# Left Behind:

## Labor Unions and Redistributive Policy under the Brazilian Workers' Party

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Despite the growing influence of international financial markets and increased capital mobility that have curtailed union power, labor remains a crucial constituency for leftist presidents. Among middle-income countries, unions typically have the largest membership and protest capacity among working-class organizations, and leftist politicians need their support to defeat electoral rivals and secure social peace in industrial relations. However, mobilizing union support in the age of globalization poses a dilemma. Financial markets reward governments that exercise fiscal restraint and wage moderation, but these strategies threaten the policies that historically cemented union-party relations such as generous welfare benefits and sustained wage increases. How do leftist governments negotiate this trade-off between courting union support and maintaining businesses' trust?

Brazil faced this exact predicament during the Workers' Party (PT) administrations of Luiz Inácio "Lula" Da Silva (2003–2010) and Dilma Rousseff (2011–2016). According to the existing literature, the PT should have adopted generous labor policies: it had strong links to powerful unions and social movements, benefited from high internal discipline, and had won the 2002 presidential elections by a landslide, receiving 61.3 percent of the vote. The unions and working-class Brazilians who composed the PT's base expected wage increases and union empowerment, as was about to occur in neighboring countries. Leftist parties recently had been elected throughout Latin America with a clear mandate to address inequality, and they benefited from a commodities boom that provided significant fiscal resources to enact redistributive reforms.[1] However, Brazil's unions and workers were quickly disappointed by the new administration: the government cut public workers' pensions, passed no legislation to empower unions vis-à-vis business, and excluded union leaders from top positions in the state. Brazil thus presents a puzzling case for established theories concerning labor policies and the welfare state: leftist presidents, despite enjoying the support of strong leftist parties and unions, engaged in very limited redistribution towards their labor base.[2]

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In this article I argue that the Left adopts limited labor policies when the structure of the party organization insulates presidents against redistributive pressures from labor and from the party base. Two dimensions of the party organization are crucial: the type of party-union ties and the degree of party leadership centralization. When unionists are strongly linked to a party apparatus that allows them to easily move up the party ladder and develop careers as professional politicians, these links create party-dominated allegiances among union leaders. Because they become more loyal to the party leadership than to their union base, they ultimately subordinate unions' redistributive demands to the party's electoral goals. Further, when the president's faction dominates the party leadership and has complete control over party nominations, the party program, and the behavior of leftist legislators, unions and leftist factions—who usually desire more ambitious redistribution—will have little influence on the design of welfare policies, thus leading to limited redistributive policies towards labor.

Consistent with this theoretical argument, PT presidents were able to solve the trade-off between courting union support and maintaining the business sector's trust relatively easily because they benefited from a party organization that allowed them to discipline unions and the party's working-class base. This, in turn, enabled the PT governments to court financial markets and the business sector with minimal political costs among their base. Because unionists had party-dominated allegiances, PT presidents could persuade them to prioritize the party's electoral and governing goals—which required programmatic moderation—over unions' redistributive demands. Further, the centralization of the party leadership meant that leftist factions could not push for more generous labor policies, nor could unions threaten to ally with rival factions within the party if their redistributive demands were not met. Thus shielded from redistributive pressures on the left, PT presidents could cultivate reputations as market-friendly leaders by pursuing limited redistributive policies targeted at the poorest segments of Brazil's population—such as conditional cash transfers and minimum wage increases—that did not antagonize business but did exclude unionized workers.

This article makes two contributions to the literature on leftist parties and labor policies. First, I argue that, contrary to established theory,[3] mass-bureaucratic leftist parties can sometimes hinder redistribution towards labor. Second, while the literature has primarily focused on the *strength* of party-union ties as a key determinant of labor policies,[4] I argue that the effect of party-union ties on labor policies under leftist governments depends on the *type* of relationship between unions and the governing party and that, somewhat ironically, strong party-union ties may actually subordinate union demands to the electoral and governing objectives of leftist parties.

To support these arguments, I employ process tracing across four policy areas: pension reforms, minimum wage laws, reforms of labor codes, and appointments of unionists to government positions. I draw on evidence from 112 interviews with politicians, unionists, and business representatives, an analysis of newspaper archives and descriptive statistics, and an original dataset containing the biographical profiles of 807 public officials, unionists, and PT leaders.

## Contributions to the Literature

The present work advances a new theory of labor policies, challenging the conventional view that governments adopt pro-union policies when unions are powerful[5] and/or have strong ties to a leftist/labor-based party.[6] But union strength—frequently measured in terms of union density rates, centralization of labor confederations, and legal protections for union activists—however, cannot explain the Brazilian case. By these indicators, PT presidents faced one of the strongest labor movements in Latin America,[7] yet their labor policies were timid. Further, the Brazilian case shows that strong party-union ties can be double-edged: rather than helping unions advance their redistributive agenda within the party, such ties may sometimes facilitate the subordination of union leaders to a leftist administration. This article thus seeks to understand how different types of party-union ties—rather than the strength of such ties—shape labor outcomes.

Further, this article provides a novel explanation of the conditions under which leftist parties moderate their redistributive agenda. Scholars have argued that leftist parties moderate when they face economic constraints from international financial markets,[8] or when parties need to court more centrist electorates either among independent voters[9] or among the party's rank-and-file.[10] While leftist leaders do often face economic and electoral incentives to moderate their parties' platforms, they may lack the capacity to persuade internal party actors to give up their traditional redistributive demands and move the party towards the center. In this regard, some authors have argued that party moderation is less likely under mass-bureaucratic leftist parties—those that possess strong ties to unions, a widespread and mobilized grassroots membership, and a centralized leadership.[11] This article takes a contrary position. The PT exhibited the classic features of a mass-bureaucratic party; however, its strong ties with unions and its centralized party leadership were instrumental in moderating the party's agenda by keeping union leaders in check and marginalizing more progressive party factions.

## The Left's Redistributive Dilemmas in Post-ISI Economies

The labor movement seeks policies that augment its power and increase workers' incomes. A union's first priority is policies that enhance its power vis-à-vis employers and its power in the state. Laws that centralize collective bargaining or grant protections to union activists are examples of empowerment vis-à-vis employers. Union empowerment in the state occurs when unionists are appointed to positions with policy authority over issues that are central to their redistributive demands, such as the appointment of a unionist to the position of Labor Minister. Appointing unionists to low-level positions with no real influence over public policies, however, does not empower unions. Finally, unions are also interested in policies that increase the incomes of the workers they represent. Examples include reforms to contributory pension systems that augment benefit levels as well as labor-market regulations that increase workers' wages.

