### Adv

#### Advantage one is Inequality—

#### Strikes in Brazil are increasing— but they get shut down before they become effective

Castanheira 11/12 [(Tomas, a leading member of the Socialist Equality Group, which is fighting to build a Brazilian section of the International Committee of the Fourth International. He gave these remarks to the 2021 International May Day Online Rally held by the World Socialist Web Site and the ICFI on May 1.) “Brutal repression against striking public employees in São Paulo, Brazil” World Socialist Web Site, 11/12/21. <https://www.wsws.org/en/articles/2021/11/13/braz-n13.html>] RR

On Wednesday afternoon, teachers and municipal workers in São Paulo faced violent repression by the police as they protested against a City Council vote on a “pension reform” that dramatically slashes their pensions.

The area in front of the City Council building was turned into a battlefield, with the police firing a barrage of tear gas canisters and rubber bullets at the thousands of workers gathered there. Several were wounded by the gunfire, and one worker fractured her foot, remaining on the ground for hours without medical care as tear gas bombs landed by her side. The councillors proceeded with their session, which extended into the early morning hours, when they passed the criminal bill.

Municipal workers had been on strike since October 15 against the austerity measures introduced by Mayor Ricardo Nunes of the Brazilian Democratic Movement (MDB). As soon as the vote ended, “at midnight and forty minutes,” declared SINPEEM, the largest union of municipal teachers, the unions declared the strike over.

This was the second strike this year by São Paulo’s municipal educators, the largest section of public service workers. In February, they struck for four months against the unsafe reopening of schools. The large support for the new strike movement, which gathered tens of thousands in several demonstrations over the last month, is an expression of the growing opposition of the working class to the intolerable conditions being imposed by capitalism.

In the last months, in addition to public employees in São Paulo, workers at General Motors in São Caetano do Sul went on strike against the company’s proposed contract and rejected the agreement presented by the union, which buried the strike against the will of the workers. More recently, truck drivers held a strike in protest over the increase in fuel prices that affected the operations of Brazil’s largest port in the city of Santos, on São Paulo’s coast. In the south of the country they were joined by demonstrations of app delivery and oil workers.

The living standards of Brazilian workers have been seriously affected in the last two years. Brazil and the entire Latin American region were hit by the COVID-19 pandemic while already in the midst of a prolonged economic crisis, which has severely deepened. Unemployment levels have reached historic highs, more than 20 million have been thrown below the poverty line, and hunger has returned as a widespread social issue. Brazil’s working families struggle to make ends meet in the face of rampant inflation that has already reached 10.67 percent over the past 12 months.

Economic desperation is compounded by the catastrophic results of the COVID-19 pandemic policies of fascistic President Jair Bolsonaro and the capitalist ruling class as a whole. The country already has more than 610,000 recorded deaths from the coronavirus and continues to record about 230 deaths daily, with significant levels of under-reporting. But across the country, local governments of all political parties are promoting an end to minimal mitigation measures, including an end to mask mandates in public places and the imposition of mandatory face-to-face education for all children.

As the WSWS reported, there was a widespread revolt against these inhumane conditions imposed by Brazil’s ruling class on the part of São Paulo’s municipal workers. Their anger was even greater in the face of the insistent and voracious attacks by the São Paulo City Hall and the endless betrayals by the unions that claim to represent them.

Workers have been fighting attempts to scrap their pensions since at least 2016, when a proposed pension reform was presented by then-Mayor Fernando Haddad of the Workers Party (PT). The attacks were intensified by his successor, João Doria of the Brazilian Social Democracy Party (PSDB), now governor of São Paulo, who brought the pension reform known as “ Sampaprev ” to a vote in March 2018. Public employees responded with a strike and massive street demonstrations, which led to the postponement of the vote on the bill. At that time, the unions called for a “suspension” of the strike, knowing that sooner or later the bill would be brought to a vote again.

The lifelong president of the SINPEEM union, Claudio Fonseca of the Citizenship party, a successor to the Stalinist Communist Party, was then a city councillor. The unions waited for Fonseca’s colleagues in the Council to convene, amid the 2018 Christmas celebrations, a new session to approve Sampaprev to call for new demonstrations. Just like this week, the public employees were barbarically repressed while the project was being approved by the councillors. Amid a rebellious mood among the workers, the unions held an assembly that voted to call a strike at the beginning of the 2019 school year.

The 2019 strike, which fought for the repeal of the recently approved pension reform, once again assumed massive proportions and was ended in a rigged vote by SINPEEM and its allies, who trampled on the decision of the majority of workers who voted to continue the movement. The same scam was applied by the unions in the strike against the unsafe reopening of schools, this time in an online meeting.

