portray the new portaria as a "tightening" of the government's leash over unions as Flavio Costa, the play-it-safe head of the São Paulo Textile Workers Federation, describes it privately. After all, the government always found ways to isolate those it considered offensive. But the new measure does seem to give a legal basis to the government's former extralegal practices.

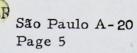
The Proof

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Any illusions that the government planned to relax its veto power in the area of union elections vanished when the government refused, in early March, to allow foure objectionable members of a victorious.

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opposition slate in the Rio de Janeiro Meturalurgical Workers Union to take office. Presumably, in this instance, the government, confident that the slate would lose, had wished to appear to exhibit a new tolerance by allowing the undesireables to participate. When its calculation went awry, the government simply reverted to its former arbitrary tactics.

The government's recent performance in the area of collective bargaining is equally unpromising. The government still sets wage policy and imposes wages settlements through the dissidio coletivo handed down by the regional labor court, thereby depriving unions of their major raison d'etre. By government design, unions remain relegated to the harmless role, set out for them since the 1964 Revolution, of administering medical programs, often largely financed by the government, and managing vacation colonies.

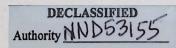
A Warning

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Lest there be any misunderstanding about that role, fostered by the government's own imagry on behalf of a supposed abertura sindical, Labor Minister Prieto, in a revealing speech in Rio State March II, went over it again. The ''Ministry of Labor would not be negligent'', he warned, ''if labor leaders attempted, under whatever circumstances, to move beyond those areas of union activity clearly delineated by law''. He then listed specifically health, cultural promotion and well-being of union members and their families as the areas of activity to which unions should confine themselves. He made no mention that meaningful collective bargaining for wage increases was one of those areas.

Government Under No Overwhelming Pressure to Grant Abertura

At this juncture, it should be pointed out that many labor leaders in São Paulo are not at all anxious for an abertura sindical. They have personally benefited from the current restrictive system, indeed owe their jobs to it, and wish to maintain the status quo. Truly open elections, they realize, could signal their downfall. These "pelegos"



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often explain their opposition to free trade union elections in terms of a concern that such a step would subject the unions to the internal strife and communist infiltration of the pre-revolutionary days. There are, of course, other leaders- democratic or leftist inclined- who would welcome greater freedom of action, particularly in the area of collective bargaining. For the moment, however, they have largely been cowed by fears of government retribution from pressing their case very stridently, or are merely biding their time awaiting the outcome of President Geisel's promises of political decompression. Moreover, Brazil's rank and file workers, largely lacking a sense of class solidarity, will probably remain outwardly indifferent, particularly so long as the government presses ahead with its fledgling policy of increasing social services and real wage hikes.

Conclusion

If the image of the government's abertura and the facts of the matter are at odds, perhaps the government intends them to be. The image is apparently aimed at a wider and uncomprehending audience. But the facts are that the government has shown no evidence of wishing to give up the current enforced labor tranquility at this time to embark on the risky path of ''abertura sindical''. Itaborai Martins, Labor Editor for O Estado probably put his finger on the issue when he recently told the reporting officer that the government feels, and perhaps properly so, that a labor abertura would open a pandora's box which could expose unions to pre-1964 turmoil and leftist manipulation and which could threaten the government's economic program. A labor abertura, he predicted, will be just about the last abertura the government will undertake.

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