Leftist presidents, however, are constrained in their capacity to deliver these policies to labor. In post-ISI economies,[12] international financial markets demand high fiscal surpluses, limiting governments' capacity to increase social spending.[13] Further, in a world of capital mobility where the public sector is no longer a major source of investment or employment, promoting private investment is key for economic growth and job creation. This scenario increases businesses' capacity to impose their preferences on national governments eager to attract them.[14] In sum, leftist presidents are cross-pressured by, on the one hand, the redistributive demands of their core base in the labor movement, which demands high wages and labor-market protections to resist the commodification of the workforce, and, on the other hand, the need to reassure private investors and international financial markets, who demand the exact opposite public policies.

## The Argument: The Structure of the Party Organization

I argue that the extent to which leftist presidents succumb to market pressures—or, conversely, remain committed to their union base—depends on the structure of the party organization. Specifically, it depends on whether the structure insulates leftist presidents against redistributive pressures from labor and from the party base. I analyze two dimensions of the party organization: the type of party-union ties and the centralization of party leadership. The central issue with party-union ties is whether union leaders' allegiance is primarily towards the party leadership or their union base. When party-union ties are weak, union leaders' professional careers take place fundamentally within union organizations, and their main allegiance is, therefore, towards their union base. By contrast, when there are strong party-union ties, two scenarios are possible. If the party organization offers union leaders ample opportunities to move up the party ladder and develop careers as full-time, professional politicians, unionists will develop party allegiances: they will be more loyal to the party leadership than to the union base. In this scenario, the party leadership can reward loyal unionists by moving them up the party ladder and by punishing those who depart from the party line. Ultimately, party-dominated allegiances among unionists allow the party leadership to subordinate unionists' redistributive demands to the party's overall electoral and governing objectives. Conversely, if the party does not offer those professional opportunities, then unionists will have union-dominated allegiances. In such a scenario, party leaders will not be able to subordinate unionists' redistributive demands to the party's objectives.

Additionally, presidents' capacity to insulate themselves from the unions' and party base's redistributive demands depends on the extent to which the president controls the party organization. When the party leadership can dictate the behavior of legislators and rival factions have limited representation in the party's directorate (i.e., when the president's faction exerts complete control over the party leadership), the party leadership is centralized. Centralization works against the adoption of generous labor policies because the party factions further to the left, which tend to sympathize with union demands, lack the power to advance their redistributive agenda. Coalitions between labor

and these leftist factions will lack the power to bring the party program or the behavior of party legislators more in line with labor's redistributive demands. In sum, party-dominated allegiances among unionists and a centralized party leadership make presidents more likely to succumb to market pressures because the latter are insulated from labor's and leftist party factions' redistributive demands.

## The Structure of the Party Organization and Labor Policies in Latin America

Table 1 illustrates how a theory based on party organization structure can explain labor policies beyond the Brazilian case. The top-left quadrant, representing the conjunction of low party leadership centralization and low recruitment of unionists as professional politicians by the party, provides the most favorable conditions for redistribution towards labor. First, low recruitment of unionists as professional politicians by the party leaves union leaders accountable to their union base. Second, a decentralized party leadership increases unionists' leverage to extract generous redistributive policies for their union base. By contrast, the bottom-right quadrant, representing the conjunction of a high level of leadership centralization and a high level of recruitment of unionists as professional politicians by the party, provides the least favorable conditions for redistribution. High recruitment of unionists subordinates union goals to those of a party leadership whose centralized authority diminishes unions' bargaining power. The remaining two quadrants, representing a high level of either leadership centralization or recruitment of unionists as professional politicians by the party and a low level of the other dimension, provide a mix of political opportunities and constraints for union demands. In the top-right quadrant, low recruitment of unionists makes the latter accountable to the demands of their union base, but high party leadership centralization diminishes their leverage to advance those demands. Last, in the bottom-left quadrant, low party leadership centralization grants unionists greater bargaining power, but because high recruitment makes union leaders, first and foremost, party cadres, the unionists will

**Table 1** The Structure of the Party Organization and Redistribution towards Labor

| | | **Centralization of Party Leadership** | |
|---|---|---|---|
| | | **Low** | **High** |
| **Recruitment of Unionists as Full-Time, Professional Politicians by Party** | **Low** | **High Redistribution**<br>*Frente Amplio*<br>(Uruguay) | **Intermediate Redistribution**<br>*Peronist Party*<br>(Argentina) |
| | **High** | **Low Redistribution** | **Low Redistribution**<br>*Workers' Party*<br>(Brazil) |

demand concessions that advance their political careers in the party rather than policies that benefit their union base.

The scenarios presented in Table 1 illustrate how my theory can explain labor policies implemented in Latin American countries during the region's "left turn." The table compares Brazil's Workers' Party to the two other major labor-based parties in Latin America that governed during this period: the *Frente Amplio* (FA) in Uruguay and the Peronist party in Argentina. The structure of the Workers' Party in Brazil subordinated unions to the party leadership, allowing the PT government to enact very limited redistribution towards labor. Centralization of power within the party insulated presidents from unions' and leftist factions' redistributive demands. Further, party-union ties in Brazil enabled unionists to develop careers as professional politicians and thus subordinated labor's redistributive demands to the party's overall electoral and governing objectives.

In Argentina, while unions had considerable autonomy vis-à-vis the party leadership, they lacked a powerful voice within the party. Unionists did not pursue political careers in the Peronist party because the party had been de-unionized during the neoliberal reforms of the 1990s.[15] Unionists' professional careers thus revolved exclusively around their union organizations, granting them the autonomy to mobilize to pressure the government in support of unions' demands.[16] Presidents Néstor Kirchner (2003–2007) and Cristina Fernández de Kirchner (2007–2015) could not take union support for granted: they had to court that support by adopting generous labor policies, such as increasing formal workers' wages and empowering unions vis-à-vis employers.[17] However, because the Kirchners exercised centralized control over the party leadership, they could exclude unionists from the state without paying significant political costs within the party.[18]

Finally, in Uruguay, leftist presidents adopted the most generous labor policies in the region because the structure of the Frente Amplio gave unions considerable leverage over leftist presidents. Unionists had strong ties to the FA,[19] but because most union leaders pursued long-term careers in the labor movement,[20] their main allegiance remained towards their union organizations.[21] As in Argentina, unions had the autonomy to mobilize in support of generous labor policies.[22] Further, FA presidents did not control the party. The FA is a coalition of leftist parties, and each party has significant representation in the FA leadership.[23] Moreover, party base organizations have considerable leverage within the party.[24] The decentralized power structure of the FA allowed unions and factions further to the left to forge coalitions not only to push for more ambitious redistributive policies in industrial relations, but also to secure the appointment of unionists to top positions in the state.[25]

## Research Design

Brazil under the administrations of Luiz Inácio "Lula" Da Silva (2003–2010) is an excellent case with which to test this article's hypothesis because it is a "least likely" case that defies theoretical expectations. One would have expected the PT to enact

generous labor policies once it came to power: it was a programmatic party with high internal discipline and strong ties to a powerful labor movement. Moreover, Lula won the presidential elections in a landslide victory that granted him considerable political capital to adopt redistributive reforms and governed during a commodities boom that increased the fiscal capacity of the state to expand welfare policies. Despite these political and economic resources, the PT adopted a limited redistributive strategy towards labor.

