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Workers of Flexible Factories

Region, Trade Union and Class in Brazil's Automotive Industry

ABSTRACT

This article discusses the economic background and changes of labour relations in the Brazilian car industry from the 1990s onwards, with a particular focus on the southern state of Rio de Janeiro. It uses the case studies of Volkswagen and PSA-Peugeot Citroën's assembly plants to demonstrate how location related factors have played a decisive role in productive restructuring processes, with repercussions on class formation, professional training and trade union action. The authors especially stress the difficulties of trade union organisation in this context, and show how new workers have become rapidly involved in political mobilisation.

Keywords: trade union, car industry, productive restructuring, class formation, Resende, Brazil

The formation of an industrial working class in Brazil is closely connected to the establishment of the car industry in the country from the 1950s onwards, with a cluster of plants in an area encompassing the Santo André, São Bernardo and São Caetano municipalities – known as the ABC region – on the outskirts of São Paulo. New job opportunities created by this development triggered a rural exodus resulting in a large concentration of workers in the ABC. The arrival of the automotive industry and its multinational companies drove the region's development and political traditions, fuelling urban growth and the emergence of a distinctive working-class identity and culture.

Within this context, Brazil's trade union movement, firmly rooted in the metal working sector, grew significantly and played a leading role in challenging the authoritarian regime imposed by the military coup of 1964. Strikes in the ABC region during the late 1970's contested the labour laws and trade union legislation that imposed draconian constraints on organised worker activities. Legitimised by regular factory floor resistance, this type of trade unionism spread rapidly through the plants in the region (mainly the car-assembly segment), paving the way for a political movement from which the United Workers Central (CUT) and the Workers' Party (PT) emerged.

The unchallenged leadership of the region in the car-assembly production chain dominated Brazil's industry for several decades. During the early 1990s, nevertheless, market deregulation was introduced, encouraged by global competition. In order to increase productivity, the companies were forced to introduce a comprehensive restructuring process, changes in technology, more stringent demands on suppliers, and the reorganisation of labour.

Associated with an industrial policy designed to attract foreign investments during the Fernando Henrique Cardoso Administration, the restructuring process of Brazil's car-assembly industry also caused new plants to be relocated and reconstructed from the mid-1990s onwards, which had substantial effects on the economic activities and labour markets of the country. Under the "Brazilian automotive regime" much of the investment risk was removed from these enterprises, prompting states and municipalities to engage in heated political and economic disputes over incentive packages designed to attract new businesses. Usually the enterprises were not only exempted from municipal taxes, but also able to secure funds underwriting investments into plants owned by state banks and treasuries.

The construction of the new factories outside the industrial belt of São Paulo also revealed a shifting in the companies' workforce recruitment policies. One of the characteristics of the selected locations was the existence of inexperienced trade unions with little organisational traditions compared to the unionism of the ABC region.¹

Industry Seeks New Territories: Southern Rio de Janeiro State as an Emerging Region

The new approach adopted by the industrial expansion policy allowed local governments and the people of Southern Rio de Janeiro State to draft plans designed to turn the region into a new development hub based on metal mechanics and automobiles.² Thanks to the engagement of the state and municipal governments and the influence of its polit-

1 As pointed out by Michel Freyssenet/Yannick Lung: Between globalisation and regionalisation: what is the future of the automobile industry?, in: Actes du Gerpisa 18 (1996), pp. 39–68, the past few decades have presented great challenges to local automobile industries within an unstable international context of competition over goods, capital and labour. Local factors are important in restructuring processes, especially *vis-à-vis* class actions, training and formation. For a broad-ranging analysis of the processes that link worker practices to their environment, see e.g. Andrew Herod (ed.): *Organising the Landscape – Geographical Perspectives on Labour Unionism*, Minnesota 1998; and Mike Savage: *Classe e história do trabalho*, in: Claudio M. Batalha/Fernando Teixeira da Silva/Alexandre Fortes (eds.), *Culturas de classe*, Campinas 2004, pp 25–48.

