

Class Conflict and Rising Inequalities

How the Bourgeoisie United to Secure Approval for Labor Reform in Brazil

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Abstract The article analyzes the action of the Brazilian industrial bourgeoisie in support of the labor reform approved in 2017. Such action can be understood as a unified response by different fractions of the industrial bourgeoisie to the intensification of strike activity, to the profit compression of non-financial Brazil-based companies and to the increase in labor costs in the manufacturing industry in the first decades of the twenty-first century, during the Workers' Party (*Partido dos Trabalhadores*, or PT) administrations (2003-16). It also argues that this dissatisfaction among the industrial bourgeoisie led to its distancing from the PT administrations, its support for Dilma Rousseff's impeachment in 2016, and the unified action of different fractions of the bourgeoisie in favor of labor reform at the beginning of Michel Temer's administration, which resulted in rising inequalities in Brazil.

Keywords Global Capitalism. Transnational Capitalist Class. Industrial Bourgeoisie. Brazilian Labor Reform. Strikes.

Summary 1 Introduction: The Fractions of the Brazilian Industrial Bourgeoisie as Analytical Units. – 2 The Intensification of the Class Conflict in the 2010s. – 3 Labor Reform: The Bourgeoisie's Response to Class Conflict. – 4 The Industrial Bourgeoisie Mobilizes in Support of the Reform. – 5 The Impact on Inequality. – 6 From Inter-Class to Intra-Class Dispute. – 7 Final Remarks.



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1 Introduction: The Fractions of the Brazilian Industrial Bourgeoisie as Analytical Units

This article¹ analyzes the action of the Brazilian industrial bourgeoisie, in particular its fraction tied to the transnational capitalist class (TCC), for the approval of the 2017 labor reform and its consequences for the rising inequalities in Brazil since then. The reform, approved at the beginning of Michel Temer's administration, after Dilma Rousseff's impeachment (in 2016), occurred in the context of severe economic crisis and was justified by its proponents as an instrument to reduce unemployment in the country.² After years of pressure from employers for the reduction of labor costs, of union power in collective bargaining, and of wages burdens, the Brazilian National Congress approved a broad reform in labor legislation which allowed, for example, the establishment of intermittent and part-time employment contracts, in addition to weakening the union organizations.

Our hypothesis is that there was a convergence between different bourgeois fractions to secure the approval of the labor reform to compress labor costs and recover profitability at a particular context: Dilma Rousseff's impeachment and Michel Temer's rise to the federal government. It seems of particular relevance to focus on such class-based action by the industrial bourgeoisie in this period, since during the Workers' Party (*Partido dos Trabalhadores*, or PT) administrations, in particular that of Dilma Rousseff (2011-16), a proximity of industry employers' associations with the government was indicated, seeking to meet an important part of their demands (Singer 2018). Thus, analyzing the industrial bourgeoisie's support of the labor reform also allows to shed light on the reasons to its estrangement with the PT administrations.

In previous works (Aguiar 2024; Aguiar, Micussi 2022; Micussi 2021) we argued about the pertinence of using the notion of transnationalized fractions of the bourgeoisie to understand the political action of the Brazilian capitalists in the first decades of the twenty-first century. Drawing on the theoretical contributions of the "Global Capitalism School", which draws attention to the formation of the TCC based on the global spreading and functional integration of production (Robinson 2004), as illustrated by the literature on global value chains (Gereffi,

1 Partially based on a previous version published in Portuguese (Micussi, Aguiar 2023). The authors would like to thank The São Paulo Research Foundation (FAPESP, grant #2019/26020-4) and the National Council for Scientific and Technological Development (CNPq) for the grants that made possible the research.

2 Krein, Vêras de Oliveira, and Filgueiras (2019) revealed the mismatch between such promises by the labor reform apologists and their subsequent practical effects, like rising unemployment rates.

Humphrey, Sturgeon 2005), it is possible to empirically observe the rise of a fraction of the Brazilian capitalist class which is no longer tied exclusively to national circuits of accumulation, but have also been transnationalized, merging with capitals of other national origins, forming transnational corporations (TNCs).

