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What will the Lula III government like?

Reflections in the trade union and labor areas

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Executive Summary

This essay tries to predict how the new Lula government will be based on the history of the PT and on previous administrations (2003-16). One of the traits of that time was the intense use of committees, councils and conferences to deal with diverse subjects (health, education, work, environment, etc.). Based on the tendency to “assemblyism”, the essay explores the repetition or withdrawal of that assembly style of government. On the one hand, it gave voice to the bases, but, on the other, it made public administration slow and politicized. In particular, the reflections of this style of governing in the trade union and labor areas are examined. The first anticipates the search for new forms of funding for trade unions and changes in trade union organization in Brazil, including the unionization of workers on digital platforms and other ways of working. In the second, possible specific changes in the labor reform are examined, with emphasis on outsourcing, collective dismissal, collective bargaining rules, health and safety standards and new forms of contracting work.

1. Brief analysis of the economic scenario

After two years of pandemic, drought in agriculture and energy crisis (caused by the war in Ukraine), the Brazilian economy started to show signs of recovery. For 2022, the GDP growth rate is estimated at 2.8%; inflation should stay at 5.7%; the unemployment rate at 8%; and the balance of trade at approximately US\$ 55 billion. ²

But not everything is perfect. The imbalance of public finances is serious. An eventual expansionist policy by Lula to fulfill his campaign promises will provoke a contractionary policy by the Central Bank with an increase in interest rates and a reduction in economic growth. ³

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² Carta de Conjuntura, Brasília: IPEA, 3º trimestre 2022.

³ The first decisions of the Transition Group of the Lula Government promise gigantic expenses estimated at R\$ 175 billion to meet the campaign promises in the fields of Bolsa Família, additional per child, real increase in the minimum wage and change in the income tax table.

Similar problem affects several countries. An unusual inflation of more than 7% is forcing the Central Banks of advanced nations to raise interest rates significantly, to the point of foreseeing a global recession that could affect Brazil.

All of this shows that you will need to be very careful when navigating these rough seas. In Brazil, political issues can aggravate the difficulties, such as an eventual dispute between the political area and the economic area of the new government.

From the solution to be given, clearer indications will emerge on the orientation of the Lula III government for 2023-26. At the moment, several issues persist. To what extent will the government respect the Fiscal Responsibility Law? What will be the conduct of the PT and allied parties in relation to the privatizations? How will the various factions and tensions in the coalition that elected Lula be accommodated? ⁴ And what are the possible impacts of the new style of governing in the trade union and labor areas?

2. PT: past and present

The Workers' Party, founded on February 10, 1980, was born under the influence of ideas of Marxism and Catholicism. Despite having the sympathy of intellectual groups, the PT soon showed strong roots in grassroots social movements in a very unequal society. From the beginning, it presented itself as a defender of the destitute classes. ⁵ And in that defense, PT was in opposition for a long time. Lula and the PT lawmakers did not sign the 1988 Constitution, nor the Fiscal Responsibility Law in 2000. They contested the Real Plan and the flexible exchange rate and inflation targeting systems. The party proposed the transformation of the economy in which the Entrepreneur-State would be the locomotive of economic development. PT has always been against privatization. There was a time when movements led by the Workers' Party promoted invasions of rural and urban properties. In Lula's two terms (2003-2010), the average number of invasions of rural properties was 246 per year. With Dilma Rousseff (2011-2016) it dropped to 162. Under Michel Temer (2016-2018) there were 27 per year and with Jair Bolsonaro, nine. Threats from back in the past have already been anticipated. "I think that Lula's victory will have, as a natural consequence,

⁴ In the first round, Lula had the support of the PT, PV, PCdoB, PSOL, Rede, PSB, Solidariedade, Pros, Avante and Agir. In the second round, the PDT, Cidadania, PCB, PSTU, PCO and União Popular joined. There were 16 parties.