2 This region is divided into 13 municipalities: Resende, Porto Real, Volta Redonda, Barra Mansa, Itatiaia, Quatis, Rio Claro, Piraí, Pinheiral, Valença, Rio das Flores, Barra do Piraí, Angra dos Reis.

ical representatives, the state managed to secure its share of the new investments. The industrial revival generated by the establishment of Volkswagen Trucks in Resende (1996) and PSA Peugeot Citroën in Porto Real (2001) created new jobs and had wide-reaching effects on the region at the institutional, political and social levels. The working classes subsequently experienced changes in their educational and vocational trainings, labour relations and trade union actions.

The negotiations between VW and PSA Peugeot Citroën, on the one hand, and the local and federal governments, on the other, were dominated by technical and political issues. Tax breaks, as well as technical suitability, played a role in selecting the site for the new VW plant. For example, the state government provided VW with outstanding infrastructure conditions by contributing US\$ 15 million, which were distributed as follows: a) a power station for the plant worth US\$ 4 million; b) a new gas pipe fourteen kilometres long worth US\$ 7.3 million; c) an asphalt road 3.4 kilometres long worth US\$ 2.3 million; d) funds for the municipal authority to provide street lighting and signage, water, sewerage and transportation worth US\$ 2.1 million; and e) a fibre-optic telecommunications network.

On the other hand, the arrival of VW aggravated a municipal dispute that resulted in the separation of the Porto Real municipality (formerly a district of Resende) in 1995. Within this context the selection of the plant sites was a bartering tool, with the plant remaining in Resende only under the condition that Porto Real was established as an independent municipality. Subsequently, this new municipality was selected as the base for PSA Peugeot Citroën and its suppliers.

The discussions over the arrival of PSA Peugeot Citroën differed from those before the establishment of the Volkswagen factory, although the incentives to attract both complexes were basically the same: land donations, tax incentives, low wages and a regional infrastructure that kept pace with the expansion plans of the companies to set up their businesses in Brazil.

As the first enterprise to be inaugurated in the region, VW was subject to a broad-range of expectations. The issue of jobs was thoroughly discussed at the time, mainly by vote hungry politicians and local tradesmen. However, the massive gap between the number of jobs announced and the amount that transpired still remains a heated topic of debate. The disparity in numbers resulted from VW not providing the promised direct jobs, due to the way in which its production structure was organised.

Although hiring far fewer workers, VW decided to recruit most of its employees locally, with PSA Peugeot Citroën subsequently following suit. In order to avoid trade union militancy, the companies avoided hiring workers from the neighbouring steel producing town of Volta Redonda, known for its strong worker organisational and mobilising tradition.

During this workforce training and recruitment process, the participation of the National Industrial Apprenticeship Service (SENAI) was crucial, acting as an intermediary between the companies and the labour market, inviting its former students to apply

for the new jobs. An immediate association was established with this federal institution for vocational training, not only providing it with the tools needed for specialised courses according to the specific demands of the car-assembly industry, but also offering, in VW's case, courses and other facilities in the plant itself. This association had clear effects on the operating logic of the local SENAI office. For PSA Peugeot Citroën, a model assembly line was set up at SENAI to ensure that its students were trained to the level of its requirements:

The plant is divided into three main areas: sheet work, assembly and paintwork, and we will simulate these three areas here. There is a fourth area that we call PCP, specialising in logistics, where we are already working. [...] So we will assist Peugeot through a situation that already exists here in the Centre. This Centre is being set up and we are discussing the works required here. The equipment will be shipped over from France. We are sending SENAI employees to this plant in France so they can learn how it works [...].³

New Industrial Region, New Production Organisation: the Experience of the *VW Modular Consortium*

The VW decision to set up a plant in Resende would in itself be sufficient to inspire great expectations, but the process developed very differently than it had been envisaged, when it became known that this factory would not be like any other complex. In addition to being the first and only VW truck plant in the world, the plant in Resende attracted the attention of specialists and experts, because of its innovative production organisation structure. In the traditional assembly-line structure, the role of the suppliers was basically limited to delivering their parts to the assembler. The *modular consortium* grouped its service providers and car spare parts suppliers under the same roof, making them directly responsible for assembling the vehicles.⁴ Of the total number of people working in this plant, no more than 15 per cent would actually be employed by VW, with most of the workers hired by a group of seven firms presented as “partners”. This structure was based on “a new share-out of investments, costs, responsibilities and especially risks, moving well away from the outside relationships that characterise outsourcing processes”.⁵ Thus,

3 Interview with the former director of SENAI (National Service of Industrial Training) in Resende, conducted by José Ricardo Ramalho 1999.