After increasing the retirement contribution rates for active employees in 2018, thus eroding their salaries, the MDB government extended the attack to already retired employees, who will have 14 percent of benefits that exceed the minimum wage ripped off. The unions, for their part, repeated their sordid strategy to disorient the workers. They subjected the powerful force of more than 100,000 São Paulo public employees to the powerlessness of the “allied” PT and PSOL councillors to reverse the vote.

The failure of this strategy was demonstrated immediately, when the entire PT caucus voted in favor of one of the bills that made up Mayor Ricardo Nunes’s austerity package. The justification of the PT councillors was that the bill would be approved anyway, and they advanced its approval to discuss mitigating amendments. In reality, the Workers Party had already carried out attacks of the same character against the pensions of public employees in the states they rule, such as Ceará and Bahia.

Tired of these theatrics and recognizing the impotence of these methods to respond to the attacks of the capitalist state, many workers talked about radicalizing their struggle, with actions ranging from blocking the city streets to occupying the City Council building to prevent the vote. This mood was definitely present in Wednesday’s demonstration.

As the beginning of the session approached, tensions grew between the workers and the shock troops. Demonstrators threw eggs and other harmless objects at the police, who promptly started firing tear gas grenades. The response of the union officials, perched on the top of sound trucks, was to immediately denounce workers opposed to the union’s capitulation as “divisive” and “infiltrators” and spread lies that people with “backpacks full of bombs” had been seen among the crowd.

SINPEEM’s directors claimed that the police, ready to savagely repress the workers, were there “working” and that they were their allies, since the police would also be harmed by the austerity measures. The president of SEDIN (Union of Childhood Educators), Claudete Alves of the PT, on the other hand, declared that confronting the police would mean using “fascist methods” that would equate the workers with far-right supporters of President Bolsonaro. Fonseca then stated that “the last thing we need today is to invade the City Council building,” since “our goal is to convince the councillors” to change their vote.

These fraudulent and deeply reactionary arguments reveal the class character of the unions. Having degenerated decades ago, they have turned into empty bureaucratic husks that support a privileged bureaucracy opposed to workers’ interests. They are not only rabid opponents of socialism but of any form of class struggle. Their real role is that of policemen of the working-class movement, and therefore they identify with and respect the “work” of the shock troops.

The mood of the workers who sought to radicalize their struggle and break the straitjacket imposed by the unions is entirely legitimate. However, these goals will not be achieved by simply changing the tactics of struggle. Workers need to break politically with the unions and the pseudo-leftist parties that seek to submit them to the capitalist state.

They must fight for the mobilization of an independent working-class movement, unified internationally. Workers willing to take up this struggle should immediately contact the Rank-and-File Committee for Safe Education in Brazil and set up in their own workplace bodies for the direct representation of rank-and-file workers, independent of the unions. This struggle is inseparable from the building of a truly revolutionary internationalist leadership within the working class, a Brazilian section of the International Committee of the Fourth International.

#### Income inequality in Brazil destroys potential for economic growth

Tornaghi 7/19 [(Cecilia, managing editor at AQ) “Inequality Is Brazil’s Achilles Heel,” Americas Quarterly, 7/19/21. <https://www.americasquarterly.org/article/inequality-is-brazils-achilles-heel/>] RR

Brazil’s social gap, which had seemed almost bridgeable in the 2010s, is now a widening fault line that threatens the country’s potential for growth unless long-term structural and educational reforms are undertaken.

The pandemic wreaked havoc on the lives of the world’s poor, turning a bad situation worse. For the rich across the globe the story was different. And in Brazil, the country that already boasted the title of the most unequal in Latin America, the World Bank’s Gini coefficient measuring inequality reached its highest number on record, 0.674, in the first quarter of 2021.

While earnings for the poorest 40% shrunk by a third in 2020, the top 10% of earners lost just 3% of their income. In the meantime, the stock market hit record highs, and commodity prices drove up measures of economic growth.

“It is a paradox,” said Marcelo Nery, director of the Center for Social Policies at the Fundação Getúlio Vargas, a Brazilian think tank and higher education institution. “GDP was better than expected, the currency appreciated, the stock market is up. Even formal job creation has improved.”

Only these indicators hide deeper problems. “Globally, we see investors’ risk appetite coming back, while investing is also getting cheaper in Brazil, bringing more people to capital markets,” said Laura Karpuska, an economics professor at FGV-São Paulo. “But the economic fundamentals have been worsening, and markedly so.”