Based on the analysis of Natura's transnationalization strategy, we argued (Aguiar, Micussi 2022) that such phenomena challenge methodological nationalism, making it necessary, for the very description and understanding of the phenomenon, to use theoretical tools able to accommodate the empirical case of a Brazilian company which became a TNC of superlative dimensions. Moreover, we were instigated by the fact that Pedro Passos, one of the company's largest shareholders, during his two consecutive terms ahead of the IEDI (*Instituto de Estudos para o Desenvolvimento Industrial*, or Institute of Studies for Industrial Development) – the most important Brazilian industry think tank –, had oriented the institute to the defense of trade liberalization policies which tended to favor the large and competitive Brazilian-based TNCs, while harming the national industry as a whole. Since then, the IEDI seemed to seek to represent the transnationalized fraction of the industrial bourgeoisie, often in opposition to other bourgeois fractions. It seemed appropriate to discuss the existence of a Brazilian TCC fraction (or contingent) that seeks to incorporate itself into the transnational accumulation circuits and favors the integration of the Brazilian economy to global capitalism.

By analyzing its defense of labor reform through interventions, press statements, interviews³ and articulation with political agents, it is clear how, in this episode, the Brazilian industrial bourgeoisie acted as one, in a movement which allied its transnationalized fraction with the industrial bourgeoisie as a whole. This movement is exemplified by the confluence of IEDI and CNI (*Confederação Nacional da Indústria*, or National Confederation of Industry) in a unified political action in support of the approval of the 2017 labor reform in Brazil. The discussion will shed light on its motivations and consequences.

The analysis will focus on the IEDI, representing the transnationalized fraction of the Brazilian industrial bourgeoisie, and on the CNI, the main institution of the national industrial bourgeoisie, which brings together Brazil's 700,000 industrial firms. This allows us to observe how part of the Brazilian contingent of the TCC, organized in the IEDI, acted alongside the industrial bourgeoisie represented by the CNI.

Employer representation in Brazil is structured through sectoral associations, which group all firms in a given industry and elect

3 In this article, all quotes in Portuguese were translated to English by the authors.

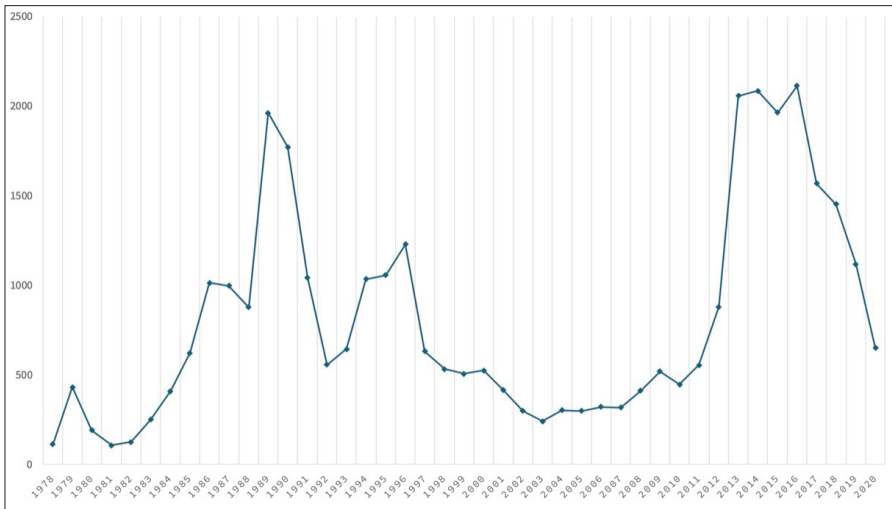
state-level federations, which in turn elect the national leadership of the CNI. This structure tends to privilege small and medium-sized firms - 98.8% of all industrial establishments - because voting occurs at the level of associations and federations. Large firms, though responsible for most production and a substantial share of employment, represent only 1.2% of establishments and thus have comparatively less political weight. This mismatch between economic weight and representational power generates a potentially conflictual scenario in which large national companies are structurally under-represented.

In 1989, large Brazilian manufacturing industries created the IEDI as an unofficial association better suited to represent their interests than the CNI, whose structure favored small and medium firms. Amid the crisis of developmentalism, these companies sought integration into global value chains, an agenda seen as inadequately represented by official employer associations. While earlier the transnationalized fraction of the Brazilian industrial bourgeoisie acted in favor of structural adjustment at the expense of much of national industry, the period analyzed here shows a recomposition of internal cleavages driven by dynamics capable of unifying different bourgeois fractions.