4 Alice Abreu/Huw Beynon/José Ricardo Ramalho: The Dream Factory – VW's Modular System in Resende, in: *Work, Employment and Society* 14 (2000), pp. 265–282.

5 Glauco Arbix/Mauro Zilbovicius: De JK a FHC – a reinvenção dos carros, São Paulo 1997, pp. 454–455.

the companies in the *modular consortium* were directly involved in building the plant facilities, being responsible for US\$ 50 million of the US\$ 300 million initially invested.

Through this approach, VW has been able to stand aloof from the process of directly assembling the vehicles, instead focusing on strategic functions such as product design, architecture and quality, as well as marketing and sales policies. However, it had to develop organisational capacity to underpin the feasibility of integrating these partner firms into a unit and for this reason VW kept the administrative control of the plant and monitors the production flows.

The experience of the *modular consortium* also changed labour relations. For example, all workers had to wear the same uniform, with the only difference being the corporate logos of their employers. VW planned that all “partners” should have to comply with the same pay and benefits, induced by the fact that all the workers at the Resende plant belonged to the same trade union (including workers providing outsourced services)⁶ and thus remaining subject to the same negotiating rules for a single collective agreement.⁷

However, the modular consortium did not increase workers’ participation. They have had little autonomy, and the trade union has been excluded from the negotiations over the production process⁸.

Workers and their Trade Union in the New Car-Assembly Hub

The metal workers union, based in the city of Volta Redonda, was a long-established representative of the interests of all metalworkers of the municipalities in Southern Rio de Janeiro region. Originally organised to represent workers of the Companhia Siderurgica Nacional steel mill, the main industrial benchmark of the region since the 1940s, trade union leaders needed to use new practices in accordance with particularities of the automotive sector and the formation of a different type of metal worker.

6 The Brazilian trade union structure was maintained with few alterations from the initial period of its constitution – in the 1930s. Among its main characteristics is the definition of a single trade union for each category of worker, affiliated or not, in a particular geographical region, see Helio Zylberstajn: President Lula’s Union Reform, in: *Dimensiones Sociales de la Globalización 2* (2005), pp. 591–610.

7 José Ricardo Ramalho: *Organização Sindical e a Instalação de Novas Fábricas do Setor Automotivo: o caso do Sul Fluminense*, in: Iram Jácome Rodrigues (ed.), *Novo Sindicalismo vinte anos depois*, Rio de Janeiro/São Paulo 1999, pp. 93–125.

8 Arbix/Zilbovicius: *De JK a FHC*.

The CSN steel mill was viewed as a model enterprise when it was established in the 1940s and Volta Redonda became a “company town”.⁹ The workers of the CSN also played a leading role in union activities. In the late 1970s, for example, the metal workers trade union was trying to distance itself from the passiveness adopted by the conservative leadership that had prevailed during the dictatorship period after 1964. In the 1980s, the more progressive sectors took over the trade union, joining the main trade union federation of the country, known by its militancy, the United Workers Central (CUT). Towards the end of this decade, three workers were killed inside the CSN plant by Army troops during a lock-out strike with great political repercussions in the city and throughout the country.

Metal workers trade union activities at this period of time met an upsurge in demands by other social movements that were springing up in Volta Redonda. Encouraged by the local Roman Catholic Church these movements included demands for decent housing, land titles for squatters, respect for human rights and the organisation of residents’ associations.¹⁰ The metal workers became strong supporters of those new political activities providing premises for meetings as well as offering resources. In return they received logistical support from those movements for their specific operations such as a series of strikes that attracted strong media attention at the time.

In the early 1990s, the privatisation of the CSN steel mill altered the political situation that had prevailed during the previous decade. The practical and ideological triumphs of the privatisation campaign had a massive effect on the company, reducing jobs and causing widespread unemployment throughout the entire town. This process also affected trade union activities when a group of militants resigned from the United Workers Central (CUT) and joined its main political opponent in Brazil, *Força Sindical*. The new directorate changed practices, postulating partnership with the company without the social movements.