To assess how the structure of the party organization shaped labor policies, I employ process tracing across four policy areas: pension reforms, minimum wage laws, reforms to labor codes, and appointments of unionists to government positions. I draw on evidence from 112 in-depth interviews with unionists, business representatives, party leaders, legislators, and governmental officials, an analysis of newspaper archives and internal archives of business and union organizations, descriptive statistics on the evolution of wages, and an original dataset containing the biographical profiles of 807 public officials, unionists, and PT politicians. I analyze only Lula's administrations because they laid the foundations of the PT's labor policies. When appropriate, however, I will present descriptive statistics on labor policies during the administrations of Dilma Rousseff (2011–2016) to show the latter's continuity with Lula's administrations.

**Alternative Explanations: Power Resources, Electoral Competition, Party Ideology, Economic Constraints, and Composition of the Labor Force** The legislative strength of the right offers an alternative explanation for the low levels of redistribution towards labor in Brazil. The PT did not have a majority of legislative seats and had to craft legislative majorities through alliances with centrist parties.[26] These alliances, however, did not moderate the labor agenda of the PT. As will be shown below, minimum wage increases were favored by center and center-right parties and opposed by the first PT administration. Further, other labor policies—such as the appointment of unionists in the state—were an exclusive institutional prerogative of the executive. Lastly, the reform to public pensions that cut workers' benefits did not originate in the legislative opposition or among centrist, legislative allies; it was a policy designed and sponsored by the PT administration to court financial markets.

Other scholars have focused on the opposition's electoral strength and argue that incumbents expand welfare policies when they face increasing electoral competition from rival parties.[27] Electoral competition, however, does not suffice to explain labor policies in Brazil: the PT's flagship social programs were adopted during Lula's first presidency, when the PT won presidential elections by landslides in 2002 and 2006. On the contrary, after 2010, presidential elections became much more competitive, but there was no corresponding expansion of welfare policies.[28] Electoral defeat, however, is not the only political threat governments face: in Latin America, major political or economic crises often lead to party breakdown and/or political impeachment.[29] The PT, for example, underwent such a crisis in 2005, and the analysis of this crisis reveals how such extraordinary events compel parties to leverage party-union ties in different ways.

Governments' demands on their union allies increase, as do unions' leverage to demand policy concessions.

Another potential rival explanation is the ideology of the PT. The party had moved from the left to the center-left during the 1990s, an ideological shift that could explain its timid labor policies once it came to power in 2003.[30] However, other labor-based parties in the region also underwent similar processes of ideological moderation in the 1990s, such as the Peronist party in Argentina or the Frente Amplio in Uruguay,[31] but, during Latin America's left turn, these two parties adopted generous labor policies.[32]

Other scholars argue that economic constraints determine countries' capacity to expand welfare policies. They argue that countries have more leeway to expand welfare policies when they are less dependent on international trade and financial markets.[33] However, this explanation cannot account for the PT's limited labor policies when considered in comparative perspective. For example, Brazil's economy was less open and indebted than was Uruguay's,[34] yet the latter adopted more generous labor policies. While economic constraints cannot explain why the PT adopted limited labor policies, they certainly explain the timing of the harshest policy reforms that courted markets at the expense of neglecting—and sometimes even harming—the interests of the party's labor base. These constraints were stronger at the beginning of Lula's first presidency, when the PT government had greater need to use the party organization to placate union discontent in order to implement those policy reforms.

Other studies have focused on the composition of the labor force. Some authors, for example, have focused on its sectoral composition and argue that sheltered sectors among the workforce have greater capacity to drive up wages.[35] Thus, countries with powerful public-sector unions should be more likely to adopt pro-labor policies. Brazil, however, provides a counterexample: by the 2000s, public sector unions were the stronghold of Brazil's main labor confederation, CUT.[36] A further alternative explanation is that welfare policies are shaped by the degree of labor force formalization and, thus, that the PT targeted social spending to informal workers (while ignoring unionized workers) because the former composed a much larger proportion of the population. However, by 2003, Brazil's informality rate was 53.6 percent. In other words, almost half of all working Brazilians were employed in the formal sector.[37] Further, this alternative explanation does not bear scrutiny when we compare the number of workers represented by unions in Brazil, 54,064,315 by 2001,[38] to the number of recipients of Brazil's main poverty relief program, *Bolsa Família*. The number of beneficiaries of Bolsa Família was similar to the number of workers represented by unions: 14,086,199 families at its peak in 2013, comprising 54,936,176 individuals.[39]

**Assessing Rival Hypotheses: The Role of Party-Union Ties** I test my argument regarding the role of party-union ties against its main rival hypothesis—that strong ties cause leftist parties to remain accountable to union demands—on three dimensions: voting behavior in Congress, the disposition of labor confederations to confront leftist governments, and union representation in the state. If the conventional view posited in the literature is correct, when the party and the union base have opposite views on

a legislative bill, legislators with a union background should vote in ways that favor unions' interests. Further, if the president is reluctant to adopt labor's policy agenda, labor confederations should try to pressure the government by threatening to exert their veto power within the party organization and/or by engaging in disruptive social protests. Last, strong party-union ties should compel presidents to appoint union leaders to key governmental positions that are vital for union interests.

If, however, my hypothesis is correct, we should observe outcomes opposite to the above. Specifically, legislators with a union background should vote with the party leadership against their union base. Labor confederations should not seek to change the president's policy agenda by threatening to exert their veto power within the party organization or by engaging in disruptive social protests. On the contrary, labor confederations should try to restrain union protests against the government. Last, presidents should have considerable discretion in appointing individuals to governmental positions that are vital for union interests.

## The Workers' Party Organization: Party-Dominated Allegiances among Unionists and Centralization of the Party Leadership

Lula benefited from two crucial resources that enabled him to court markets and business without alienating his support among the Left movement: party-dominated allegiances among unionists and a centralized party leadership. These traits insulated him against redistributive pressures from labor, allowing him to pursue very timid labor policies without losing the support of unions and the party base.