A milder-than expected 4.1% contraction in GDP in 2020 was followed by a 1.2% increase in the first quarter of 2021 (comparing to the previous quarter), bringing Brazil’s economy back to where it was in 2016 — at the bottom of a deep recession. Unemployment is at a record high of 14.7%, and nearly 20 million Brazilians can’t find work or have given up looking. Even informal work is in short supply as COVID continues to spread across the country.

“The bulk of low-income jobs are in high-contact services, where we have yet to see a recovery,” said Otaviano Canuto, a former executive director at the World Bank and the IMF. “And there is a risk that changes in behavior, such as entertaining at home, could last much longer than the pandemic.”

Much of the optimism in Brazilian capital markets and in macroeconomic projections is being propelled by the agricultural and mining sectors. According to CEPEA, a research institute, the agribusiness sector grew 24% in 2020, and now represents slightly over a quarter of Brazil’s GDP. Brazilian exports of crops and meat totaled $100 billion last year, while mining exports increased by 31%.

But experts warn that the agroindustry does not have a multiplying effect on the economy as a whole. Commodity production is not labor intensive, and the more job-rich manufacturing sector has been shrinking since 2009. Meanwhile, inflation is on the rise, driving down the debt-to-GDP ratio — a measure observed by financial investors — but exacting a toll on consumers, especially the poor.

Emergency cash transfers of about $100, authorized by President Jair Bolsonaro’s administration, helped informal workers and the poor navigate the COVID-19 crisis—but hope evaporated when, despite the still-raging pandemic, the payments were discontinued at the end of 2020.

“We saw poverty levels fall by half last year, to 4.5%,” said Nery, “only to triple after the transfers stopped.”

By March 2021, 16% of Brazilians were at or below the poverty line. “We were generous, but not wise,” said Nery. “We did not prioritize testing or vaccines, and basically dismissed education altogether.”

The government’s spending on transfer programs reflects, for Nery, a predictable pattern in the lead-up to presidential elections. “Poverty numbers always fall, followed by a rapid increase,” said Nery, adding that the risk now is government attempting “grandiose solutions beyond our fiscal capacity.”

The diverging realities in the Brazilian economy—improving macroeconomic numbers and income at the top while more Brazilians fall into low-income classifications, including extreme poverty—are compromising future growth potential. “The multidimensional reality of this gap in income, wealth, access and representation is a major cause of our existing vulnerabilities,” said Karpuska.

Inequality has even made an appearance on Brazil’s happiness index, which suffered the largest drop between 2019 and 2020 in a comparative study of 40 countries around the world — pushed by a sharp decrease of wellbeing among the poor.

Today, even the IMF warns that inequality severely impacts long-term growth and economic stability. “There is a direct link between masses that are able to consume and economic growth,” said Canuto.

Inequality’s social cost

Social gaps breed social unrest, as Chile and Colombia can attest. They also rob countries of the creative and productive potential of citizens that is a vital source of future wealth.

“Less human capital will mean less productivity and capacity to grow without triggering inflation,” said Karpuska. Future discrepancies are also likely to get a boost from pandemic-related school closings and education budget cuts, which primarily affected poor children. The percentage of young Brazilians neither working nor studying jumped from 20% at the start of the decade to 29% during the pandemic. Experts say that this pandemic generation, deprived of the benefits of education, will bring down productivity and impact the economy as a whole.

#### Strikes are key to strengthening unions and increasing the minimum wage

Boito et al 11 [(Armando, is Professor at the State University of Campinas, Brazil. He is author of several books on Marxist political theory and Brazilian politics. He is editor of the Brazilian journal Critica Marxista.) (Paula Marcelino, Department of Sociology in São Paulo.) (Laurence Hallewell, Portuguese Literature educator.) “Decline in Unionism? An Analysis of the New Wave of Strikes in Brazil,” JSTOR, September 2011. <https://www.jstor.org/stable/pdf/23060121.pdf?refreqid=excelsior%3Ac90e15c12fee1b9a485edf8dfd02f696>. Graphs omitted] RR

At least since 2004, Brazil has been seeing renewed union activity. At the bottom, the frequency of strikes has been rather high, and the vast majority of strikes have been achieving real wage increases. At the top, political contro versy has been stirred up by the emergence of new union federations.3 This recovery of union activity may be taken as an indication of the vitality of union ism as a social movement: striking is not the only important and pertinent activity of unions, but it certainly is one of the most drastic and the one that gives them the most political and social visibility.