⁵ For a detailed analysis of the evolution of the Workers' Party, see Celso Rocha de Barros, **PT - uma História**, São Paulo: Companhia das Letras, 2022

a 'revival' for us to resume the great mass mobilizations", says [João Pedro] Stedile, who became notable for predatory invasions in the countryside.⁶

a) “Assemblyism” as a working method

The historical leaders of PT have never hidden its desire to replace representative democracy with participatory democracy, with broad freedom of voice, vote and action for grassroots social movements. To give life to participatory democracy, the PT intensely practiced assembly through the activation of numerous local, municipal, state committees and national conferences. The alleged objective was to obtain suggestions for public policies. So were the councils and conferences for the elderly, women, water resources, the fight against discrimination, the rights of the disabled, the solidary economy, cities, youth, child labor and many others.⁷ Some initiatives were international in nature, such as the National Conference for Employment and Decent Work, held in 2012, with the participation of the ILO.

In virtually all cases, the discussions in these groups were endless and the conclusions (when obtained) swelled the reports that accumulated in public agencies. Assemblyism delayed government decisions. The State, which is normally slow, under the assemblyism, became slower.

It seems that assembly will continue. This is what appears in the “Guidelines of the Lula-Alckmin Government 2023-26”:

“We are committed to resuming dialogue with all social movements, civil society organizations and popular representations, understanding them as important protagonists in the reconstruction of Brazil”.⁸

With the practice of assemblyism, the PT has always sided with vulnerable groups, labor unions, NGOs and representatives of “collectives”.⁹ Grassroots groups felt they had a voice. Many were appointed to government positions at various levels.¹⁰

⁶ “MST acena com retomada de invasões de terras em caso de vitória de Lula”, **Veja**, 09/05/2022.

⁷ For a comprehensive view of the numerous conferences and councils created under PT governments, see Secretaria Nacional de Articulação Social, “Participação Social no Governo Federal – Conferências Nacionais e Conselhos Nacionais”, www.planalto.gov.br/secgeral

⁸ “Diretrizes para o Programa de Reconstrução e Transformação do Brasil – Lula-Alckmin 2023-2026”.

⁹ Collectives are groups brought together by issue (gender, race, unions, etc.)

¹⁰ In Lula's first term, the State's equipment at the federal level aimed at the highest and most strategic positions. About 45% of the top government (which takes into account positions at levels 5 and 6) was

As a rule, the suggestions of the assemblies always sought to transform the *legitimate* into *legal*, disregarding that every right has a cost.¹¹ As a result, the assembly exerted strong pressure on the executive and legislative powers. A survey carried out in 2009 revealed that around four thousand bills were inspired by two thousand directives resulting from national conferences.¹² Most did not make it through.

Holding these meetings generated expenses for the government (travel, space rental, food, advisory services, etc.). For PT, it was important to maintain permanent mobilization – an indirect way of equipping the administrative machine. In the elections, many participants of these groups acted as electoral cables.

Until 2014, more than seven million Brazilians had participated in the various assemblies.¹³ Lula even carried out a “Specialization Program in Participatory Democracy, Republic and Social Movements”.

a. New Assemblyism 2023-26?

Assemblyism was practiced until the end of the Dilma Rousseff Government (2016). Since then, times have changed. The pandemic itself has shown that it is unnecessary to spend so many resources on face-to-face meetings. Telework was consolidated. Will the PT and related parties insist on a face-to-face assembly or will they go for simpler virtual meetings? Or will they give up assemblyism?

Withdrawal seems unlikely. Lula, in his first speech as president-elect, announced the recreation of the “Conselhão” (Council for Economic and Social Development). The purpose seems to be the same: to give life to participatory democracy, as indicated in his words:

“In our government, let's listen again to the grassroots: let's bring back national conferences to propose public policies in each area: education, health, culture, housing, ...” [quoted a long

made up of trade unionists linked to the CUT and the PT. See Maria Celina de Araújo, **A Elite dirigente do governo Lula**, Rio de Janeiro: Fundação Getúlio Vargas, 2010

¹¹ Stephen Holmes, Cass R. Sunstein, **O custo dos direitos: Por que a liberdade depende dos impostos**, São Paulo: Ed. Martins Fontes, 2019

¹² Thamy Progrebinschi, “As Conferências Nacionais e o Experimentalismo Democrático Brasileiro”, Rio de Janeiro: IUPERJ, 2009.

¹³ Secretaria do Governo Federal, “Conferências Nacionais 2013-14”, Brasília, 2015

list of subjects]. “The big political decisions will not be taken in the dead of night, but after a broad dialogue with society”.¹⁴

The “Lula-Alckmin Government Guidelines 2023-26” explicitly proposes:

“We need a political reform that strengthens the institutions of representative democracy and, at the same time, expands the instruments of participatory democracy”... “This requires the opening of a broad national debate”.