**Centralization of the Party Leadership** The party leadership was centralized along two dimensions: (1) the party directorate was entirely controlled by Lula's faction, and (2) legislators were directed by the party leadership. Although the Workers' Party has comprised many factions since its origins, Lula's faction, *Articulação*,[40] has always been hegemonic within the party.[41] This faction represents the ideologically moderate groups within the party. Lula's faction won all internal elections for the presidency of the PT between 1995 and 2009, obtaining, on average, 51.49 percent of the votes.[42] By contrast, rival factions within the PT are atomized and less cohesive than Articulação and were unable to win the PT's presidency even once. On average, the faction receiving the second-highest vote share in internal elections obtained 27.93 percent of the votes.[43] Moreover, by the time Lula was elected, the internal decision-making structure was centralized in the national leadership.[44] In addition, Lula had been the uncontested PT candidate for every national presidential election since 1989.

Further, the scholarly literature on Brazilian parties agrees that PT legislators are highly ideological and are directed by the party leadership.[45] By the late 1980s, PT legislators already exhibited the second-highest level of party discipline in Brazil, surpassed only by the Communist Party (PCdoB),[46] and party discipline in the national legislature remained extremely strong by the time Lula was elected.[47]

**Party-Union Ties: Party-Dominated Allegiances among Unionists** The Brazilian labor movement was among the most powerful in Latin America. Labor laws provided state funding to labor unions, guaranteed their monopoly of representation, and extended collective bargaining to non-unionized workers.[48] Brazil's main labor confederation, the *Central Única dos Trabalhadores* (CUT), had high mobilization capacity and controlled the vast majority of unionized workers.[49] By 2001, 71.01 percent of unionized workers affiliated with a labor confederation were enrolled in CUT.[50]

Despite the unions' strength, the PT's ties to CUT leaders eventually subordinated Brazil's powerful unions to the agenda of the leftist party. If strong party-union ties created the potential for dual-allegiances among unionists (i.e., to both the party and their union base), patterns of party recruitment allowed unionists to develop careers as professional politicians, thus creating party-dominated allegiances among them.

***Strong Party-Union Ties*** A precondition of party-oriented allegiances among unionists are strong party-union ties. The literature has long established the key role that unions played in the formation of the PT.[51] In order to measure the strength of party-union links by the time Lula came to office, I analyzed the biographies of 143 Workers' Party legislators elected to the lower house in the 1998 and 2002 legislative elections.[52] This analysis shows that most PT legislators had a background as union activists. Among PT legislators elected in 1998, 67.24 percent had occupied a leadership position in some union affiliated with CUT before becoming PT legislators. For those elected in 2002, the figure was 61.11 percent.

***Party-Dominated Allegiances: Unionists' Careers as Professional Politicians*** The PT offered union leaders ample opportunities to move up the party ladder and develop careers as professional politicians in parallel with their union careers. The leaders of a given union typically ended up leaving their positions in the union to become full-time politicians—e.g., as PT legislators, mayors, or governors. This type of trajectory is evident in the biographies of the PT representatives with union backgrounds who were elected to the federal legislature's lower chamber in 1998 and 2002. Many of them had led some of Brazil's most important unions. However, by the time they were elected, they had resumes more similar to that of professional party bureaucrats than to that of corporatist union representatives. As Table 2 shows, among former unionists elected in 1998, only 12.21 percent had held a union position in the preceding four years. The majority of them (53.65 percent) had actually served in their last union position in the 1980s, and during the 1990s they had become professional PT politicians. These figures are similar for the 2002 Congress (Table 2). In other words, this evidence suggests that unionists did not seek election to Congress simply in order to continue pursuing workers' class struggles in industrial relations in the realm of politics. On the contrary, by 2002 most of them were professional PT politicians who long before had abandoned their executive union responsibilities.

**Table 2** PT Representatives with Union Backgrounds: Last Period as Union Leaders before Becoming Federal Legislators (%)

| | Last Period of Union Activism | | | |
|---|---|---|---|---|
| **Legislative Election** | **1978–1989** | **1990–1993** | **1994–1997** | **1998–2002** |
| 1998 | 53.65 | 34.14 | 12.21 | N/A |
| 2002 | 28.85 | 25 | 25 | 21.15 |

Source: Database of Career Trajectories (see Appendix).

Unionists' ambitions to pursue careers as party politicians is also evident in the professional trajectories of union leaders who served in the CUT leadership. By analyzing an original database that tracks the professional trajectory of every CUT leader from 1991 to 2003, I found that 76.92 percent of the leaders eventually abandoned the labor movement for good after finishing their term in office and pursued a political career in the PT as legislators or party leaders.[53] This type of professional trajectory gave the PT directorate substantial influence over union leaders, as it had considerable control over their political careers. This dynamic created party-dominated allegiances among unionists; that is, the party's programmatic and electoral goals trumped the redistributive demands of the union base.

## Labor Policies under the PT

By the time Lula won the 2002 elections, he led a party organization that insulated him against redistributive pressures from labor. The centralization of the party leadership prevented radical factions and unions from forging alternative coalitions within the party that could push for more generous labor policies. Moreover, party-union ties subordinated unionists to the party leadership. This type of party organization allowed Lula to forgo redistribution towards labor while retaining his support among the union and party base. Lula had powerful incentives to avoid strong labor-market regulations and union empowerment that could undermine his goal of courting the support of business and financial markets. Instead, he adopted moderate redistributive policies towards Brazil's poorest segment, such as conditional cash transfers and minimum wage increases, that did not threaten business support.

**The First Years of the PT Administration: Courting Markets' Support by Neglecting Union Demands** There were two distinct phases of the PT's labor policies. The first years of the PT administration were characterized by a clear neglect of union demands, which included cuts in pension benefits, a stagnant minimum wage, and lack of union empowerment. These policies were adopted to reassure the business sector and financial markets at a time when markets' distrust of the new leftist administration confronted the PT government with harsh economic constraints. But during 2005 and 2006, the

government gave partial concessions to unions: the approval of minimum wage increases and the (brief) empowerment of unions in the state. These policies aimed to mobilize union support in the streets in the midst of a serious political crisis that originated in a major corruption scandal. However, this episode is an exception that proves the rule: the minimum wage increases were a limited redistributive policy that did not benefit most unionized workers, and unions were ousted from government once the political crisis ended.

***Pension Reform in the Public Sector: Curtailing Workers' Benefits*** The first social policy initiative of the Lula government was the *Reforma da Previdência,* launched in January 2003. This reform of public workers' pensions was the most controversial issue between the labor movement and the government. The former, center-right government of Fernando Henrique Cardoso (FHC) had tried unsuccessfully to adopt a similar reform of public pension benefits, which were considerably higher than those of private workers. Despite having crafted a majoritarian legislative coalition in parliament, FHC's proposal failed due to the joint opposition of PT legislators in Congress[54] and large-scale street protests organized by the powerful CUT.[55] However, shortly after assuming office, Lula resurrected Cardoso's failed proposal to reform the public pension system.