Strikes tend to occur in cycles, with phases of growth, stabilization, and decline. These cycles present their own characteristic profiles and determining factors. The profile of the strikes within each cycle and the factors that shape it are, in most cases, related. One cycle may be characterized by mass strikes, another by local strikes; one may attain unusually high numbers, while another may follow a much more modest pattern; this one could be a politically motivated move against a dictatorial government, that one could be reacting to the ero sion of the purchasing value of wages through a high rate of monetary inflation in the economy.

The cycle of strikes that occurred in Brazil between 1978 and 1992, for example, reached unusually high rates of activity (number of strikes, number of hours lost, total and average number of strikers, etc.) and may be considered quite exceptional (Noronha, Gebrin, and Elias Jr., 1998).5 It was similar to the one in Spain during the same period. Brazil and Spain were countries sharing unusual conditions, and they had both become world champions, so to speak, of strike activity. Both had just emerged from a period of strong and prolonged capitalist growth under dictatorial regimes in crisis that were suffering a return to high inflation rates. In this situation, the working classes were able to broaden and reenergize their union and party organizations, and union actions, widely regarded as part of the fight for a return to democracy, could count on the sympathy or tolerance of the mass of the population. The first decade of the new century also saw a cycle of strikes, despite the difference in the economic and political situation. In saying this we must warn the reader that the exceptional strike cycle of 1978-1992 cannot be taken as a measure of the size and nature of the union crisis that began in 1990 or the recovery of unionism at the opening of the new century.6 The greater part of the 1980s and the first half of the 1990s were marked by a very high inflation rate that more than once bordered on hyperinflation. By 2000 the inflation rate had fallen, and it has stayed low ever since. Nevertheless, we cannot consider the increase in strikes caused by the impact of inflation on the purchasing power of wages or their decrease in response to price stability in themselves as indicating the strength or weakness of the union movement.

With these reservations, we still believe that, taking the frequency and severity of strikes as an indicator, we can assert that Brazilian unionism in these early years of the twenty-first century is in a phase of full recovery.7 Among the probable reasons for this recovery are the following: (1) a return to economic growth; (2) a recovery in the number of available jobs; (3) inflation of food prices, which weighs more heavily on working-class budgets, well above the overall inflation rate; (4) the existence of a democratic system of government; (5) the fact that during the two presidencies of Lula da Silva the state appara tus, the chairmanships, and the management of state-run enterprises were all made up of people who came largely from the union movement (between 2004 and 2007, the federal government and the state-run enterprises dealt with over 90 percent of the strikes launched by civil servants and by workers in state-run enterprises); (6) the breakdown of the influence of neoliberalism indicated by Lula's reelection and by the new left-wing and center-left gov ernments in Latin America; (7) the political rivalry among the various union federations, whose number and variety of political and ideological orientations increased in this period; and (8) the unions' 10 years of experience of the so-called flexibility of the restructuring of capitalist production and the construction of alternative responses to it (Marcelino, 2008).

In other words, our hypothesis is that changes in the economic, political, and ideological background have favored the recovery of union activity. If this is so, then clearly there can remain little justification for the idea of an inevitable historic decline of unionism. With a change in the environment, the situation of the union movement has changed too.

A number of features of the profile of the contemporary strike cycle are worth emphasizing:

1. The number of strikes and of strikers has been significant: between 2004 and 2009 there was a yearly average of 360 strikes involving 1.5 million strikers. In 2008, the year of the economic crisis, there were 411 strikes and 2 million strikers. The predominance in these years of the public sector (civil servants and employees of state enterprises) is worth noting. Only in 2008 were there more strikes in the private sector than in the public sector (224 as opposed to 184). The number of both strikes and strikers in the private sector had been high even before 2008, however, and had in fact been increasing throughout the 2004-2008 quinquennium (Tables 1 and 2).8

2. Most of the strikes have been offensive,9 seeking to improve the workers' wages and conditions rather than just to defend what had already been won or win back what had been lost. The most frequent demands in this new cycle have been for a real increase in wages and a share of the profits or an increase in that share. The number of defensive strikes—those to recover arrears in wage payments, to get existing rights enforced, etc.—has declined. The frequency of offensive strikes has varied by industry; in the private sector they have been in manufacturing plants, whereas stoppages in the service industry have far more often been defensive (DIEESE, 2006: 37). In 2004 and 2005, almost half the strikes were over wage rates. Disputes over late payment of wages were in third place in 2004, accounting for 19 percent of strikes, but in 2005 they had fallen to fifth place, accounting for only 12 percent. It was only in the service industries that disputes over late payment remained as important as those over wage rates. In the period 2004 to 2008 as a whole, the majority of strikes—65 percent or more—were offensive. This contrasts with what hap pened in the 1990s, when, according to the DIEESE (2009: 4), although there were more strikes, most of them were defensive. It seems that in the 1990s work ers had to run hard just to stay in the same place, whereas in the following decade they were managing, with less effort, to advance and make new conquests despite