We argue that the unified action of the industrial bourgeoisie to secure approval for labor reform is a response to the Brazilian industrial companies' profit compression within the distributive conflict that has been established in the country from the second decade of the twenty-first century onward. This conflict guides a long-term action by the Brazilian bourgeoisie, which begins with the complaint about labor costs in Brazil at the beginning of the Dilma Rousseff administration, includes the rapprochement of the IEDI's leaders to Michel Temer, then vice-president, and this fraction's support of the 2016 impeachment, culminating in the support of the 2017 labor reform and, as a consequence, rising inequalities in Brazil.

2 The Intensification of the Class Conflict in the 2010s

The distributive conflict presents itself as one of the fundamental dimensions of the Brazilian crisis in the second decade of the twenty-first century. Indeed, the literature has pointed to a dual movement, which combines increased strike activity and the compression of Brazilian private companies' profit rates and profitability. Regarding the strikes, as pointed out by Oliveira (2019), it is possible to identify a boom in the annual frequency of strikes in Brazil starting in 2011 [graph 1].



Graph 1 Strikes in Brazil (1978-2020). Source: DIEESE

Thus, if on the one hand it is possible to identify an increase in strike activity as of 2011, on the other, analyses which make use of different methodologies also point out that, exactly in the same period, Brazilian non-industrial companies began a trajectory of profitability drop. Marquetti, Hoff and Miebach (2016), for example, in a study on the functional distribution of Brazilian income based on data from national accounts, consider that there is a direct correlation between the drop in the corporate profit rate and the increase in the share of wages in national income. Martins and Rugitsky (2018), in turn, also using data from national accounts, move towards a similar conclusion by relating to the crushing of corporate profits during the Dilma Rousseff administration to the increase in workers' bargaining power and the growth of the striking union movement.

The compression of profit rates in the country as of 2011 is observable, for instance, in analyses which take as their object the Brazilian industrial companies' profitability. In a study published in 2016, the IEDI pointed to the drop in profitability of non-financial companies in Brazil as of 2010. According to the institute, two factors contributed decisively to this process: the increase in financial expenses (high interest rates added to the exchange rate devaluation which negatively affects companies with financing in foreign currency) and the increase in production costs (i.e., expenses spent on activities directly related to production such as the use of raw materials and, it should be noted, wages), as shown in Table 1.

Table 1 Profitability Indicators: Industry, Commerce and Services (in %) – 2010 to 2015. Source: IEDI (2016)

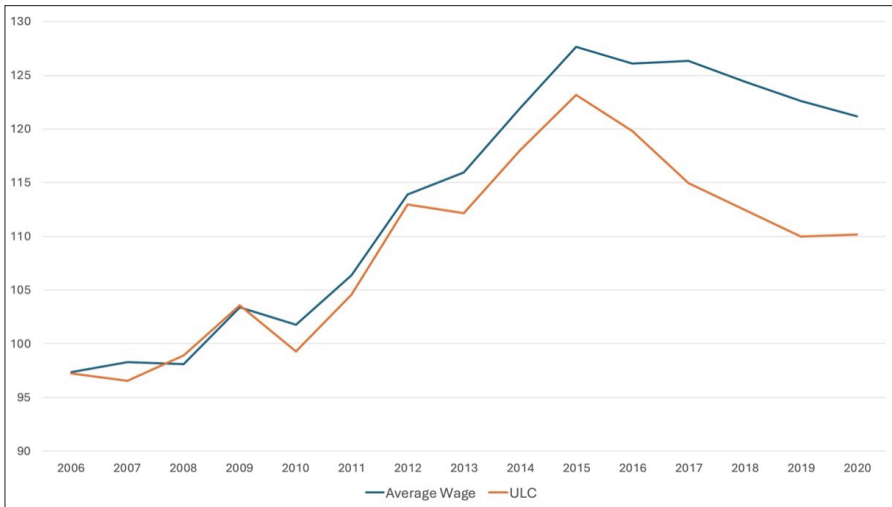
Macro-sectors	Net Profit Margin			Operating margin			Gross profit margin			Profitability Rate on Shareholders' Equity		
	2010	2013	2015	2010	2013	2015	2010	2013	2015	2010	2013	2015
Industry	13,8	2,4	-6,9	19,7	10,9	0,9	32,6	25,5	24,9	14,2	2,8	-10,2
Excluding Petrobras	12,8	0	-5,3	19	10,7	3	31,2	26,5	22,4	16,3	0	-8,4
Excluding Petrobras and Vale	8,3	0	0,5	13,3	6,7	7,6	25,8	22,6	22,8	12,5	0	1
Services	12,9	7,3	1,2	22,8	15,9	11,5	40,7	37,6	29,7	12,7	7,8	1,5
Excluding Energy sector	14,8	11,2	1,8	24,8	21,8	17,3	43	42,9	40	16,6	12	1,7
Commerce	3,3	2,8	0,5	7,4	7	4,4	28,8	30,2	31,2	13,5	12,3	1,7
Total	12,8	3,9	-3,7	19,7	11,9	4,5	34,8	29,4	27	13,6	4,6	-5,4