Lula's pension reform modified several aspects of Brazil's pension system. It raised the retirement age for public sector workers, calculated benefit levels based on individuals' previous contributions to the pension system rather than on workers' final salary, eliminated the automatic adjustment of pension benefits based on public workers' wage increases, taxed pensioners' incomes, and introduced a ceiling for public pension benefits.

Why did the PT choose as its first policy initiative a pension reform it had successfully opposed and blocked previously and that hurt its main organized base, the public sector unions? Two factors explain Lula's decision. The need to court financial markets gave Lula an *incentive* to send a reform proposal to Congress. But the PT's organizational structure—particularly, its ability to control union leaders and leftist legislators—explains Lula's *capacity* to adopt a welfare reform that curtailed public workers' benefits. What distinguishes Lula's success from FHC's failure in this policy area is that the latter lacked this capacity. In particular, union leaders' allegiance to the ruling party was so strong that Lula was able to pass this reform while minimizing union unrest and retaining the PT's union base in the public sector.

In order to understand Lula's need to court financial markets, one must analyze how Lula's 2002 election affected the latter. The expectation that the PT would win the election caused significant distrust among financial markets because of his background as a radical socialist activist. As the presidential election neared, the spread on Brazilian bonds increased by 160 percent and the Brazilian *real* depreciated by 57.66 percent in the three months (July to October 2002) leading up to the election. This was an especially acute problem for Brazil because the government was heavily reliant on financial markets to finance its fiscal deficits. Lula needed to send a signal to markets that, once elected, he would continue the macroeconomic policies of his predecessor.[56]

The public pension reform afforded him the perfect opportunity to exhibit this commitment. It allowed the PT government to show that, given a choice between abiding by "sensible" macroeconomic policies or expanding welfare benefits, the Workers' Party would side with markets. As a former Pension Minister explained: "The impact of the Reforma da Previdência on the fiscal deficit would be small, it was more symbolic, for markets … the idea was to send a signal, showing a commitment to reduce fiscal deficits."[57]

If the need to court financial markets explains the government's interest in launching this policy, the structure of the PT organization facilitated its adoption by minimizing resistance within the Left. This reform caused massive discontent among public sector workers, unions, PT activists, and leftist legislators. Discontent among the PT's core base spread, and public sector unions organized numerous, massive demonstrations in Brasília to force PT congressmen to vote against the reform.[58]

However, two traits of the PT's organization helped Lula adopt the reform: the centralization of the party leadership and party-union ties that generated party-dominated allegiances among unionists. Many PT legislators were torn between their allegiance to their working-class base and their loyalty to the party's leadership. The directives of the party's leaders, however, were clear: whoever voted against this bill would be immediately expelled from the party. For leftist legislators who had spent their entire careers in the party, the threat of expulsion posed a harsh dilemma, as their own political careers and partisan identities were at stake.[59] Only a handful of far-left PT legislators voted against the party, and they were immediately expelled. These politicians would later form the *Partido Socialismo e Liberdade* (PSOL), a fringe political party on the Left.

The second trait of the PT organization that facilitated the adoption of the reform was the existence of party-union ties that subordinated CUT leaders to the party's directives. Controlling CUT's mobilizational activity was crucial for the governing party because large-scale union mobilizations had been decisive in blocking Cardoso's prior reform attempt. However, CUT now refused to support public workers' unions and aligned, instead, with the government. Further, CUT's leadership support was crucial for disciplining PT legislators who represented working-class districts and were reluctant to vote for the bill. CUT's support signaled to legislators that, if the law were approved, workers would not withdraw their electoral support from the PT. For example, the day the pension reform law was put to a vote, CUT's president Luiz Marinho paid a critical visit to Congress to lobby reluctant PT legislators to vote for the bill by appealing to their party allegiances. As PT's President (2002–2005) José Genoino recalls: "The day the proposal was voted on in Congress, Marinho went to talk with the PT's legislative group and said to them: 'Look, CUT is against the reform. However, you are now members of the government, and so when you vote, you have to vote as members of government, not as unionists.'"[60]

Although CUT never publicly supported the reform, its lack of opposition effectively signified its tacit support.[61] In sum, strong party-union ties that subordinated unionists to the party, as well as the centralization of the party leadership, helped ensure passage of a reform that cut workers' benefits: legislators with a union background voted with

the party against their union base, and CUT was instrumental in placating unrest among unionized public sector workers.

***The Union Reform and the Failure to Empower Unions in the Private Sector*** When Lula won the presidential election in 2002, union leaders' expectations centered around one issue: the adoption of a union reform law that would empower and democratize the labor movement. However, the government did not support this reform. In what follows, I show that the failure of the union reform law is explained by Lula's need to court the business sector and financial markets and by his leadership over a party organization that gave him considerable leverage over union leaders.

According to CUT leaders, Brazil's corporatist legislation, established under the authoritarian government of Getúlio Vargas (1930–1945), had two main problems.[62] First, the state granted a monopoly of representation and provided state subsidies to unions that, in many cases, had no real support base among the rank-and-file (known as *pelego*, or yellow, unions). Second, because this corporatist legislation mandated that private-sector unions be organized at the municipal level, it fragmented unions in the industrial arena.

In order to solve these problems, CUT advocated for a new labor code that would empower Brazilian unions by promoting internal democracy and increasing their leverage vis-à-vis employers. The proposed *Reforma Sindical* (union reform) included the following provisions: (1) the centralization of collective bargaining, ideally by economic sector at the national level;[63] (2) the introduction of pluralism and internal democracy in union organizations; (3) the use of members' voluntary contributions instead of mandatory state funding to finance unions, and (4) the establishment of mandatory shop-floor union organizations for companies with over 200 employees.

The government's initial reaction to CUT's demand was the creation of the *Fórum Nacional do Trabalho* (FNT) in July 2003, a tri-partite council comprising governmental representatives, business associations, and labor confederations that would discuss the outlines of a new labor code.[64] Employers had two objections to the Reforma Sindical proposed by CUT. First, the centralization of collective bargaining and mandatory union shop-floor organizations in large companies were perceived as excessively empowering unions vis-à-vis employers.[65] Second, because business associations were regulated in Brazil under the same corporatist laws that regulate labor unions, many business associations feared that they would lose their guaranteed state funding.[66] Labor confederations other than CUT also feared that the end of both monopoly of representation and the union tax would jeopardize their organizational survival.[67] However, CUT's main rival in the labor movement, *Força Sindical*, decided to support the bill in exchange for some restrictions on union pluralism and new funding provisions.[68] The most energetic opposition came from the pelego labor confederations; however, they were minor and lacked the resources to stall the reform.[69]

On March 2004, the parties involved signed an accord to transform the consensus reached in the FNT into a legislative bill, but there remained important disagreements between labor and business. As a result, the government delayed the submission of the

bill to Congress until March 2005. Ultimately, the bill never left the Labor and Social Security Committee; by mid-2005, all those involved understood that the government had decided to kill the bill.