During this period of flux in trade union practices the car assemblers established themselves in the towns in the region. In fact, the changing profiles of trade union actions were among the factors that guided the selection of the locations by the firms.

9 According to Regina Morel: A construção da família siderúrgica – Gestão paternalista e empresa estatal, in: José Ricardo Ramalho/Marco Aurélio Santana (eds.), *Trabalho e tradição sindical no Rio de Janeiro, a trajetória dos metalúrgicos*, Rio de Janeiro 2001, pp. 130–150, Volta Redonda was home to around 2,800 people during the early 1940s. By 1942, the construction of the steel mill had added 6,000 workers, and a decade later, its population already topped 40,000, as the town and the steel mill grew together.

10 Marco Aurélio Santana: *Trabalhadores e política no Sul fluminense: a experiência de Volta Redonda nos anos 1980*, in: José Ricardo Ramalho/Marco Aurélio Santana (eds.), *Trabalho e Desenvolvimento Regional – Efeitos sociais da indústria automobilística no Rio de Janeiro*, Rio de Janeiro 2006, pp. 73–91.

The arrival of the enterprises forced the metal worker's trade union to adapt their practices to deal with labour relations of another type and face the fact that VW and PSA Peugeot Citroën decided to hire largely young workers and with little experience of industrial jobs and trade union militancy.

Data from a survey conducted at VW Resende in 2001 shows that most of the recruited workers (51 per cent) were between 25 and 34 years old. Added to those between 20 and 24 years old (19 per cent), this resulted in a workforce with some 70 per cent of its members between 20 and 34 years old. Moreover, it demonstrates that a significant numbers (86 per cent) of workers were born in Rio de Janeiro State and 60 per cent of them born in the Resende municipality.

VW never attempted to conceal the fact that its plan to establish labour relations different to those in the ABC region. VW conducted a regional survey to match its wages to those of the other enterprises in the region.

Comparing the local and national rates, the wage brackets of the *modular consortium* have been higher than those on the regional labour market. However, the trade union has constantly repeated that the wages amongst the VW workers were lower than those received by metal workers in other parts of Brazil. According to data from the Inter-Union Department of Statistics and Socio-Economic Studies (DIEESE), CNM-CUT subsection, the average wage of Brazilian metal workers is 6.2 times the minimum national wage. In the specific case of the automotive sector this rises to 8.1 times. Considering different regions, for example, the average wage in Rio de Janeiro would be 5.7 times the minimum wage, but in the ABC region there would an increase going up to 9.3 times de national minimum wage. Even compared to the average wage of metal workers in Volta Redonda (8.5 times the national minimum wage), represented by the same trade union of the metal workers in Resende, the average wage of VW workers would be lower.

The metal workers union viewed the new plants in Resende and Porto Real as an opportunity for more jobs for local workers. Although its leaders had always been guided by the spirit of reconciliation, they have also found difficulties when confronting with the strategies of the *modular consortium*. On the other hand, they started to notice vulnerabilities in the consortium strategy. According to a union leader in Resende, the modular consortium is very vulnerable,

[...] because if you halt any sector, no matter how minor it may be, you stop the entire production line, see? We have never discarded a halt here [...] when dialogue around the negotiating table is exhausted, and no consensus is reached [...]. For example, the Union was there to negotiate the Profits or Earnings Sharing Scheme, and it said that it did not want to offer this scheme. I went there early in the morning

and said [...] and everybody gathered around: ‘Union men [...] down tools!’ And everyone downed tools right there and then – VW was desperate.¹¹

In 1997, the trade union decided to apply a questionnaire at the factory gates in order to know more about the workers’ opinions on percentage raises, bonuses and the “hour’s bank”.¹² The results were a surprise for the solid participation of the employees and the quality of their demands.

The complete harmony with the trade union, expected by VW and the companies in the consortium, turned into a conflict when the firms attempted not only to implement the hour’s bank proposal but also to discriminate wage restatements among the assemblers. These were the main reasons behind the first resistance movement organised by the trade union at VW that resulted in employees clocking in almost an hour late in September 1997.

