

1-30-1998

## Brazil News Briefs: Special Session, Labor Reform, Lula to Head Left Ticket

LADB Staff

Follow this and additional works at: <https://digitalrepository.unm.edu/notisur>

---

### Recommended Citation

LADB Staff. "Brazil News Briefs: Special Session, Labor Reform, Lula to Head Left Ticket." (1998).  
<https://digitalrepository.unm.edu/notisur/12461>

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in NotiSur by an authorized administrator of UNM Digital Repository. For more information, please contact [amywinter@unm.edu](mailto:amywinter@unm.edu).

## **Brazil News Briefs: Special Session, Labor Reform, Lula to Head Left Ticket**

by LADB Staff

Category/Department: Enter article category in subject field of doc properties...

Published: 1998-01-30

### *Congress in special session*

Brazilian President Fernando Henrique Cardoso called a special five-week session of the legislature to move forward his legislative agenda, including civil service and welfare reforms, an overhaul of the social security pension system, and a bill to clamp down on money laundering. The bills have been stalled for more than two years, and if they are not passed before mid-year, campaigning prior to the October general elections will make passage almost impossible. The president considers the legislation essential to cut public spending and improve long-term economic prospects (see NotiSur, 01/24/97 and 11/21/97).

The 513 deputies and 84 senators will earn US\$22,000 for the special session, even if they are not present. Only 51 representatives and four senators are needed to meet the attendance quorum for the extraordinary session. Senate president Sen. Antonio Carlos Magalhaes said he is confident the civil-service bill will be put to the first of two full votes in the Senate before the end of the session. The bill would allow state and municipal authorities, who spend most of their revenue on payrolls, to dismiss workers who currently cannot be fired.

Magalhaes was less hopeful about swift progress on the more controversial social security bill, which is in the Chamber of Deputies. The bill aims to plug a growing deficit in the pension system, which is expected to reach US\$5 billion next year. Economists say the deficit is the biggest single drain on public finances and must be checked for Brazil to maintain foreign-investor confidence. But the government faces a battle to get the bill approved in the Chamber of Deputies, which voted down key provisions, including a minimum retirement age, in 1996. The bill has been approved in the Senate but, because of changes made there, has been returned to the lower house. "If it is not put [to a first full vote] during the session, then it will be shortly afterward," said Magalhaes.

### *Labor reform signed into law*

On Jan. 21, President Cardoso signed into law a measure that introduces new, cheaper labor contracts for workers, which the government says is needed to combat unemployment. "The creation of jobs is the challenge of the modern world," said Cardoso, adding that none of his predecessors had been willing to change the labor laws because they were considered too politically sensitive. "Workers need jobs, not slogans," said Cardoso. "The very concept of work, of employment, is changing throughout the world."

Supporters of the reforms said Brazilian labor laws were outdated and costly, especially benefits that are guaranteed for short-term workers. The bill will halve the contribution that employers must pay into funds for improving worker training and welfare benefits, as well as the tax employers now pay to fund the government's land-reform program. It will also reduce from 8% to 2% contributions

that must be paid into worker compensation funds. A Labor Ministry spokesperson said provisions in the law will cut the cost of hiring new, temporary workers for a maximum of 18 months by an average of 36%. The spokesperson said employers with more than 20 employees must have approval of the trade unions to offer temporary contracts to new workers. The liberalization of labor laws was strongly criticized by a former deputy, who said it has become a ritual in developing countries as a result of globalization. "First, comes the opening of borders to foreign trade and capital, followed by the increase of industrial production, then the privatization of state companies, and, finally, the reduction of the social benefits of jobs," said Marcio Moreira Alves.

Other countries that followed this pattern earlier, such as Spain, are re-evaluating the results, especially of temporary contracts, and finding they increase rather than reduce unemployment, said Marcio Pochmann, coordinator of the Union and Employment Studies Center in the University of Campinas. He said an agreement last year between unions and employers was an attempt to recover some stability in the labor market. Meanwhile, unions are still fighting to preserve workers rights in Brazil.

The Central Unica dos Trabalhadores (CUT), the largest labor organization in the country, is demanding a shorter workday, with no loss in salary, to create millions of new jobs. Another labor group, the Fuerza Sindical, recently accepted an agreement with the automobile-parts industry in Sao Paulo to reduce workdays with corresponding, but proportionally smaller, reductions in pay.

### *Lula da Silva to head presidential ticket for left*

Luiz Inacio "Lula" da Silva of the Partido dos Trabalhadores (PT) will try for the third time to capture the presidency in the October general elections. His running mate is expected to be longtime political leader Leonel Brizola of the Partido Democratico Trabalhista (PDT). Brizola is the former governor of both Rio de Janeiro and Rio Grande do Sul, and the vice president of the Socialist International. Brizola said only with an alliance of left and center parties, such as was formed last year in Argentina, could Cardoso be defeated. Lula has been meeting with leaders of other parties in an effort to broaden the coalition, including Deputy Paes de Andrade, president of the Partido Movimento Democratico Brasileiro (PMDB). "We don't want an alliance that prostitutes us," said Lula. "But I want to go beyond PMDB dissidents. All sectors opposed to the conservative policies of Cardoso can participate in our movement."

Lula said PT idealism, which kept it from negotiating alliances in previous elections, cost it the presidency. "In the 1989 presidential elections, we did not ask the support of the PMDB in the runoff," said Lula. "We could have had the 4% that we needed to win. This shows that age brings more than gray hairs, it also brings wisdom." However, Lula's recent statement that he would not review the privatization of state enterprises if he is elected troubled some of his supporters, including Brizola. Lula said reviewing the privatizations "is not a priority for the country, it is very expensive, and Brazil does not have the resources for it." [Sources: BBC, 01/06/98; Reuter, 01/06/98, 01/07/98; Agence France-Presse, 01/07/98; Inter Press Service, 01/13/98; Clarin, 01/15/98; Spanish news service EFE, 01/13/98, 01/19/98, 01/22/98; Notimex, 01/06/98, 01/21/98, 01/27/98]

-- End --