Two factors explain the failure of this bill: Lula's need to court markets and the Workers' Party's ties to the union movement, which allowed the party to subordinate union leaders to the party's goals. As explained above, Lula needed to show his credentials as a pro-market leader during his first administration, and enacting a labor code that the business community resisted would certainly undermine this objective. Moreover, because the business community had considerable influence over center and center-right legislators in Congress, the bill could potentially lead to harsh conflicts in the legislature. But Congress was not the battleground where the fight over the union reform took place. On the contrary, business leaders directly approached top governmental officials to advocate for the abandonment of the bill. These government officials would later communicate to unions that, due to strong resistance from business, they were going to kill the bill.[70]

What is striking about the failed union reform is that the PT did not put up a fight in Congress that—regardless of the result—at least would have signaled its commitment to its union base. Any governing leftist party that fails to show this commitment runs the risk of union protests or defection. But because Lula could take labor's unconditional support for granted, he was able to withdraw support for the bill to bolster his public image as a market-friendly president vis-à-vis distrustful business associations that disliked the labor reform. In other words, it made little sense to adopt a reform that would bring significant political costs and scarce payoffs: the main beneficiary was a constituency—organized labor—that was already an unconditional supporter of the PT. Top government officials acknowledge that this reform was never a governmental priority and that the lack of governmental support contributed significantly to the reform's failure:

> Lula's government did not make labor relations a governing priority. … His main fear was to create a problem where there wasn't one. He didn't invest much in supporting a reform to Brazil's industrial relations system, and that mattered a lot in terms of the reform's defeat. … The government lacked a real will to fight for it. (High Ranking Official, Ministry of Labor, 2003–2006).[71]

> Lula didn't see the Reforma Sindical as a priority, because it was a very complicated reform, it touched many vested interests and, to be honest, it did not promise much benefit in terms of electoral payoffs. (Former Labor Minister, PT Administration).[72]

In sum, the case of the failed union reform highlights how strong party-union ties did not keep the PT government accountable to the labor movement's policy agenda. Unions did not exert pressure on party legislators to advance the reform. Further, unlike labor confederations allied to leftist governments in Argentina and Uruguay,[73] CUT did not use disruptive protests to counter the power of the business sector and force the government to adopt its policy agenda. CUT's unconditional loyalty to the PT precluded such confrontational tactics.

***Limited Empowerment in the State*** The limited empowerment of Brazil's unionists in the state necessarily accompanied the timid labor policies of the PT administrations. Because unions were a key constituency of the PT, some sort of compensation had to be given to them. Limited empowerment in the state, understood as the appointment of unionists to political positions without substantial authority over the formulation and adoption of public policies that directly affect their base, was the PT's strategy to appease unions' discontent.

In Table 3, I quantify unionists' political incorporation to the state by calculating the percentage of high-ranking officials who had a background as labor leaders. Specifically, I analyze the biographical profiles of 573 high-ranking public officials between 2003 and 2014, focusing on the two highest levels of political authority: ministers and secretaries under ministers' direct authority. The first column of Table 3 shows unionists' aggregate level of political access to the Brazilian state. Brazilian unionists held 16.52 percent of ministries and 9.77 percent of top executive posts.

Political access, however, does not equal state empowerment. I assess state empowerment by measuring unionists' representation in ministries with authority over areas that are sensitive to unions' interests. The key ministries for CUT leaders in Brazil were the Ministry of Labor and the Ministry of Social Security. The second and third columns of Table 3 show the percentage of high-ranking positions in these ministries held by unionists in Brazil. In total, only 22.5 percent of top positions in these two ministries were filled with unionists. Further, union leaders controlled the Labor and Pension Ministries for only a third of the time the PT was in office. In sum, while strong party-union ties may have facilitated the *incorporation* of unionists in the state, they did not foster substantial labor *empowerment* in the state: unionists did not control offices with authority over union affairs.

Similarly, unionists were not substantially empowered in ministries that set policy in areas important to powerful sectoral unions, such as rural and teachers' unions. For example, unionists occupied only 20.83 percent of top positions in the Ministry of Agrarian Development, and just 5.63 percent in the Education Ministry. Lastly, Lula made the strategic decision to appoint private sector unionists in most ministries because they were less radical than their public sector counterparts. These union leaders were more sensitive to the hard constraints imposed by the global economy.

This process of limited empowerment in the state benefited the political careers of many unionists. They used the visibility and resources granted by their positions in

**Table 3** High-Ranking Government Officials with Union Background (%)

| | Total | Labor | Social Security | Agrarian Development | Education |
|---|---|---|---|---|---|
| **Ministers** | 16.52 | 33.33 | 33.33 | 37.5 | 0 |
| **Secretaries** | 5.44 | 31.67 | 0 | 16.67 | 6.62 |
| **Total** | **9.77** | **31.94** | **8.33** | **20.83** | **5.63** |

Source: Database of Career Trajectories (see Appendix).

government to compete for important elective posts. Further, public offices were a key source of patronage through which they could employ their networks of political activists—many of whom were union members. Indeed, the lower ranks of the bureaucracy included a massive number of union members: 40.8 percent of the public officials in political posts ranked just below secretaries (i.e., just below the highest-ranked ministry officials) were unionized.[74] This finding is consistent with the overall pattern described above: vast incorporation of unionists in the state, but exclusion from top positions with authority over areas most relevant to unions' interests.

While this process of limited empowerment in the state benefited individual unionists, it certainly did not benefit the labor movement, as it undermined unions' capacity to advance workers' redistributive demands. As a prominent CUT leader explained at the time: "When unionists get a position in the government, they disappear from the labor movement, they don't do anything for the labor movement. …We really feel the lack of unionists that advance the labor movement's agenda within the government."[75]

**Political Crisis and Limited Expansion of Redistributive Policies** The political context under which Lula governed changed dramatically with the emergence in May 2005 of a political scandal known as *Mensalão* ("big monthly allowance"). This scandal triggered a deep political crisis that threatened the PT's survival in office. In response, Lula expanded redistributive policies towards unions in order to actively mobilize them in the streets in his defense. He adopted generous minimum wage increases and (briefly) appointed union leaders to the labor ministry. However, this expansion of redistributive policies represents an exception that proves the rule because of its limited nature: minimum wage increases benefited only low-income workers (mostly not unionized), and unionists were ousted from the labor ministry once the crisis was over.