Assemblyism seems to continue. The first signs were seen in the creation of 31 thematic groups to make the transition between the Bolsonaro and Lula governments. Each group is made up of at least four members, an administrative assistant and fifteen volunteers. As of November 16, 2022, the group had 283 people. A Governmental Transition Council was also formed, made up of 12 representatives of political parties.

However, there are actions that require speed and technical competence. This is the case of controlling the public deficit, for example, which is crucial to attracting investment. Equally important are actions to increase labor productivity. In other words, Lula will have to implement an austere economic policy in an environment that demands assemblyism, job creation and spending. Many of the social movement leaders have already made it clear that they will not oppose Lula, but they will not accept contempt for their causes in favor of meeting economic goals. “We will have to combine stick and prose”, promise the MST leaders.¹⁵

To what extent will this affect the speed of economic growth and job creation? What will be the impact of this clash on the trade union environment and on labor relations in general?

Assemblyism will probably more salient in the discussion of social issues (education, health, housing, indigenous peoples, etc.) and in ideological agendas such as, for example, media control, union reform and labor rules.

b. Media control

¹⁴ Victory speech held at Avenida Paulista on 10/30/2022

¹⁵ “Lula terá uma relação delicada com os movimentos sociais no novo governo”, Statement by João Paulo Rodrigues, MST coordinator, Folha, 11/13/2022

Among the policies proposed by the PT in past governments is the control of the media and culture. The inspiration must have come from Antonio Gramsci's proposals.¹⁶ Gramsci preached that the best way to implement a participatory government (communism) is through the mechanisms of persuasion and not armed intervention as occurred in Russia in 1917. Among the persuasion processes was the effective control of education, culture and the press.

During the 2022 election campaign, Lula again announced his desire to modify the Brazilian Telecommunications Code (1962) which regulates radio and television stations. This idea comes from a long time far. In 2010, journalist Franklin Martins, who was Minister of Communications, coordinated the drafting of a bill for this purpose. It is a 97-page document and 297 articles that remained confidential until 2020, when it was made public in a doctoral thesis presented at the University of São Paulo.¹⁷

In this field, Lula and the PT seem to cherish the idea of controlling speech and thought in the different media in Brazil, as is the case in China, Cuba, Nicaragua, Venezuela and other nations. They argue that radio and television companies are private and mercantile. Because they are state concessions, they must be subject to democratic control. This includes controlling newspapers and social media. There is talk of a new “informational policy” where the censor would be the population itself.¹⁸

In a recent speech, Lula demonstrated his intention to take this issue to the National Congress. Referring to Franklin Martins' draft, he said:

" I have to accept a criticism. We do not treat communication reform, (media) regulation, as it should be treated. We approved (in my government) a program so that we could regulate the

¹⁶ Antônio Gramsci, **Cadernos do cárcere**, Rio de Janeiro: Ed. Civilização Brasileira, 2001

¹⁷ Camilo Vannuchi, “Direito humano à comunicação”, Doctoral Thesis, School of Communications and Arts, University of São Paulo, 2020. In this draft, Franklin Martins proposed a powerful mechanism to regulate the media, namely, (1) the creation of the National Communications Plan; (2) the creation of the National Communications Policy Council; (3) the transformation of ANCINE into the National Electronic Social Communication Agency; (4) a reorganization of the attributions of the Ministry of Communications; (5) a reordering of ANATEL's powers; (6) the organization of electronic communication services, including telecommunications services; (7) the organization of electronic media services; (8) the organization of broadcasting services.