Under the headline, *Production halts in Volkswagen Plant – trade unionists block entry for employees and directors*, the *Diário do Vale* regional newspaper reported on this event on 6 November 1997:

According to the trade union management, this is the first time since operations began in November 1996 that the VW plants have not opened at 7 a. m. Through this delay, eight trucks were not fabricated. The trade union leaders geared up for this movement on Tuesday night. Only the employees in charge of preparing breakfast for the workers were allowed free access to the premises. This gathering resulted in a massive traffic jam along the avenue leading to the plants.

This was the first of a series of tense situations that were to end in a week-long strike in 1999, triggered by disputes over wages, which was one of the comparative advantages justifying the shift of VW to Resende. As noted by a trade union leader:

Here in the ‘modular consortium’, we have been facing a series of problems for quite some time; we have been presenting our claims and conducting talks, but with no success at all in the negotiations. VW always says that it does not know about these matters, claiming that it cannot incur any additional outlays, and the problems were building up: transportation, hours bank, breaches of agreements, exploitation of the work force in there [...] so we drew up a listing of these items in general. This list was delivered and we allowed a decent period to elapse, we negotiated and the outcome

11 Interview with an union leader in Resende, conducted by José Ricardo Ramalho, 1999.

12 In Brazil, the “hour’s bank” corresponds to a system, authorised by collective agreements, that allows the flexibilisation of the working day and the compensation of working hours out of the contracted working day.

[...] we issued VW with an ultimatum [...] the outcome was not at all positive, and the workers simply decided at a meeting to down tools [...].¹³

For the workers, the outcome of this strike was positive. In fact, regardless of the wage-related outcomes, the experience demonstrated to the trade union its bargaining power.

The strike was highly positive [...]. We have already closed a collective agreement for 2.5% plus R\$ 400; we called the strike, we won and we got 2.5% to 10.9% [...] we lifted the basic wage; [...] In terms of the dental care agreement, we also won, because the workers are selecting the company that will render these services here [...] the workers and the trade union [...]. On the transportation issue, this is a controversial aspect in here, with three companies already submitting proposals for providing exclusive transport here for the workers in the 'modular consortium'; [...] A highly positive point that we achieved was the [formal establishment] of the Factory Committee. Today we have a Factory Committee with stability.¹⁴

The Increase in Trade Union Action

Trade union action during the first years in operation of the automotive industry in Resende and Porto Real shows that 1999 was a watershed in the history of the organisation; initially, due to the successful demonstration that resulted in the August strike; second, the integration of the trade union and the company workers into the nationwide movement of the CUT and Força Sindical confederation affiliated trade unions who were seeking a national collective agreement, in order to reduce wage inequalities. These two confederations organised the so-called "strike festival"¹⁵, in order to force talks on the draft collective agreement, beginning at VW in Resende.

Trade union strategies in Resende did not only rapidly adapted to the practices of the car assembly sector, but was also strove to keep pace with national trade union organisation. It was also took decisive action to establish a strong base in the companies. The best example was the creation of a factory committee at VW and the development of worker participation at the shop floor, with specific demands:

I will tell you the ten items that are on our list of claim: initially, that VW and the modular consortium should restate the wages of their employees by 16.8%; that they should grant a bonus to their employees of R\$ 700; that they award baskets of staples

13 Interview with an union leader in Resende, conducted by José Ricardo Ramalho, 1999.

14 Interview with an union leader in Resende, conducted by José Ricardo Ramalho, 1999.

15 A series of one day strikes in every car plant in the country in 1999 in order to avoid the strategy of the companies of paying lower wages in different sites.

or supermarket vouchers to all their employees free of charge; that they subsidise outlays on medications by 80% [...]; that they include free dental treatment in the healthcare plan; that they offer study grants to all their employees up to twelve years; that they fine-tune the jobs and wages plan; that they shorten the time for workers to reach top wages from eighteen months to nine months, and that trainees and interns have the same social rights as employees.¹⁶

The Resende headquarters of the trade union strove to develop stronger links with the VW Factory Committee. The Committee also established links with other VW Factory Committees in Brazil, as well as with workers at its German head offices through the Global VW Workers Committee.