Marconi (2017), for instance, argues that the increase in the wages rate above the increase in labor productivity in the country depressed the profit rate and the investment in the economy. For this Keynesian-inspired view, the investment contraction reduced aggregate demand, thus lowering the level of economic activity. There would be, therefore, a direct relationship between the profit drop and the crisis in the period.

In effect, if we analyze the Unit Labor Cost (ULC) and the evolution of the average wages in the Brazilian manufacturing industry [graph 2], we see that both were on a ten-year upward trajectory which ended in 2015. If we analyze the data from 2006 to 2020, average wages in the sector, measured per hour worked, remain at high levels in the three-year period from 2015 to 2017, starting to drop as of 2018. There is clearly an upward trend in wages from 2010 to 2017, which is interrupted, starting in 2018, with a clear downward trend.

The trajectory of continuous increase of average wages in the Brazilian manufacturing industry directly affects, in turn, the ULC, which follows this trajectory. The ULC is calculated from the ratio between average wages (given by the wages sum over hours worked) and productivity (given by the product over hours worked). Thus, if average wages grow more than productivity, the ULC increases. This was the picture until 2015.

Moreover, although it is beyond the scope of this article to analyze the labor reform's impacts on labor value in Brazil, the difference in trajectories is striking: an increase and maintenance of wages levels before the approval of the reform and a decline after its approval.



Graph 2 Evolution of Unitary Labor Cost (ULC) and average wages in the manufacturing industry (annual averages, 2016 = 100). Source: Elaboration of the authors based on data from IBGE and FIERGS

Thus, if it is possible to identify an increase in the strike activity concomitantly with the Brazilian industrial companies' profit rate drop, as well as with the ULC's increase, one of this article's hypotheses is that industrial capitalists related these three phenomena and started to act politically aiming a reduction in labor costs, which contributed to the labor reform's approval in 2017.

Indeed, taking into consideration the "industrial entrepreneur confidence index" (*índice de confiança do empresário industrial*, or ICEI) - an indicator, created by CNI, of the confidence of national industrialists - one can notice a downward trajectory since 2010. This trajectory only begins to be reversed in late 2015, when the drop stabilizes and, as of April 2016, when confidence is once again re-established.

It is striking how, in the long-term trajectory, the ICEI closely follows the evolution of average wages and unit labor cost in manufacturing, presented above: the ICEI and ULC curves almost mirror each other inversely. If the confidence index shows a downward trend until 2015, and an upward trend starting in 2016, the ULC grows until 2015, when it starts to decline. Although it is hasty to point out a direct relationship between the ICEI and the ULC, it is possible to state that class struggle and distributive conflict are crucial elements in defining what "industrial entrepreneur confidence" really is.

In addition, it is worth noting that, in December 2015, the speaker of the Chamber of Deputies, Eduardo Cunha, opened the impeachment process against Dilma Rousseff. In addition, between April and May

2016, the ICEI indicates a recovery of 9.8 points in “entrepreneur confidence”, the same period when, after a vote in Congress, the president was removed from office, giving way to Michel Temer’s inauguration. It is precisely in the survey for the month of August (when the Senate finally impeached Rousseff) that the index reached 51.9 points, surpassing the 50-point threshold that, according to the study’s methodology, indicates that “industrial entrepreneurs” are confident.