¹⁸ “Lula defende regulação dos meios de comunicação e da internet, mas diz que censor deve ser a população”, **Valor**, 02/09/2022.

media. (...) I don't know why it was not taken to Congress." ¹⁹

The subject is very delicate. It is unlikely that newly elected parliamentarians in 2022 will agree with the idea of regulating the media through restrictive laws. For PT and Lula it will remain to carry out interventions of a bureaucratic nature. To check.

c. Gramsci and the PT

In the historical formation of the PT, the first leaders were convinced of Gramsci's gradualist strategy. Along with Francisco de Oliveira and João Pedro Stédile, José Genoíno, who was president of the PT, thought the following:

“Based on Antonio Gramsci's formulations, leftist parties accept the premises of the democratic political game... It's about fighting, gradually, for political, cultural and moral hegemony (values) within democratic societies”. ²⁰

Tarso Genro, who was also president of the PT, published a book in the same direction:

“Adapting to new working methods cannot happen only through coercion. This must be wisely combined with persuasion and consensus”. ²¹

“With regard to the issue of information, a strategy is required that directs society towards a form of democratic socialism that is based on a state structure of a political-administrative nature...”. ²²

In short, for the pioneers of the PT's formation, the new socialism had to be sought through a “spontaneous revolution” based on education, propaganda and massive action with unprotected groups. ²³ It was clear that power is not taken, it is built. The PT

¹⁹ “Lula fala sobre regulação da mídia e é criticado por apologia à censura”, **R7, Refletindo sobre a notícia**, 08/23/2021.

²⁰ José Genoíno et. al., **Classes sociais em mudança e a luta pelo socialismo**, São Paulo: Editora Perseu Abramo, 2000. The above excerpt was published in José Genoíno, “A esquerda e as reformas”, abstract published in **O Estado de S. Paulo**, 06/07/2003.

²¹ Tarso Genro, **Esquerda em Processo**, São Paulo: Ed. Vozes, 2004, p. 48.

²² Tarso Genro, op. cit., p. 87

²³ Gramsci alerted socialist activists to the fact that workers do not hate the middle classes and the elite, nor are they willing to destroy the existing order. The important thing is to destroy the prevailing values in these classes, which requires persuasion and deliberate action. The new socialism would thus be based on a revolution with the people and not without the people as it was in Russia in 1917. Antônio Gramsci, **Cadernos do cárcere**, São Paulo: Ed. Civilização Brasileira, 2002; Sergio Augusto de Avellar Coutinho

intended to be a hegemonic party to consolidate a project of power that would last for many decades.

However, with the outbreak of corruption scandals in Lula's first term in 2005 ("mensalão"), he was led to suspend the indicated strategy, starting to intensify social programs and, based on them, to assist the destitute through Bolsa Família, PROUNI, FIES, Farmácia Popular, Luz para Todos, cisterns and a real increase in the minimum wage, credit measures and other incentives for entrepreneurs.²⁴

This is the story of the PT's first steps in central government. Is there still room for a hegemonic political party in Brazil? It's unlikely. In the first weeks after the election, Lula was already composing with the MDB, PSD, União Brasil and other parties that do not support the idea of hegemony. In the same way, the multiparty benches such as the agro and the evangelicals defend long-term interests and far from any hegemony..

d. Expansion of the public machine

The strong expansion of the public machine was always present in PT governments. Between 2005-06, the Lula government created 404,000 jobs for civil servants in the public administration, directly and through agreements with states and municipalities. At the federal level, the number of civil servant careers increased from 31 to 317.²⁵

In equipping the public machine, the hiring of thousands of union leaders stood out²⁶ which became key elements to carry forward the PT's philosophy.²⁷ The union centrals received resources from the government based on a law promoted by Lula and approved by the National Congress (Law 11.648/2008), which provided the hiring of many militants to increase union and political actions.

From the Michel Temer government, the public machine was gradually dismantled. But, a re-equipment of the public machine is likely. For the 2023-26, Lula announced the creation of more than 30 ministries. Those with wide reach (education,

A Revolução Gramscista no Ocidente, São Paulo: Publishing company Ombro a Ombro, 2005; Marcel Domingos Solimeo, "Gramsci e o Brasil", São Paulo: Associação Comercial de São Paulo, 2015.

²⁴ To ensure production and growth, some tax relief was approved, incentives for sectoral investments (national champions) and expansion of credit to consumers, in particular, linked to payrolls and retirement and pensions.

²⁵ "Lula triplica número de carreiras no Executivo", **Folha**, 06/20/2010.

²⁶ In a way, the penetration of trade unionists in the public machine was a re-edition of the process of co-optation of trade unions by the government, along the lines of corporatism practiced by Getúlio Vargas.