***Minimum Wage Increases and CUT's Control over the Labor Ministry*** During the 2002 campaign, Lula had promised to double the real value of the minimum wage by the end of his term. Yet, throughout his first years in office he refused to grant any significant increases, even when facing strong pressures from the labor movement. For example, CUT organized an important demonstration in Brasília in December 2004, demanding the enactment of a minimum wage increase policy.[76] The government reacted by granting an increase that was implemented in 2005, but which still fell short of unions' demand, namely, the adoption of a technocratic formula that would guarantee real and automatic increases. In response, labor confederations made another impressive show of force on Labor Day, mobilizing 1.7 million people in São Paulo's main avenue.[77] Yet, the government still refused to make concessions. It is important to note that neither mobilization was disruptive: they did not paralyze economic activity, which attests to CUT's reluctance to engage in an open confrontation with the government to promote the enactment of its policy agenda.

The main obstacle against minimum wage increases did not come from the opposition, which had actually tried to approve higher increases in the legislature and criticized the government for its moderation,[78] nor did opposition come from business

associations. These associations represented big business and paid wages well above the minimum wage.[79] The main opposition to minimum wage increases came from the Treasury Ministry. Because the benefit levels of many welfare policies in Brazil are indexed to the minimum wage, the Treasury feared that minimum wage increases would undermine the attainment of robust fiscal surpluses.[80] Lula sided with the Treasury Minister in every one of his political conflicts with the labor movement.[81]

However, the Mensalão scandal forced the government to partially change its strategy towards labor. The media exposed a large corruption scheme that involved top government officials bribing legislators from allied parties in exchange for their support for governmental legislative bills. The scandal posed a serious electoral challenge to Lula, who faced the prospect of a dramatic electoral defeat in the 2006 presidential elections. Further, given that the PT had run since its origins as the party of ethical governance, the PT brand had been severely damaged.[82] In addition, many officials within the government feared a potential removal from power through political impeachment before the end of Lula's mandate.[83]

In response, Lula initiated a strategy of "going back to the base" by strengthening his support among the PT's core organizations: unions and social movements.[84] Before the Mensalão scandal, the government only needed to secure organizations' acquiescence. That is, it needed to limit disruptive social protests in the face of an austerity program. Because Lula benefited from a party organization that insulated him from redistributive demands from labor and the party base, he did not need to buy organizations' acquiescence through redistributive policies towards labor. However, after the Mensalão scandal, the PT government needed to use its strong ties to unions in a different way: instead of leveraging these ties to help secure unions' acquiescence in the midst of an austerity program, the government used them to promote union mobilization to demonstrate popular support in the face of a political crisis that threatened to oust the government. The government's needs vis-à-vis unions changed, and so did unions' leverage to demand policy concessions in exchange for their more active cooperation.

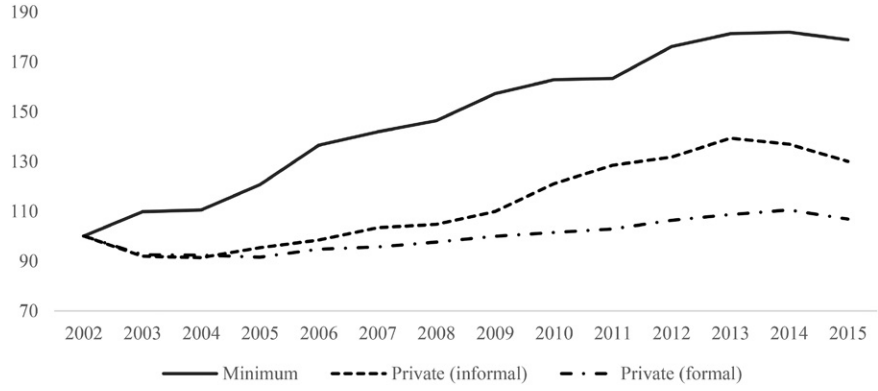
In July 2005, Lula launched a strategy of rapprochement towards unions and greatly increased the frequency of his meetings with union leaders. In these meetings, unions pledged to support the government through a strategy of widespread street mobilizations in the event that the opposition tried to move forward with an impeachment strategy,[85] and the unions staged several mobilizations in support of the president. In return, unions obtained two major concessions from Lula. For the first (and only) time, Lula appointed an active union leader, CUT's president Luiz Marinho, to the Ministry of Labor in July 2005. Moreover, the Labor Ministry would have full autonomy vis-à-vis the Treasury to enact a minimum wage increase policy. Marinho states:

> At that time [2005] there was an important crisis. … So he [Lula] proposed that I become the Minister of Labor, and when I asked him why, he said: "I need to strengthen the government's relationship with unions and social movements." So I agreed, but under one condition: that I would have full autonomy to negotiate a minimum wage increase policy with the labor confederations.[86]

In sum, with Marinho's appointment, the government temporarily abandoned its initial strategy and decided to empower unions in the state. Moreover, this change entailed an expansion of the government's redistributive strategy that had the objective of recovering its electoral support among the popular sectors to win the 2006 elections.[87] Before 2005, the government's redistributive strategy had focused exclusively on poor informal workers through the adoption of an important conditional cash transfer, Bolsa Família. Minimum wage increases extended welfare benefits to new groups of poor workers. More specifically, wage increases benefited informal salaried workers, low-income formal workers who earned the minimum wage but who were mostly not unionized, and poor pensioners. Informal salaried workers benefited because of the "lighthouse effect": in Brazil their wages tend to follow increases in the minimum wage.[88] Low-income pensioners benefited because minimum pensions, as well as rural and non-contributory pensions for the poor, are indexed to the minimum wage.

The new minimum wage policy mandated annual increases adjusted both by inflation as well as by Brazil's GDP growth, therefore guaranteeing workers real wage increases when the economy grows. Figure 1 shows that the minimum wage experienced a dramatic increase after the adoption of this law in 2006. Further, informal workers' wages seem to follow closely the upward trend of the minimum wage. Under PT administrations, minimum wage increases and cash transfers to the poor, such as Bolsa Família, were instrumental in reducing by half the number of Brazilians living in poverty. Specifically, between 2003 and 2011, 22.9 million Brazilians escaped poverty.[89] However, the PT´s policies did not benefit better-off groups among the popular sectors, such as unionized private sector workers. Because the latter's wages were well above the minimum wage, they experienced only moderate wage increases during the PT administrations. As Figure 1 shows, their wages grew by only 6.86 percent between 2003 and 2015. By contrast, informal workers' wages grew by 30.2 percent, and workers earning the minimum wage saw a 78.87 percent increase.[90]

**Figure 1** Workers' Real Wages and Minimum Wage Increases (2002=100)




Sources: IBGE and Ministério do Trabalho e Previdência Social.