Thus, if there seems to be, in the short-term trajectory, a relationship between the impeachment process and the “industrial entrepreneur confidence”, the labor reform’s approval – seen by capitalists as one of the main legacies of the Temer administration – it also seems to have directly influenced their confidence. It is possible to identify a new upward trajectory of the ICEI starting in July 2017, when the Congress approved the labor reform [graph 3].



Graph 3 Industrial Entrepreneur Confidence Index (ICEI). Source: CNI

3 Labor Reform: The Bourgeoisie’s Response to Class Conflict

The falling profitability of Brazilian industrial companies, concomitant with the increase in strike activity and the rising cost of labor, can be understood as a backdrop for the industrial bourgeoisie’s political action for labor reform: discomfort with the value of wages appeared as an important concern in the statements of the Brazilian industrial bourgeoisie and mobilized it in support of the labor reform.

First, let's look at how industrial capitalists have taken stands throughout the class conflict established in Brazil. In a statement to the press in July 2012, the IEDI's chief economist, Julio de Almeida, pointed out the sector's positions ahead of the mismatch between the continuous wage increase in the country and the industrial sector's productivity, which had been stagnant for four years (Rehder 2012). In an interview that year, an important IEDI leader, Ermírio de Moraes, defended the flexibilization of labor laws (Ribeiro 2012). Pedro Passos, on the other hand, in an article with a long praise for the new government policies for the industrial sector, commented on the "pressure factor" exerted by the wages' increase in industry (Passos 2012).

The dispute pro-labor reform begins to dominate the IEDI leaders discourse throughout 2013.⁴ In an article for the newspaper *Folha de S. Paulo* entitled "The industry we want", for example, the president of the institute at the time, Pedro Passos, stated that: "First, it will not be possible to overcome the industry crisis without reducing the 'Brazil cost', which requires deepening investments in infrastructure and speeding up tax and labor reforms" (Passos 2014).

The labor reform's defense by the Brazilian industrial bourgeoisie becomes even clearer in an article written jointly by economists from the IEDI and the FIESP (*Federação das Indústrias do Estado de São Paulo*, or Federation of Industries of the State of São Paulo),⁵ in September 2014 for the newspaper *Valor Econômico*.⁶ In 2015, in a document entitled "To overcome the crisis", the IEDI argued about the necessity, in order to modernize and raise the economy's productivity, of the "simplification of laws and regulations, especially in the tax and labor spheres" and the "preponderance of negotiated over legislated agreements in the labor area" (Iedi 2015, 6). It is noteworthy how the above-mentioned points are among the core elements of the labor reform approved three years later.

Throughout 2016, it is possible to identify a maintained offensive by the Brazilian industrial bourgeoisie in favor of the labor reform's approval. In April of that year, IEDI advisor Marco Stefanini declared to the newspaper *O Globo*: "More flexibility is needed for negotiations between employers and employees. Combining structural reforms, and reactivating private investment, with new concession offers in

4 As can be seen in Lima, Vieira 2014.

5 The most important state federation inside CNI.

6 Comparing the Brazilian industrial sector's competitiveness *vis-à-vis* companies abroad, the authors point out: "The growth of wages above labor productivity would be one of the factors explaining the poor performance of the [industrial] sector... there is a disconnect between labor productivity and wages paid in industry... Along with other factors, this resulted in the manufacturing industry's lethargy, dragging along with it the country's investments and economic activity as a whole" (Francini, Souza 2014).

infrastructure, the consequence will be job creation” (Doca, Sorima Neto, Scrivano 2016).

In June 2017, the then presidents of the CNI, Robson Braga de Andrade, and of the IEDI, Pedro Wongtschowski, signed a joint article in the newspaper *Folha de S. Paulo* defending the labor reform to be approved a month later (Andrade, Wongtschowski 2017). In the same month, the IEDI’s former president Pedro Passos also declared to the newspaper *Valor Econômico* his support for the reform. Passos, in an interview that same month, weeks before the reform’s approval, stated:

It’s obvious that we have a gigantic distortion. We have four million labor lawsuits filed every year, it’s obvious that there’s something wrong. The labor legislation in Brazil is obsolete, extremely complicated. I think that the CLT [*Consolidação das Leis do Trabalho*, or Consolidation of Labor Laws, the Brazilian labor code] has a thousand articles, not to mention the TST [*Tribunal Superior do Trabalho*, or Superior Labor Court] precedents. There’s no company in Brazil that doesn’t have dozens, hundreds, of labor lawsuits... (Guimarães, Vieira 2017)

4 The Industrial Bourgeoisie Mobilizes in Support of the Reform

If the labor reform was the main concern of the industrial bourgeoisie under the Temer administration, it is possible to identify how it effectively worked for its approval. Indeed, analysis reveals that this social class struggled, using its official and unofficial instruments of political articulation, for the reform’s approval.