²⁷ Merval Pereira, "Máquina politizada", **O Globo**, 01/23/2010.

health, social security and what will take care of Bolsa Família) arouse great interest from trade unionists and leaders of social movements.

With the PT in power, the possibilities of privatization diminish because a large part of the employment is carried out in state-owned companies. During the campaign, Lula announced a plan to review the concessions made by Jair Bolsonaro. In his mandate, Bolsonaro privatized 1/3 of state-owned companies (73 companies) which generated around BRL 300 billion.²⁸ In the area of transport alone, the concessions yielded BRL 100 billion, and could reach BRL 200 billion by the end of 2022.²⁹

Because it does not like privatizations,³⁰ the militancy of the PT and its associates may want to control the regulatory agencies, as they did in previous governments.³¹ This is a sensitive field. Any complication in the field of concession regulation may discourage heavy investments in the areas of energy, sanitation, oil, communications and others.³²

During the 14 years of the PT government, with the penetration of union activists and NGOs in the government bureaucracy and in the various councils, commissions and conferences, there was also an increase in corruption that dominated the last years of the Lula government, as was the case of the "petrolão".

3. Decision-making process in the Lula III government

What can be expected from the public machine in terms of the efficiency of the Brazilian economy? The PT government has always been characterized by a bureaucratic-trade union left that sought to have power to perpetuate itself in control of the State. This is not a revolutionary left. Lula is a conservative man. He knows that economic growth is essential for strengthening the government and the ruler's survival.

This is likely to create a more stimulating and expeditious business environment in the 2023-26 term. Furthermore, with the election of center-right parliamentarians and

²⁸ "Bolsonaro arrecada R\$ 304,2 bilhões com privatizações", **Poder**, 07/17/2022.

²⁹ "Privatizações [em transporte] geraram R\$ 100 bilhões e Governo quer dobrar valor", says minister Marcelo Sampaio, **Suno Notícias**, 06/15/2022.

³⁰ Whatever the alleged reason, state-owned companies have always been used for political employment, not just by PT, but by virtually all parties.

³¹ In the first term, the Lula government blocked 79% of the resources of the regulatory agencies.

³² There is an interesting cultural aspect here. Public opinion polls show that most Brazilians like nationalization more than privatization. The only area where privatization is favored by the people is telephony due to easy access to cell phones. Antônio Carlos Almeida, **A Cabeça do Brasileiro**, Rio de Janeiro: Editora Record, 2007. Research carried out in 2021 showed that almost 60% of Brazilians continue to be against privatizations. "Pesquisa mostra que 59% dos entrevistados são contra privatizações", **Veja**, 02/24/2021.

sympathizers of the private sector, the government will face a fierce opposition that hates exaggerated assemblyism. However, one cannot rule out the eventual adherence of these parliamentarians to Lula's appeals if this represents political advantages.

a. Is it advantageous to invest in Brazil?

Brazil's consumption potential is enormous. Good policies in the business environment can lead Brazil to take advantage of opportunities that arise every day. The energy crisis in Europe, for example, forced the closure of energy-intensive industries in several countries and their reopening in Brazil, as is the case with aluminum production. Clean energy alternatives in Brazil attract global investors. Large private equity and endowments funds seek companies that can deliver on the ESG philosophy³³ more easily. Good management of the environmental issue can yield many new businesses and jobs.

In addition, the increase in the purchasing power of the poorest, largely promoted by income transfer programs in Brazil, which are expected to continue, expands opportunities for sales and profits.

b. Structural reforms

But none of this dispenses with structural reforms. In this field, there are very sensitive issues for the PT's militancy, such as the administrative reform that affects public servants, many of them affiliated with unions of the Central Única dos Trabalhadores (CUT), which is the PT's trade union arm. In the Lula-Alckmin Government Guidelines 2023-26 there are mentions of tax reform, agrarian reform, urban reform, etc., but no reference to administrative reform.

The gravity of the fiscal framework should provoke changes in the assemblyism practiced by the PT, leaving aside the Entrepreneur-State, making faster and better-oriented decisions that promote human capital, productivity and the competitiveness of the Brazilian economy.