The negotiations became even more complex when production began at PSA Peugeot Citroën in 2001. The workers had been facing difficult labour relations with the French car assembler. In contrast to VW, which accepted a Factory Committee in its plant, PSA Peugeot Citroën blocked all attempts for factory-floor organisation as well as trade union action. This is very clear in the words of the trade union representative, who stated:

At Peugeot? Tremendous difficulties. We have a good relationship with them, but to walk into Peugeot [...] they call the HR guy, the HR assistant and they escort the person [...] they let the person in, but they follow him everywhere. So no one comes up to chat [...] this is really stupid.¹⁷

Reports from workers in exploratory interviews also revealed an extremely tense factory floor setting, with fast-paced work and low worker participation. Although management theories stress the need for worker participation in production processes, the company procedures at Porto Real, according to workers, include authoritarian practices:

Other than the pressure that we are under in there. All kinds of pressures. You cannot complain about anything, you are forced to work overtime. Some days it gets to be eleven thirty at night, midnight, and they say: you will have to stay here until three in the morning [...] I can't do that because I have to wake up early tomorrow. But you will have to stay.¹⁸

16 Interview with a VW Factory Committee Member, conducted by José Ricardo Ramalho, May, 1999.

17 Interview with C. H. Perrut, President of the Metal Workers Union in Volta Redonda, Rio de Janeiro State, conducted by José Ricardo Ramalho, 2002.

18 Interview with a PSA Workers, conducted by José Ricardo Ramalho, 2003.

Even mandatory worker representation in areas that might be beneficial for the company, such as the In-House Accident Prevention Committee (CIPA), according to the employees, were viewed with mistrust by the company management:

There is a CIPA, but it doesn't work. The CIPA guy is also afraid. The only reason for having this Committee is to have the Minutes that show compliance with the law that says that you have to have a CIPA, because it is not worth anything. The CIPA people do not go to the meetings, they do not participate in anything. [...] In the area where I work, this facemask is for wearing once and then throwing it away, but employees must use it for three days. Once, I protested to the CIPA guy: This isn't right, if you are on the CIPA, you must act. If the mask is a throwaway, it should be used for only one day and that's it. But the manager says we have to wear it for three days.¹⁹

The relationship of the company with the metal workers trade union is scarred by mistrust and control of its activities within the plant. One PSA worker stated: "The trade union men come in, but always escorted by somebody from the department, with an HR clerk. Unfortunately, the trade union is fenced in – it only goes to the HR department [...]. But they do not go to the assembly line".²⁰ In relation to worker representation at the shop floor, worker accounts confirmed the position that management avoided this kind of activity except for the collective negotiation process:

Peugeot does not accept it. We go to the meeting, and we have discussions [but] only at the collective agreement meeting. At the monthly meeting, we are not invited. [...] No, they do not accept this. They accepted it only for the collective agreement only because the trade union stepped up the pressure. Otherwise, the Committee would not even exist. I complain, but it gets me nowhere. I walk in and go to the trade union but for me to access the HR Director. I go there and I talk, but they do not pay any attention, this is not respected. They do not respect it.²¹

This type of practice increased tension between the company, factory workers and the trade union. It is the case, for example, of the dispute that broke out in late 2001, soon after the factory was inaugurated, when the PSA Peugeot Citroën board decided to discount from the worker's wages the 45 minutes they had spent during the discussion of a collective agreement. The consequence was a deadlock with a strike threatened by the trade union:

19 Interview with a PSA Workers, conducted by José Ricardo Ramalho, 2003.

20 Interview with a PSA Workers, conducted by José Ricardo Ramalho, 2003.

21 Interview with a PSA Workers, conducted by José Ricardo Ramalho, 2003.

After learning about the attitude adopted by the company, the president of the Metal Workers Union, Carlos Henrique Perrut, decided to start legal procedures to call a strike. On Wednesday, the company backed down from its decision to deduct the time halted due to the meeting, and invited the trade union to talks the following day.²²

The conflict ridden relationship between the company and the trade union prevented the workers at the PSA plant from effectively obtaining not only shop floor representation, but also freedom of affiliation and participation in trade union activities.

