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The report on International Trade Unionism, which contains numerous inaccuracies, is the work of Ari CAMPISIA, International Affairs Director for the Confederation and long-time figure on the labor scene. It was presented and is seen as representing the thinking of the CNTI leadership on matters of international labor affairs. The questions at the end of the report are intended to be used as a vehicle for examining the relationship and involvement of the CNTI in the international labor areas. At the São Paulo meeting, the questions were presented without comment. They will undoubtedly receive a full airing at the national congress in September.

CORRIGAN

Enclosures:

1. Summary of CNTI Study of the Labor Market
2. Summary of CNTI Report on Cost of Living and Minimum Wage
3. Summary of CNTI Report on Housing
4. Summary of CNTI Report on Social Welfare
5. The position of International Trade Unionism - Summary of CNTI Study

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SUMMARY OF CNTI STUDY OF THE LABOR MARKET\*

Using data from the Brazilian Institute of Statistics (IBGE), the study analyzes the relative changes in employment distribution. In the primary sector (agriculture, cattle raising and extractive industries) employment, relative to other sectors, is decreasing. In 1950, 59.0 percent of the working population was employed in this sector; in 1960, the level dropped to 53.7 percent. The forecast for 1976 is for a further decrease to 41.4 percent of the working population. The study cites the system of land ownership which precludes farm workers from developing a sense of belonging to the land, the low remuneration for agricultural labor and the deficient living conditions in rural areas as the basic causes for the exodus of rural workers to the urban areas.

The second employment sector, which encompasses manufacturing and related industries (metalworking, chemicals, textiles, graphics, etc.) and civil construction, has shown only a small change in the absorption of labor. In 1950 this sector employed 13.8 percent of the working population, in 1960 13.1 percent and projected for 1976, 14.1 percent of the nation's labor force. Despite an absolute increase in employment in the sector the percentage change has remained small due to the modern technology being adopted by industry. The imported technology utilized by Brazilian industry is based upon an intensive use of machines and equipment rather than manpower. "As a consequence, Brazilian industrialization is not generating the necessary employment to absorb the working population."

The third sector, covering commercial and services trades, has shown the largest increase in percentage absorption of labor. In 1950, 26.4 percent of the working population was employed in this sector; by 1960, 33.2 percent and projected for 1976, 44.5 percent of the country's workers will be employed in this area. Those not employed in the first, second and in the advanced sub-sector of the third category (where advanced technology has been introduced as in the communications field) seek employment in the basic service trades and commercial activities. "These are characteristically low productivity activities and consequently wages therein are low... In Brazil this sector has been the most important absorber of manpower."

According to the study, unemployment in the Brazilian economy is structural, not due to sporadic crises in one particular sector (as for example in the textile industry) but to the peculiarities of an economy that is not able to employ those who want to work. "Each year it will be necessary to produce more than

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\*Report prepared by the Inter-Union Department of Statistics and Socio-Economic Studies (DEESE) - a basic research organization supported by over 40 São Paulo local unions.

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1,200,000 jobs for those who will enter the labor force."

Passing to a regional analysis, the study (using data from the fourth quarter of 1968) reports that more than 2/3 of the labor force of the states of Rio de Janeiro, Guanabara and São Paulo are wage earners (slightly more than 1/3 of the population of these states is classified within the labor force). The levels for the remaining section of the country are lower, reaching a low point of 39.2 percent of the labor force in the Northeast (The IBGE does not provide this data for the sparsely populated North and Central-west areas of the country). This demonstrates the low level of participation of these regions in the country's capital producing economy.

The study reports that 48.2 percent of the labor force can not be classified as wage earners. Since the number of employers is relatively small, the study concludes that the majority within this group are unemployed or performing tasks considered as under-employment. Since there are no official Brazilian statistics on unemployment, the study estimates (4th quarter of 1968) that in the non-agricultural sectors 3.5 percent are unemployed and 12.6 percent are under-employed. (The remainder employed persons is made up of self-employed persons and part-time non-registered workers in the agricultural sector). The study speculates on the reason for the relative low level of unemployment and concludes that the absence of unemployment insurance forces the unemployed to accept any employment in order to maintain themselves.

The report concludes by stating that "the present structure of the Brazilian economy does not contribute to the creation of the necessary jobs for those entering the labor force. The agrarian structure is not conducive to the settlement of the worker in agricultural areas and the technology used in the second and advanced portion of the third sector does not contribute to a significant absorption of manpower. As a result a large part of our labor force remains unemployed or under-employed."