Lula repeated several times during the campaign that he will not be a PT government, as the victory was due to the aforementioned coalition of 16 parties. Within the coalition that elected him are parties such as PSOL, PCdoB, PSTU and many wings of the PT that still maintain a sectarian view in relation to free competition and to those who wish to invest and earn money in the Brazilian economy. It is clear that Lula's leadership is greater than all

³³ ESG stands for "Environment and Social Governance)

these parties. But, your freedom has limits. Its final style of government should retain traces of a rather complex party composition.

4. Actions in the trade union area

The work to be carried out in the trade union area must involve several fronts: improvement of union representation, better articulation between unions and union centrals, re-articulation of agreements between government and unions along the lines of those practiced during the 14 years of PT government and others.

Due to the great changes that have taken place in the labor market, union leaders must be asked to implement innovative projects. The new ways of working – self-employed, outsourced, digital platforms, etc. – promote an enormous decentralization of work and hinder union action. Furthermore, during the last 10 years, the union leaders themselves have decreased in number, which reduces the mobilization power of large groups to join committees, councils and conferences. This is a challenge to reactivate the assemblyism practiced in the past.

a. The financing of trade unions

For trade union centrals and labor unionism in general, the number one priority is to re-establish a funding scheme that provides stability for their actions. In this field, the “Lula-Alckmin Government Guidelines 2023-26” refers as follows:

“The solidarity and democratic funding decisions of the trade union structure will be respected”.

During the 2022 campaign, Lula repeated several times that the new contribution will not be the old union tax and that everything will be done through collective bargaining.

“We are going to set up a negotiating table between workers, businessmen and the government” to find a solution. ”³⁴

Several leaders of labor unions have spoken about the creation of a union contribution to be approved in the assembly of workers, affiliated and non-affiliated to the unions. This contribution would be part of collective labor contracts (agreements and conventions) and charged from all workers benefiting from these contracts, with the right to oppose. The contribution would be deducted from the payroll and passed on directly to the labor unions. Workers who would oppose would not enjoy the benefits of

³⁴ Mention made in several meetings between Lula and businessmen.

those contracts – which creates a lot of difficulty for the management of company personnel. The approval of this system requires changes in Law 13,467/2017 (labor reform), in the Federal Constitution and in Supreme Court (STF) decisions.³⁵

Based on Statement 24 of the Public Ministry of Labor, DIEESE understands that “the assemblies of workers of the various professional categories have the power to decide on the collection of union dues, in addition to autonomy to define amounts and deadlines for payment. Safeguarding the right to opposition, the contribution would be extended to all workers - unionized or not”. In the legal field, the creation of a compulsory contribution for all workers gives rise to a complex discussion about its possible tax nature.³⁶

Professional negotiators report that companies are having difficulty negotiating with labor unions of various professional categories. They say they are under pressure to contribute in some way to the aforementioned unions. Many are willing to approve the proposal above. The decision, of course, will be taken by the National Congress. This is a very sensitive and highly complex issue, which will require good knowledge on the part of parliamentarians.

b. Freedom of association

Everything indicates that in order to resolve the issue of funding and to expand the representativeness of labor unions, leaders of union centrals are interested in approving a union reform based on the freedom preached by Convention 87 of the ILO.³⁷ The backbone of this reform would be the replacement of the concepts of category and territorial base (which guarantees the present monopoly of trade unions – *unicidade sindical*) by that of representativeness.³⁸ In each sphere of negotiation, I would only negotiate with the most representative union or unions.

The model to be proposed, most likely, will contain elements of the union plurality with barriers to avoid an excessive fragmentation of the unions. It would be a controlled plurality. Unionization by company is rejected. Unions would be created by branch

and sector

³⁵ The collection of contributions approved in assemblies and on a mandatory basis is in line with Law 13,467/2017 and decisions of the STF that require the express agreement of each individual worker. This also clashes with STF decisions that limit members to the mandatory collection of any contribution.

³⁶ The obligation to pay a contribution to unions can be characterized as a tax and, in this case, requires approval by a supplementary law. The quorum for approval of the complementary bill is an absolute majority of the two Houses of Congress (41 senators and 257 deputies). Voting in the Federal Senate takes place in a single round, but in the Chamber of Deputies it takes place in two rounds. With the composition of the National Congress for the period 2023-26, the approval of this matter seems quite difficult.

³⁷ The ratification of ILO Convention 87 will require a constitutional change in Brazil.