The case of VW and PSA in Southern Rio de Janeiro disclosed evidence which undermines formulations commonly used by management on the need for voluntary worker engagement in corporate projects. These are factory-floor situations reported by workers that indicate a certain hybridism between new management practices and the authoritarian methods that were characteristic of a Ford-type production-line plant. Along these lines, it may be said that local conditions allow a different type of flexibility, through which efficiency, productivity and quality are always expected, although without assigning any importance to effective worker participation. With all the progress in organisational terms achieved by the workers, initiatives taken by the companies must not be forgotten, designed to endow their employees with a more cooperative standpoint that is further removed from conflicts. In many situations, a vast lack of symmetry is apparent between the companies with their multinational clout, and the trade union.

In addition to advantages compared to other regions, associated with tax breaks, investments in infrastructure and lower wages, the car-assemblers have also turned employment into an advantage, insofar as they wield it as a mechanism for imposing pressures on workers in the production process. A case study of Rio de Janeiro State serves as a good example of how to use job insecurity as a strategy for controlling the labour process.

Workers Assess their Representatives

The relocation of Brazil's car industry and the flexibilisation of the plants brought new challenges to trade unions of metal workers all over the country. The role played by the various types of worker representation in contexts such as those described above is still being evaluated and must deal with the relationship with a new profile of metal workers. At the VW plant in Resende, for example, the social and political data collected during our survey, showed a significant number (63 per cent) of unionised workers, with 48 per cent of them stating that they take part in trade union activities. This indicates that the trade union actions have been effective and convincing to the workers, encouraging their participation and defending labour interests, despite the recent establishment of the VW

22 See the newspaper *Diário do Vale*, 25 January 2002.

plant and the lack of experience of the metal worker's union in the car assembler sector. The three types of participation most frequently mentioned were: meetings (55 per cent), barbecues (16 per cent) and courses (13 per cent), indicating an approach that is currently focusing more on resolving issues with VW and the companies in the *modular consortium*, than with proper union activities of organisation and affiliation.

In general, the trade union was assessed favourably by most of the respondents, with 49 per cent of them rating its performance as reasonable and a further 32 per cent as good and excellent. However, approximately one fifth of the respondents scored the trade union activities as negative, indicating that some workers are dissatisfied with trade unions methods.

Subdivided into items, the trade union assessment shows that the workers expect their representative trade union to work harder in the plant to protect their interests. For example, in efforts to ensure healthier working conditions in the company, 39 per cent of the workers noted that the trade union was engaged, although a similar percentage (38 per cent) affirmed that the necessary efforts were not forthcoming. For the question of "putting pressure on the management to introduce alterations to the work process", 43 per cent indicated that the trade union was working hard while 28 per cent felt the trade union was not trying hard enough.

In the view of the workers, the following were regarded as the most outstanding issues guiding trade union action: job stability (71 per cent), vocational training courses (70 per cent), wage issues (63 per cent) and working conditions (51 per cent). This reflects the core concern of factory workers for their jobs, well aware that upgrading their skills is vital on the labour market. On the other hand, they are still well aware of the basic representation functions in the plant, including wages and working conditions. A clear prevalence of more specific indications is also quite apparent, while more general issues such as the struggle for land, protecting state-run enterprises are less important.

An examination of the data related to the workers assessment of their Factory Committee was even more favourable than their view of the trade union. Perhaps due to its daily presence on the factory floor, most (54 per cent) of them ranked the performance of the Committee as good and excellent, while 32 per cent rated it as reasonable. Only 13 per cent of the respondents graded it as negative.

The employees also revealed their expectations about the preferable performance of trade union and factory committees. They expected the trade union to maintain a dialogue with the company indicated by the 82 per cent of workers concerned with their job security and 81 per cent of workers requesting greater vocational training. The basic function of the trade union – organising the workers – appeared only in third place among their expectations, at 62 per cent. For the activities of the Factory Committee, the suggested tasks were common to this type of entity: relationship between the company and its employees (85 per cent); settling routine difficulties among the employees (68 per cent) and referring problems to the trade union (59 per cent).

Thus, it can be said that the VW workers perceived their avenues of representation as necessarily addressing issues more directly related to their daily lives and working conditions, particularly representing them to the company and their concerns for the future, in terms of guaranteeing jobs or upgrading the performance of their functions through vocational training.

This new worker profile has directly affected life in the towns of Resende and Porto Real. Workers in some neighbourhoods have been reiterating their demands for better education, urban infrastructure, transportation and security. Their consumption patterns have altered trade structures and their expectations about the job market have demanded better facilities for higher education.