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SUMMARY OF CNTI REPORT ON COST OF LIVING AND MINIMUM WAGE

The major problem confronting Brazilian workers is a shortage of income. Neither the efforts of the Government nor those of the unions have relieved the pressures on wages. The Federal Government's wage policy, designed to control the earnings of workers, has had the effect of each year lowering salaries in comparison to the cost of living and consequently reducing purchasing power.

The majority of Brazilian workers receive the minimum salary; another large segment of the working population, whose earnings are slightly above the minimum, receive wages that are linked to the minimum wage.

The data cited below demonstrates how the increases in the cost of living have surpassed the percentage increases in the minimum wage:

	<u>Cost of Living Increase</u>		<u>Minimum Salary</u>	
	<u>Guanabara</u>	<u>São Paulo</u>	<u>Adjustments</u>	
1964	99.4	83.1	100.0	(February)
1965	76.6	80.1	57.1	(February)
1966	44.0	45.6	27.3	(March)
1967	36.7	34.6	25.0	(March)
1968	22.4	26.4	23.4	(March)

Source: Data provided by Conjuntura Econômica and Anuários Estatísticos

The Government's wage policy has produced a considerable reduction in the purchasing power of workers, impoverishment among the working people and a significant weakening of the national consumer market.

"Consequently, we see that the wage policy that has been adopted not only prejudices and marginalizes the wage earner, but also constitutes a serious factor against national development.

"We urge a radical revision in the criteria that has been used in guiding our wage policy and especially in fixing the indexes of the minimum wage, which do not correspond to reality."

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SUMMARY OF CNTI REPORT ON HOUSING

The impact of the Government's housing policy has been disappointing. There has been no appreciable increase in the number of workers who are able to benefit from the Government's housing policy - particularly among those wage earners, who comprise 90 percent of the national work force, whose salaries are close to or equal to the minimum wage.

The principal objective of the national housing plan is to provide those with limited incomes the necessary means to acquire their own homes. However, this target has gradually receded from the reach of most wage earners.

Despite recent alterations, decreed by President Medici late last year, in the method of adjusting house payments, the plan fails to confront the major difficulty of those workers who obtain home financing. This has been and continues to be the "spectre of insolvency" -- the problem of stretching a limited income to meet one's financial obligations. "The indispensable equilibrium between receipts and expenditures continues unstable and for the most part non-existent, with a resulting deficit in the daily life of the worker who is intent on acquiring a home."

"It is not enough to state that the Housing Plan does not contain the means to ease the solvency of the homeowner, since it is necessary to accommodate the conflicting interests of both the buyer and mortgagee. Without this accommodation it will be impossible to reconcile the financing of homes. Without improving the financial opportunities of the buyer, however, he continues to be marginalized, prejudicing the exact person for whom the National Housing Plan was intended to help.

"It is urged that the National Housing Bank fix new actuarial norms in order to revitalize the almost inoperative salary plan, under which worker housing is obtained and fix a limit, not to exceed 30 percent (the official percentage of an average worker's salary allotted for housing) of the annual salary readjustment, on the periodic readjustment of home payments."

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SUMMARY OF CNTI REPORT ON SOCIAL WELFARE

The social welfare system has undergone considerable changes since its inception. What began as an effort to provide pension and retirement benefits, has now been expanded to cover the full range of social welfare protection.

Administratively, the welfare institute (INPS) has taken a step backward with the elimination at the highest level in 1966 of tri-party administrative councils, composed of representatives of the employers, employees and the GOB; the non-Government representatives are involved, under current regulations, only in minor matters. "One of the major objectives of future campaigns should be to return to the system of joint councils at the highest levels of the INPS administration".

The Brazilian industrial workers opposed the Government's proposed national health plan and applaud the recent decision of the Ministry of Health to drop the plan following the failure of the pilot projects in three cities in the country. The INPS's new program of providing free medicine to those with limited means is to be commended. The Institute, however, must closely examine its agreements - "Convênios" - with private hospitals; hospital care and services at many of these institutions is inferior and demand the attention of the Institute.

The INPS's new regulations aimed at controlling and policing the registration of employees are to be praised. While the system still contains many imperfections, the Institute has made a good beginning in its effort to insure that employers pay the correct contribution for their workers. In this same regard the Government should set an example by contributing its full share to the operation of the welfare institute. Current data, though incomplete, points to a deficit during the past two years in the Government's contribution.

The INPS must also improve and expend the sources of funds available for the maintenance of the Institute's services. With an improvement in the collection of welfare contributions and an expansion of the resources of the Institute, the INPS should begin implementing those regulations and services already on the books that will bring further improvements in the care and services to Brazilian workers.