In fact, as of the then President Dilma Rousseff’s impeachment crisis, the Brazilian industrial bourgeoisie sought closer ties with her successor Michel Temer. The action of IEDI advisors in favor of Dilma Rousseff’s impeachment was clear throughout the crisis and culminated, despite the institute having not taken an official stand on the matter, in a luncheon with Temer, then vice-president, at IEDI’s headquarters in São Paulo, on the eve of the process’s vote.⁷

Indeed, it is possible to understand the impeachment as a chapter in the long battle waged by the industrial bourgeoisie for the labor reform’s approval in Brazil. In this regard, for example, in an interview given after his inauguration, the then IEDI president, Pedro Wongtschowski, when asked about what the government’s priorities should be, stated: “A set of projects which indicate how it is going

⁷ As presented by Fernandes (2016). For a detailed analysis of the IEDI’s action during the impeachment, see Micussi 2021.

to solve the fiscal and tax problem, and forward a labor reform” (Carneiro 2016).

If IEDI advisors supported Michel Temer throughout the impeachment crisis and were able to strengthen their relationship, the proximity between the institute’s members and the new president was also attested. In this regard, it is worth mentioning a meeting held by the CNI between some of the country’s top industrial leaders and president Michel Temer in July 2016, which was attended by some of the IEDI’s most prominent leaders.

It is also worth noting how labor reform appears on the agenda of that meeting. Although it was not the meeting’s official subject, the reform appeared among the demands presented by the businessmen attending it, as informed *TV Brasil*.⁸ In an interview right after the meeting, the CNI’s president, Robson Braga de Andrade, referring erroneously to a supposed labor reform which had taken place in France and “increased the working week to eighty hours”, he suggested that industrial leaders would be “eager” for “similar changes” in Brazil.

Despite the differences regarding the CNI’s and the IEDI’s membership base, it is relevant to note that, even though the event was organized by the CNI, important IEDI advisors, such as Pedro Passos and Horácio Lafer Piva, took part of it. Since the labor reform was reported in the press as one of the meeting’s main subjects, it is possible to see its importance for both entities, revealing, once again, how the proposal unified the interests of different fractions of the Brazilian industrial bourgeoisie.

Regarding the unification of the Brazilian bourgeoisie’s interests around the labor reform, it is worth noting what was reported at the time as a “*Conselhão*”, a large council, created by Rosa Weber, Supreme Court minister, in 2017. In its second meeting, held in May of that year, the group, composed of thirteen businessmen, including IEDI advisors Pedro Wongtschowski, Flavio Rocha and Décio da Silva, dealt with the judicialization of labor relations in the country.

The CNI considered labor reform’s approval as its “priority for legislative action” in 2017. According to the document “Legislative Agenda for Industry 2017”, elaborated by twenty-seven state industry federations and sixty sector associations nationwide, labor legislation was the “minimum agenda” for action that year. In the document’s second version, published after the end of that legislative year, the chapter highlighted the approval.

The CNI’s concern with labor reform also appears in the document “Agenda for Brazil to emerge from the crisis: 2016 - 2018”. Labor relations appear as one of the fundamental demands by the

8 Available at: <https://www.youtube.com/watch?v=nYu7v-ljeyM>.

Confederation for the “increase in the economy’s productivity and competitiveness”. This publication offers an interesting analysis because, after its original publication in 2016, the document was updated over the following two years to report on the progress of each of its demands. Thus, in the document published in March 2017, subtitled “Evolution after one year”, of the four items in the “Labor Relations” chapter, three appear as “evolving” (“value collective bargaining”; “stop or change the text of Regulatory Norm 12”; and “exclude commuting accidents from Accident Prevention Factor calculation”) and one as “completed” (“regulate outsourcing”).

In the issue published in November 2018, with the subtitle “Final proposal assessment”, three of the four items referring to the confederation’s proposals for labor relations were indicated as “completed” and only the item “stop or change the text of Regulatory Norm 12” remained as “partially completed”.