Conclusion

Although this is a case study of an industrial hub established in the 1990s, the development has had social, political and economic effects on the workers and the surrounding region. The details of the negotiation between companies and government confirm the foreign investment attraction model introduced through this *new automotive regime*. Here, as well as at other sites throughout Brazil, tax breaks were offered, together with State investments and infrastructure, generous loans and donations of vast tracts of land to build the plants.

Local residents had great expectations that the establishment of the plants would create a large number of jobs. However, the reality fell well below expectations that had been created by politicians and companies. Nevertheless, the jobs generated by these new enterprises have had sweeping affects on local labour markets, with an upsurge in formal employment (direct and indirect) underpinning the appearance of a young and better educated working class.

It is noted that the innovative design for organising the production sector at VW does not extend to worker participation. This organisational innovation does not encompass labour relations. Although workers recruited in the region (around 80 per cent) had been expressing their satisfaction with the possibility of working for a multinational company, there is still a wage gap, compared with the ABC region. The presence of PSA Peugeot Citroën – and its suppliers – has also had sweeping impacts on the local labour market, despite wages remaining lower than those in São Paulo.

The use of local vocational training institutions – especially the National Industrial Apprenticeship Service (SENAI) – by VW and PSA Peugeot Citroën has strengthened and extended the possibilities of recruiting workers from the region, for this type of activity. There has also been a ripple effect on municipal schools, shifting their focus to training good students to work in the car industry.

The experience of PSA Peugeot Citroën highlights the complexity of the process of establishing new production scenarios and their impacts on workers' lives. It is a situation in which the company began its activities based on principles of lean production, but offers

no evidence that it might consider worker participation in discussions of its production processes to be a decisive factor for the success of its business.

The fact that these factories were designed to be flexible right from the start has not made trade union actions any easier. Recently, there has been talk of new management strategies moving beyond lean production patterns to consider trade union cooperation in drawing up corporate projects. However, this does not seem to be occurring. In addition to a lack of experience in dealing with wage problems in the car-assembly sector, the local trade union has also had to deal with situations related to lean plants and flexible work. There were no discussions on changes in these areas, or even whether these changes would undermine earlier victories for the workers.

Although the trade union has rapidly organised wage claims and collective negotiations at PSA, including threats of strikes, a tremendous shortfall is noted in its activities within the plant. The manufacturing area remains under the unchallenged control of the company, with sporadic interventions by the trade union dealt with as being improper and unlawful.

In terms of trade union activities in general throughout the region, observations show the metal workers union at the subsidiary headquarters in Resende has achieved progress in terms of worker representation and pay-related issues, despite the brief period during which the plants have been in operation, and although facing barriers in the negotiating process. Based on a specific case study, it seems likely that these indications may help analyse new experiences in Brazil's car-assembly sector. Trade unionism has achieved significant progress in representing worker interests. Although considered more docile by the company, this trade union has moved in a different direction, acting firmly and making its presence felt. The outcomes of the wage talks reflect a trade union that has responded rapidly to worker needs in the car-assembly sector, with its performance viewed favourably by the workers.

Although initially averse to worker organisation and participation, VW talked to its workers and then loosened the reins, even accepting a factory committee that has played quite an important role in the immediate daily representation of the workers and building up links with the trade union. Moreover, the members of this committee have attended meetings with the members of factory committees all over Brazil, enhancing their organisational experiences. A tougher stance towards the workers and their representatives is noted at PSA Peugeot Citroën, often to the extent of anti-unionism.

A quick assessment covering little more than a decade of operations discloses the establishment of a complex web of relationships among the various levels of worker organisation in Southern Rio de Janeiro. Mention must be made of the close links built up between workers in this region and national and international representation entities, although this has not spread to actions in terms of local policy. In contrast to the ABC region, where this process is well advanced, grounded on its own history, trade union participation is still emerging in discussion forums throughout Southern Rio de Janeiro State which define policies targeting the location and community as a whole, within the

world of work and elsewhere. Due to direct or indirect links with trade unionism in the ABC region, the development of a flourishing cluster of social and political trade union networks may be expected at this location, and becoming more closely involved with local politics.

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