³⁸ Representativeness would be determined periodically by a bipartite commission of representatives of workers and employers, taking into account the number of unionized workers in relation to the total number of workers in the scope of each collective bargaining.

within the scope of collective bargaining, respecting the symmetry on the business side. In order to assess representativeness, endorse the areas of negotiation and resolve union conflicts, a kind of regulatory agency for the union organization would be created.

This model seems to be a middle ground between plurality and uniqueness (*unicidade sindical*). Many new unions could be created, but only the most representative ones would have the prerogative to bargain collectively. The confederative structure would be maintained, with the addition of trade union centrals.³⁹ The complexity of this new organization requires clearer explanations.

The reinstatement of a strong unionist structure is of great importance for the PT. Through it, the party gains resources and thousands of electoral activists (unionists). It is a machine that has always acted decisively in electoral campaigns through personal contacts, group organization, use of sound cars, motorcades, rallies, parties, transporting voters, etc. The capillarity of this machine is a precious political capital that was needed in the 2022 election, as the economic power of the unions was weakened as a result of the end of the mandatory union contribution.

Another topic of interest to labor unions is the unionization and negotiation of civil servants. The salary pressure of the various categories should be proportional to the campaign promises. This will involve changes in the negotiation process and public servants' right to strike – an equally sensitive issue.

5. Actions in the labor reform

Regarding labor reform, the Lula-Alckmin Government Guidelines 2023-26 state the following:

“The new government will propose, based on a broad debate and negotiation, a new labor legislation with extensive social protection for all forms of occupation, employment and work relationships, with special attention to the self-employed, those who work on their own, domestic workers, telecommuting and home office workers, mediated by apps and platforms, revoking the regressive frameworks of the current labor legislation,

³⁹ Clemente Ganz Lúcio, “A reforma das relações sindicais volta ao debate no Brasil”, **Estudos Avançados**, Vol. 34, nº 98, Jan-Abr 2020

aggravated by the last reform and reestablishing free access to labor justice”.⁴⁰

The mention of “regressive milestones” points to changes that may mean a setback in labor reform. Law 13,467/2017 (labor reform) created an ingenious system that combines freedom with guaranteed protections. It gives the parties the freedom to negotiate various rights and the negotiated prevails over the legislated. But, if the parties do not want to negotiate, the law guarantees the protections of the CLT and the Federal Constitution, without any regression.

a. Outsourcing

One of the most likely demands from the trade union centrals and the PT itself will be the modification of the outsourcing rules established by Laws 13,429/2017 (outsource law) and 13,467/2017 (labor reform). Most trade unionists are not satisfied with the possibility of outsourcing core activities. This is seen as detrimental to workers and trade union action.

b. Platform workers

In the search for rules to protect those who work on digital platforms, the union centrals, especially the CUT, will be particularly interested in unionizing the millions of workers who operate in this way. In addition to increasing its source of pressure on companies, said unionization can yield a lot of resources for labor unions.

c. Specific changes in the labor reform

It is likely that specific changes will be demanded in Law 13,467/2017 (labor reform). Among them are the return of the mandatory approval of dismissals by the labor unions and the pressure to return to collective bargaining in several rights that are currently negotiated individually under the labor reform.

Probably, the return of ultraactivity (*ultratividade*) is another change to look for.⁴¹ The same may occur with claims on the payment of *in itinere* hours, changes in the hour credit system (*banco de horas*), adjustments in the teleworking regime, changes in the characterization and penalty of off-balance sheet damages, adjustments in the rules of unhealthy conditions and other health risks, participation trade unions in the contracting of self-employed and intermittent work, approval of trade unions in cases of collective dismissal, changes in

⁴⁰ “Diretrizes do Governo Lula-Alckmin 2023-26”, item 13.

⁴¹ The end of the ultraactivity has bothered several companies that face practical difficulties in canceling completely and on the occasion of the base dates, the benefits negotiated with the labor unions.

employee commissions, review of negotiable rights (Law 13,467/2027 art. 611-A), generalized stipulation of free justice, increased scope of quota laws, reduction of working hours without salary reduction and others.

In dealing with worker protections, the emphasis is likely to be increased from what is already high in the area of health and safety. Through CIPA (committee for health supervision) and other councils, the labor unions will seek to exert greater pressure on companies.