The two documents analyzed here give a demonstration of how CNI acted directly for the labor reform’s approval in 2017.

It is possible to understand that the highest instance of Brazilian industry’s official representation – with its headquarters in Brasília, only a few meters away from the federal government buildings and minutes away from the National Congress – acted as the industrial bourgeoisie’s strong political arm for the reform’s approval. Thus, despite the differences in membership bases and agendas between IEDI and CNI, a convergence occurred between the two organizations. CNI, with its well-known channels of articulation with the Brazilian Congress, acted by offering political and institutional support for the reform’s approval, based on an agenda which unified the whole industrial bourgeoisie.

However, if the labor reform unified the industrial bourgeoisie’s action during the Temer government, it is worth noting that, while the IEDI stood side by side with the CNI for its approval, members linked to the institute also acted by opening a battle flank against the Brazilian industry’s official representation.

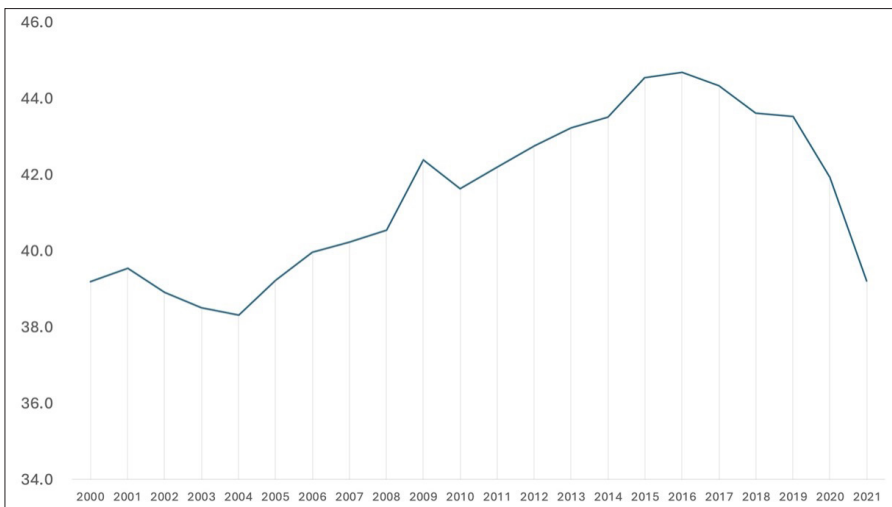
5 The Impact on Inequality

The response of the bourgeoisie to the intensification of class conflict in the 2010s contributed to rising inequality and worsening income distribution in Brazil from the second half of the decade onward.

Indeed, as the literature indicates, after 2015 Brazil entered a period of reversal of the trend of decreasing income inequality that had been occurring in the country since at least 2004 (Rolim 2024). The approval of the labor reform, by effectively reducing the value of labor, contributed to this process.

The wage share is a key measure of income distribution within an economy. As Rolim (2024) notes, this metric, derived from national accounts, captures the fraction of value added that accrues to labor rather than to capital. All else equal, an increase in the wage share implies a rise in real wages, since workers gain access to a larger portion of total income. Conversely, higher wage shares necessarily compress firms' profit margins. As we have argued, it was precisely this dynamic that motivated the industrial bourgeoisie to press for the approval of the labor reform in Brazil. As Rolim states:

The contrast between the period of increasing wage share (2004-2015) and the period of declining wage share (post-2015) is particularly informative regarding the dynamics of the distributional conflict in Brazil. Between 2004 and 2015, policies of minimum wage increases, higher formalization of employment, and other redistributive policies expanded workers' bargaining power (Baltar 2015). These were important determinants of strong redistributive pressure favoring the working class, such that increases in nominal wages were not fully passed on to prices, exerting a negative effect on profit margins and effectively altering the wage share. Despite these policies having effects on the economy as a whole, the sectoral effects are distinct and particularly relevant to understanding the dynamics of the wage share... [The] increase in the wage share in Brazil between 2004 and 2013 had, among its main determinants, the rise of the wage share in the industrial sector (Rolim 2024, 11)



Graph 4 Wage share in Brazil (%). Source: IBGE

As can be seen in Graph 4, the upward trajectory of the wage share is interrupted in 2016, after which it begins to decline. This outcome was one result of the way distributive conflict was resolved in the country in the mid-2010s. Evidently, other factors also contributed to this process; however, as we argue, the approval of labor reform played a fundamental role in addressing the bourgeoisie's dissatisfaction with rising labor values and workers' bargaining power.