Minimum wage increases remained a flagship welfare program until the end of the PT administrations. This is not surprising because minimum wage increases are consistent with the PT's overall redistributive strategy: generous redistribution towards the poor, but little concessions to unionized workers and their organizations. By contrast, unions' empowerment in the state would be short-lived. Once the political crisis was over and Lula was reelected in 2006, CUT was ousted from the labor ministry, which came under the control of a PT ally in Congress, the *Partido Democrático Trabalhista.*

## Conclusion

In this article I sought to explain how in post-ISI economies leftist parties negotiate the trade-off between courting union support and maintaining the business sector's trust. To explore this question, I examined a case study that defies theoretical expectations: the Workers' Party in Brazil, which, despite having strong links to powerful unions, adopted very limited redistributive policies towards labor during Latin America's left turn. I argued that while economic constraints gave Lula an incentive to enact limited labor policies, the structure of the PT's party organization facilitated the adoption of this agenda by insulating Lula against redistributive pressures from labor and from the party base. Party-union ties enabled unionists to develop professional careers as party politicians, giving them incentives to subordinate unions' redistributive demands to the party's electoral and governing goals. Further, the centralization of the party leadership meant that unions and factions farther to the left could not push for more generous redistributive policies towards labor from within the party.

In addition, this article made two theoretical contributions. It advanced a new theory of labor policies centered on how different types of party-union ties shape labor policies. Further, contra the conventional wisdom, it showed how mass-bureaucratic leftist parties can help presidents moderate the party's program by reining in the party and union base.

Given the traumatic way in which the PT was ousted from office after Dilma Rousseff's impeachment in 2016, there remains the question of how successful the PT's redistributive policies were in terms of creating long-term political support among the popular sectors. From an electoral standpoint, the strategy of focusing social spending on Brazil's most destitute sectors was very successful.[91] Further, despite the PT's weakly pro-labor policies, it was able to retain its strong links to CUT unions, and these links remain strong now that the PT is out of power. For example, unionists composed 36.67 percent of the PT's national executive committee in 2020, a similar proportion to that observed in the 2013–2017 executive committee (40.91 percent), when the PT was still in office.

But the PT's strategy of courting the poor while reassuring financial markets and the business sector—which entailed forgoing union empowerment and detaching union leaders from their labor base—had a long-term cost: the PT undermined a powerful base of mobilized support that could have defended the government against extra-electoral

attacks by conservative forces. This cost became clear once economic and political conditions turned sour, and President Dilma Rousseff was subjected to an impeachment process that began in 2015. In this process, each side's capacity to deploy its mobilization power in the streets was crucial in shaping the political outcome of the struggle. While the center and center-right opposition, with the aid of the mainstream media, was able to mobilize millions of unorganized citizens against the government in the streets, unions and social movements affiliated with the PT—which had once been some of the strongest in Latin America—were not able to mobilize more than 100,000 members. Interestingly, just ten years before, unions had been able to mobilize almost 1.7 million workers for the adoption of a minimum wage increase policy. But after more than a decade of systematic demobilization by the governing party, these organizations had lost their ability to mobilize their own troops in the streets to defend the Workers' Party. The lack of a mobilized working class that would come to her defense set the stage for Rousseff's impeachment by Congress, the bulwark of Brazil's conservative forces.

## NOTES

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57. Interview, July 20, 2011, São Paulo.
58. *Folha de São Paulo*, March 25, 2003 and March 27, 2003.
59. Interview with Paulo Paim, PT Senator, March 24, 2014, Brasília.
60. Interview, June 8, 2011, São Paulo.
61. Interview with João Felicio, CUT's President, July 25, 2011, São Paulo.
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85. Interview with Nelson Barbosa, Functionary at the Labor Ministry, May 30, 2014, Brasília.

86. Interview, August 3, 2011, São Paulo.

87. Interview with Luiz Marinho, August 3, 2011, São Paulo.

88. DIEESE, *Salário mínimo: instrumento de combate a desigualdade* (São Paulo: DIEESE, 2010).

89. Marcelo Neri, "Poverty Reduction and Well-Being: Lula´s Real," in Fabio De Castro, ed., *Brazil Under the Workers' Party* (London: Palgrave Macmillan, 2014), 102–25.

90. Better-off, unionized workers did not benefit for two reasons. Since Cardoso's presidency, it has been illegal to index collective bargaining agreements to the minimum wage. Further, interviews with labor leaders confirm that this is not done even informally anymore. Second, pensions of better-off, private-sector workers were determined by a formula (*Fator Previdenciário*) in which the minimum wage played no role.

91. Cesar Zucco and Timothy Power, "Bolsa Família and the Shift in Lula's Electoral Base, 2002–2006. A Reply to Bohn," *Latin American Research Review*, 48 (2013), 3–24.

# APPENDIX

## Database of Career Trajectories

I constructed four databases that contain, respectively, the biographical profiles of public officials, PT legislators, PT party leaders and union leaders. Data on individuals were collected from publicly available biographies, newspaper archives, and from personal interviews and phone and email contacts with legislators. An individual is considered as having a union background if s/he occupied a *leadership position* in a union in the past. Merely having belonged to a union is not enough: s/he must have occupied some position of responsibility as a union leader in the past to be classified as having a union background.

The first database tracks the career trajectories of 143 PT legislators who were elected to the federal legislature's lower chamber in 1998 and 2002. Based on that database, I estimate: (1) the percentage of PT legislators that had a union background (an indicator of the strength of party-union ties), and, for each legislator with a union background, (2) the most recent year in which s/he held a union leadership position (Table 2).

The second database tracks the professional trajectories of 39 unionists who served in the CUT leadership between 1991 and 2003 (that is, before the first PT government). I classify their trajectories according to the career they pursued after finishing their term of office at CUT. I identify three different professional trajectories: a political career in the PT ("political career"), a career that alternated between stints in the union movement and in the party ("alternating career"), or a career focused exclusively on the labor movement ("labor movement career"). Unionists are classified as having followed a "political career" if they eventually permanently abandoned the labor movement to pursue a political career in the PT–as legislators or party leaders. They are classified as having pursued an "alternating career" if, after they completed their term of office at CUT, they alternated between positions in the PT and leadership positions in the labor movement. Finally, unionists are classified as having pursued a "labor movement career" if, after finishing their term of office at CUT, they continued to occupy leadership positions in the labor movement (typically a leadership position in a sectoral union or another position at CUT).

The third database (Table 3) quantifies unionists' political incorporation in government by calculating the percentage of high-ranking officials who had a background as labor leaders. Specifically, I analyze the biographical profiles of 573 high-ranking public officials between 2003 and 2014, focusing on the two highest levels of political authority: ministers and secretaries under ministers' direct authority. The percentage of unionists who held ministerial and secretarial positions is estimated by dividing the total number of public officials with a union background by the total number of public officials. Public officials are weighted by the duration of their tenure.

The fourth database (see 'Conclusions') compares unionists' representation in the PT's national executive committee in 2013-17 (the last period in which the PT held the

national government) with the executive committee elected in 2020 (the most recent one). I measure unionists' representation in the PT's executive committee by estimating the percentage of national executive committee voting member (52 members) who had a union background.