Finally, the trade union centrals envisage restoring the great power they had in the various councils and commissions of the ILO in Geneva. With this, they will seek to gather arguments for the Brazilian government to ratify protective conventions for workers and which become part of the legal system of Brazil. Priority should be given to Conventions 158 which restricts unjustified dismissals and 190 which penalizes companies for violence and harassment.

All these changes will have to be approved by the National Congress. This won't be easy. After all, data on job creation and reduction of unemployment and conflicts in recent years make clear the advantages of labor reform for employees and employers. Specific studies have shown the positive impact of labor reform in several areas.⁴²

Conclusion

The new Era of the PT in the central government raises hopes and concerns. Lula promised an efficient government, promoting economic growth, generating jobs and with a real increase in the minimum wage. None of this will happen if the imbalance of public accounts and investor mistrust persist. Economic development demands behaviors that are able to encourage investors to take risks to profit up front and, on these journeys, seek the highest possible efficiency in their businesses. It is up to the State to guarantee a good business environment and invest intelligently in health, education, justice and security. Continuous improvement of human capital and labor productivity, with due rewards for those who work diligently and efficiently, are essential for progress.

⁴² Raphael Corbi, et. alt. "Labor Courts, Job Search and Employment: Evidence from a Labor Reform in Brazil" São Paulo: Faculdade de Economia e Administração da Universidade de São Paulo, 2022; José Pastore, Sylvia Lorena T. de Sousa e Pablo R. Carneiro, "Reforma trabalhista: a regulamentação da terceirização gerou segurança jurídica", **Migalhas**, 22/03/2022; José Pastore, Sylvia Lorena T. de Sousa e Pablo R. Carneiro, "Reforma trabalhista: segurança para empregados e empregadores", **Correio Braziliense**, 04/03/2022; Sylvia Lorena T. de Sousa, José Pastore e Pablo R. Carneiro, "Reforma trabalhista e negociação coletiva: ganhos para todos", **Migalhas**, 19/07/2022.

In this new Lula mandate, it will be inevitable to conduct the economy with knowledge and austerity. This is not the keynote of the parties that supported him. Historically, they have always favored the spendthrift Entrepreneur State, state-owned companies, the expansion of employment in the public sector and the permanent mobilization of their electoral bases. A clash of views is anticipated, which will have to be controlled by Lula himself so as not to aggravate the public deficit and erode investor confidence.

This key turn is challenging. Militancy has always pursued the exaggerated activation of social movements through assemblyism, which, on the one hand, gives voice to the bases, and, on the other, delays public administration decisions, discourages innovations and drives away investments.

It is in the midst of this dichotomy of guidelines that labor union issues must be discussed. In PT politics, the link between trade unions, grassroots social movements and assemblyism has always been close. It is very likely that discussions in the union area will take place on the basis of this assemblyism again. The PT and its coalition parties have signaled the need to strengthen union finances so that they can play a more efficient role in collective bargaining and in grassroots social movements. From what can be read in the literature, it is the pretension of labor unionism to promote changes that make union entities more representative to negotiate and to act in the social and political area. This would also allow strengthening the work of unions in tripartite negotiation tables and in the National Congress to correct the alleged distortions of the labor reform approved in 2017.

Everything indicates that, in the labor area, trade unions, NGOs, committees, conferences and Lula himself will maintain a line of conduct closer to populism than to restraint and self-control.

The future of the Brazilian economy and the government itself will depend on this. History shows that populism usually goes through four phases. In the first, that of glory, the promised blessings are at least partially fulfilled. In the second, the strategy begins to doubt because the public deficit increases, investments fall and jobs do not appear. In the third, come the first signs of collapse with rising inflation or the onset of recession.

In the fourth, the need to use firm policies to rebalance public finances returns, with popular disappointment and a change in government.⁴³

⁴³ Dornbusch e Edwards made a broad assessment of populism in Latin America since the days of Perón in Argentina. To see Rudiger Dornbusch e Sebastián Edwards, “La macroeconomía del populismo en la América Latina”, **El Trimestre Económico**, Vol. 57, no. 225, 1990. Several essays have noted the return of populism in the region. See Rodrigo Turrer, “Urnas trarão duelos novos entre populismo e democracia”, **O Estado de S. Paulo**, 01/01/2022.