6 From Inter-Class to Intra-Class Dispute

Taking into consideration the reasons of IEDI's creation in the late 1980s, presented before, and considering the alliance established between IEDI leaders and the CNI in support of the labor reform, it is interesting to note how the differences between the official representative associations and the IEDI reappeared, reaffirming the cleavages between them. During the mobilization for the labor reform, the IEDI leaders also advocated for a review of the mandatory contributions of industrial companies to employers' associations, linked to the CNI, and of the mandatory contributions of workers to unions.

Pedro Wongtschowski, Pedro Passos and Horácio Piva, who sat at the table alongside the CNI president and Michel Temer at the event organized by the confederation in mid-2016, wrote:

Workers pay annually, compulsorily, one day of their salary... representing these entities' main source of income... It is not surprising that there are 11,327 entities qualified to receive the union dues. Among them, there are many front unions, with the sole purpose of collecting the contribution and wasting it on their leaders... On the employers' side, the situation is no more encouraging. The employers' associations' resources come mainly from a contribution, also compulsory, collected at every beginning of the year... It is enough to observe the industry federations' boards to see the distortions caused by the absence, in these entities' management, of real industrialists... These institutions should be obliged to explain to society the use of their resources... This is the discussion we wish to start. There are no easy answers. But there must be a real interest in seeking the justification (or in finding out there is none) for the existence of so many entities, making them work for the benefit of their constituents - workers and entrepreneurs. (Piva, Passos, Wongtschowski 2017)

It is possible to notice, therefore, that the capitalists linked to the IEDI acted, at the time of the labor reform, in a double front: in one, side by side with the other official associations of Brazilian

employers' representation, they supported and defended the labor reform's approval, defending, among other demands, the end of the union dues; in another, they exposed the incoherence of associations such as the FIESP and the CNI, which defended the extinction of the financing source of trade unions analogous to the one through which such employers' associations survive.

7 Final Remarks

This article dealt with the action of two of the main industrial entities in the country, the IEDI and the CNI, for the labor reform's approval. It was argued that both entities represent different fractions of the Brazilian industrial bourgeoisie, which, during the first decades of the twenty-first century, experienced tensions and rifts, but began to engage in a unified class movement after the economic crisis of 2015-16.

The transnationalized fraction of the industrial bourgeoisie, represented by IEDI, began to complain about labor costs in Brazil at the beginning of the Dilma Rousseff administration, approached Michel Temer's platform, who was then vice-president, decided to support the impeachment in 2016 and began to work for the labor reform's approval in 2017. Such a movement, which was carried out with the support of CNI, the highest institution of official industrial representation in the country, can be understood as one of the victorious responses of the industrial bourgeoisie to the falling profit rate of non-financial Brazilian companies from 2010 onwards. As we have shown, this victory contributed to the increase in inequality in the country, insofar as the economy's wage share followed the decline in the value of labor from the second half of the decade onward.

During the struggle for the labor reform's approval, a dispute within the industrial bourgeoisie itself also manifested, revealing a fundamental dimension of the political struggle within the Brazilian industrial bourgeoisie: at the same time that there was a unification for the strengthening of the relative power of capital *vis-à-vis* labor, the cleavages and fractions within it remain evident, as shown by the public differences and the permanent frictions between the IEDI and FIESP/CNI leaders. These tensions end up revealing, in the political field, the structural heterogeneity of Brazilian industry, revealing not only differences in sectors and size, but also in productivity, competitiveness and interaction with the national and global economy.

The article dealt with a specific case of unification of the Brazilian industrial bourgeoisie's different fractions around a common goal. As we have argued, the unitary action of the Brazilian industrial bourgeoisie developed in a specific political and economic context, marked by the intensification of strike activity, by the increase in labor costs and by the compression of profits of industrial companies

in the country. The discussion, therefore, allows us to conclude that the Brazilian industrial bourgeoisie acted in a unified way in Dilma Rousseff's impeachment process until at least the labor reform's approval, during the Michel Temer administration.

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