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São Paulo Ford plant closure exposes Brazilian union as agent of capitalist “restructuring”

After selling out the struggle of the Ford workers against the October 30 closure of the São Bernardo plant, located in the so-called ABC industrial belt outside the city of São Paulo, the ABC Metalworkers Union (SMABC) has now dedicated itself to guaranteeing one of the plant’s new bidders with the best conditions for exploiting workers.

For months, the union has functioned as virtual agent of the Brazilian Caoa group, the first to signal to the São Paulo state government its interest in buying the plant. Union leaders even went so far as to meet representatives of the National Development Bank (BNDES) to ask for a subsidized R\$2 billion (US\$500 million) loan for Caoa, presenting the company’s interests and those of the workers it will exploit as one and the same. However, there is no doubt that if the Chinese carmaker BYD, which has also shown interest in the plant, steps ahead of the Caoa group, the union will scramble to do its bidding following the same political script.



Brazilian Ford workers march in February

While the SMABC claims that Caoa has the same interests as the workers, the union bureaucrats admit that they agreed in September that if Ford actually sold Caoa the plant, the new company would hire only 700 full-time workers—a third of Ford’s former workforce. To add insult to injury, the worker hired by Caoa would be forced to take a 30 percent pay cut, a 65 percent reduction in productivity bonuses and reduced health coverage.

Such maneuvers are all the more significant since the SMABC has been a main prop of the Workers Party (PT) for decades. The union was headed by former PT President Luiz Inácio Lula da Silva during the 1964-1985 military dictatorship, the period when Lula gained national prominence.

Since then, the union has presided over the destruction of hundreds of thousands of jobs and the general lowering of workers’ living standards, while setting the standard for union bureaucracies that have done the same thing across Brazil. Given this history, from both an industrial and a political standpoint, the developments in the ABC region have for decades been an anticipation of larger trends in the Brazilian auto industry, intensely followed nationally by both workers and capitalists.

The agreement to close Ford

Before Ford shut down production at the plant six weeks ago, the union had rammed through a sellout agreement effusively celebrated by its leaders as a victory “guaranteeing advantageous conditions for a significant section of workers.” In reality, it enacted the plans of the company, which had already earmarked US\$ 360 million for severance payments and other costs related to the closure of the plant.

The agreement only covered the plant’s 3,000 full-time employees, leaving out both the 1,500 contract workers and some 20,000 other workers at parts suppliers and related companies who will also see their jobs destroyed. At the same time, the plant shutdown will contribute to permanently lowering the living standards for new hires across the region. Workers in the area already suffer from a long-term jobless rate of 18 percent, well above the already dismal national average of 14 percent at the height of the protracted Brazilian economic crisis.

The central role played by the union and the PT over the crisis years was the main factor behind the landslide losses of the party in the region in both the 2016 local elections and the presidential election of 2018 that brought the fascist Jair Bolsonaro to power.

The SMABC has not only subordinated virtually every factory committee to “union-management” collaboration, but has also covered up for the application of German-style lay-off schemes of buyouts and shorter work hours, which ended in thousands of firings, and accepted repeated wage reductions on the excuse of guaranteeing jobs under PT’s 2016 Employment Protection Plan. The only result of the program, however, was the transfer of hundreds of millions of dollars from public funds to the auto bosses.

When the news of the Ford closure broke, the SMABC did everything in its power to wear down the workers, who went on a 42-day strike. The union discouraged any move to occupy the plant or actions to widen the struggle. The union instead told striking workers to go home and wait for negotiations. It refused to call for any unified action with contract workers or the 20,000 affected in the auto parts industry. It finally shut down the strike on management terms, acting in collaboration with the São Paulo government, which announced it would serve as an intermediary in Ford’s negotiations with Caoa.

Predictably, and exposing the lies of the union and the company, the São Bernardo closure was part of a much wider process. In the northeastern state of Bahia, in the industrial city of Camaçari, the union controlled by the Communist Party (PCdoB) accepted Ford’s offer of wage increases, which were below the rate of inflation. It also hailed as a victory the establishment of a Voluntary Redundancies Plan (PDV), through which older and higher-paid workers are pressured to retire in exchange for limited compensation that is covered many times over by the lower wage of new hires and the transferring of production out of the plant.

At the beginning of December, a new round of threats was made by Ford management, which conditioned the modernization of the plant to yet more “cost reductions,” this time concentrated on productivity pay. Ford’s South America president, Lyle Watters, laid out the company’s terms by declaring that productivity pay was 35 percent higher at Ford than in other regions in the country, now that the São Bernardo plant, which he called an “exceptional case,” had been shut down.

At another Ford plant in Taubaté, 130 km east of São Paulo, after the local union, also affiliated to the PT-controlled CUT federation, accepted a PDV in late 2018, the company fired another 12 workers who didn’t accept the PDV’s terms. Workers quickly went on

strike, but the union shut it down after only three days, rubber-stamping the redundancies and accepting a target of convincing another 150 workers to join the PDV.

In each and every one of these cases, the unions have worked to ensure that the company reaches its profit targets. Ford CEO Jim Hackett declared that the company would achieve an overall 8 percent increase in profit rates by cutting US\$25.5 billion in costs through 2022. This would mean slashing 25,000 production and salaried workers worldwide and closing plants in Brazil, France, the United Kingdom and Russia.

These attacks are part of restructuring of the global auto industry to cut costs, outmaneuver competitors in the emerging electric and autonomous vehicle markets, and increase profit rates for the wealthy shareholders. In addition to Ford, General Motors, VW, Nissan, Daimler and other corporations are slashing tens of thousands of jobs and destroying wages and conditions with the collusion of the United Auto Workers in the US, the CGT in France, IG Metall in Germany and other nationally based unions around the world.

At Brazil's second largest GM plant, in the high-tech hub of São José between São Paulo and Taubaté, the local union controlled by the Morenoite United Socialist Workers Party (PSTU) accepted a 21 percent wage reduction for new hires, the reduction of night shift differentials and a wage freeze for the year of 2019. The union-backed concessions were in exchange for a US\$1.3 billion investment in the plant, which had previously been scheduled for shutdown. It followed a similar agreement imposed by the union at Brazil's largest and oldest GM plant, also in the ABC, which is controlled by the Solidarity party, a historically right-wing formation tied to the PT's former bourgeois opposition.

Under conditions of more firings and wage cuts internationally, the anger of workers is growing, with strikes and mass protests spreading across Europe, the Americas, Asia and Africa. Everywhere workers are coming into a direct clash with the pro-capitalist and nationalist trade unions, which insist workers endlessly sacrifice to make their "own" capitalist exploiters more competitive and profitable.

The internationally coordinated assault by the global automakers and financial institutions requires an internationally coordinated response by workers. The defense of the living standards of Ford and other autoworkers in the ABC region, across Brazil and internationally can be waged only through the organization of rank-and-file factory committees, which are independent of the unions and opposed to their nationalist perspectives. The formation of these rank-and-file committees and the broadest industrial

mobilization of the working class must be combined with a political counter-offensive based on an international socialist program.

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