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THE POSITION OF INTERNATIONAL TRADE UNIONISM - SUMMARY OF CNTI STUDY

Following a lengthy history of international trade union organizations, which the study views as divided among three distinct groups - the Communist WFTU, the Christian IFTU and the free world ICFTU - the report proceeds to analyse international non-trade union organizations active in the labor sector.

This section contains comments on the organization and activities of the American Institute for Free Labor Development (AIFLD), the Workers Education Institute (IEI), the Organization of American States (OAS), the International Labor Organization (ILO) and the Latin-American Free Trade Association (LAFTA).

Regarding AIFLD, the report notes that it was founded to "strengthen authentic trade unionism and forestall the evils of dictatorship." Following a brief description of AIFLD activities, the report, under the title of "CRITICAS", concludes with the following remarks: "From time to time, the press publishes news of reprimands made by U.S. Congressmen of AFL-CIO activities intended to demonstrate its solidarity with the Latin American trade union movement. Recently a certain U.S. Senator accused AIFLD of financing activities previously defrayed by the CIA. The Senator based his information on investigations of (AIFLD) activities in Chile and Brazil."

On the subject of the IEI the report notes that the Institute was founded in April 1968 and receives financial support from AIFLD, ORIT, ICFTU, the ITS (International Trade Secretariats) and "other legally constituted institutions in the country." Following a description of IEI educational courses, the report concludes with some critical comments: "CRITICAS" - During a certain period in the life of the IEI there was much criticism of the method of teaching. Some criticized the use of funds in less important activities which have prejudiced the objectives of the course. After the designation of Sr. Helcio MACHENZANI, there has been a noticeable decline in these adverse criticism and a major increase in the favorable comments."

Following a brief description of the activities of the OAS, the report discusses the organization of the ILO. The study observes that after the admission of socialist countries it was necessary to adopt procedures permitting the attendance of representatives of these countries although they do not conform to the classic definition of employees. "This gave rise to the term "Universality", that is, a recognition of the State as the monolithic organ in the political, social and economic areas."

The study also notes the GOB's failure to ratify ILO convention 87 (dealing with trade union liberty and the protections to which trade unionism is entitled). Both convention 87 and 98 (referring to the application of basic principles of justice to trade unionism and the negotiation of collective bargaining which the GOB has ratified) express the aspirations of the Brazilian labor movement.

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Regarding LAFTA, the report notes that the CNTI's frequent requests to participate in the permanent executive committee have been rejected.

The concluding section of the report discusses the role of the CNTI in the international labor movement. As an example of the conflict which frequently arises within international labor organizations, the report cites the disagreement between the ICFTU and the AFL-CIO and the adjournment of that issue "sine die" at the last AFL-CIO meeting. In the view of the CNTI that disagreement is of interest to them as an affiliate of the ICFTU and as a result of Brazil's position in the Western hemisphere.

Citing the division within the AFL-CIO, specifically relating to the differences between George Meany and the late Walter Reuther, the report concludes that this development has created a division within the free democratic labor movement in areas of the world influenced by this organization. Some groups, which are unnamed, charge that the Brazilian labor movement is directly under the influence of the AFL-CIO. This ignores the constructive role of ORIT and the contradictory activities of other organizations that are active in the area. The study proposes that these relationships be examined to determine the benefits to the Brazilian labor movement.

Another area of concern examined in the report is the Brazilian trade union movement's affiliation to the international labor movement. This concerns the affiliation of the CNTI to the ICFTU, ORIT, as well as the ITSs. Specific reference is made to the battle among trade secretariats (ITSs) for the same affiliates. The report calls attention to the representatives of these international trade secretariats in Brazil and the controversy over whether these representatives should be Brazilians.

On the basis of the preceding comments the report recommends that the national congress (in September) of the CNTI examine its participation and involvement in the international labor movement. To facilitate that review the report concludes with six rhetorical questions:

1. What is the opinion of industrial workers (CNTI) on "International Labor Solidarity" and "Union Interchange (referring to the union exchange program)?"
2. Should the CNTI maintain its affiliation to the ICFTU and ORIT?
3. If so, should we seek a larger role in these international labor organizations?
4. What should be the position of the CNTI with regard to the affiliation of Brazilian industrial labor federations to International Trade Secretariats?
5. What should be the policy of the CNTI regarding international non-labor organizations working in Brazil among industrial unions?
6. Should the CNTI take a position regarding possible problems that might arise between non-Brazilian labor organizations?