3. These strikes have been, for the most part, wholly or partly successful in achieving their employers to negotiate, and in 75 percent of these cases they were wholly or partly successful. The number of strikes that ended without success was quite low: only 7 percent of all strikes in 2004 and only 6 percent in 2005. The overall proportions of successful or partly successful strikes over the quinquennium were 2004, 70 percent; 2005, 75 percent; 2006, 75 percent; 2007, 60 percent; and 2008, 73 percent (DIEESE, 2009). Data on wage rate increases (Table 4) are also instructive. In 2004, the number of wage agreements above the Index of Consumer Prices increased markedly, from 18 percent to 54 percent of strike results. Since then, this pro portion has continued to grow, reaching an impressive 87 percent of strikes ending with wage settlements above inflation in 2007. In 2008, some 88 percent managed to achieve increases equaling or exceeding the inflation rate (DIEESE, 2009).11

4. Although most of these strikes were purely local, there were also quite a few mass strikes, and the strikers used public actions to put pressure on the employers. In 2005 there were some 25 strikes involving more than 10,000 workers each, and 9 of these involved over 50,000. In 2007 some 14 strikes involved more than 10,000 strikers each. Many of these mass strikes were by civil servants, mainly those in education or health, but there were mass strikes in the private sector and in state-owned enterprises. There was a national strike of automotive-industry workers involving 170,000, a statewide one in Sao Paulo involving 190,000, another Sao Paulo state strike of construction workers involving 130,000, a strike of 80,000 postal workers, one of 100,000 oil workers, and mass strikes of bank employees and others. These mass strikes were almost all offensive actions.

A considerable number of strikes employed activities that required a higher level of organizing and mobilizing and gave union activity greater visibility, such as public demonstrations, marches, picketing, and the occupation of workplaces. In 2005 such activities accompanied 66 strikes (22 percent of all strikes in that year). Thirty-nine of these were accompanied by public demon strations, 25 by street marches, 20 by picketing to enforce the strike, 8 by workplace occupations, 5 by camping out, and 3 by mounting of a watch. In 2007 the number of strikes with public demonstrations was 83, those with street marches 42, those with picketing 20, those with workplace occupations 19, those where the strikers camped out 12, and those for which watches were mounted 2. In other words, actions that gave political and social visibility to strikes and hardened the struggle with employers increased significantly between 2005 and 2007.

#### Raising the minimum wage solves income inequality

Moser & Engbom 20 [(Christian, an Assistant Professor within the Economics Division and Chazen Senior Scholar at Columbia Business School and an affiliated faculty member within the Department of Economics at Columbia University.) (Niklas,an assistant professor at New York University Stern School of Business focusing on issues in macroeconomics and labor economics. He is also a Faculty Research Fellow at the NBER, a Research Affiliate at CEPR and an affiliated researcher at UCLS.) “How a rising minimum wage reduced earnings inequality in Brazil,” VoxDev, 3/2/20. <https://voxdev.org/topic/labour-markets-migration/how-rising-minimum-wage-reduced-earnings-inequality-brazil>. Graphs omitted.] RR

In two recent studies, we chose Brazil as a real-life laboratory for examining the effects of a rising minimum wage (Alvarez et al. 2018, Engbom and Moser 2018). While Brazil has around one sixth of the per-capita income of the US, both countries have a highly unequal income distribution. Importantly, the results for South America’s largest economy are striking and some of these lessons could indeed carry over elsewhere.

What happened in Brazil?

In addition to its large economy and inequality levels, we chose Brazil because administrative government records and household surveys provide a trove of useful microdata on employer- and employee-related drivers of earnings differences. We took a first look at these microdata through the lens of an econometric model based on the method developed by Abowd et al. (1999), which controls for key dimensions of worker and firm differences in pay. This high-dimensional econometric model allowed us to separately account for worker and firm heterogeneity in pay within rolling time windows.

We find that between 1996 and 2012, the earnings gap between the upper and lower earnings levels in Brazil decreased by 11%. This sizeable decline in earnings inequality resembles the experience of other Latin American economies during this period, but stands in stark contrast to that of the US and many developed countries, which saw steady increases in inequality over the past two decades.

To be sure, Brazil has experienced many societal, regulatory and economic changes since the early 1990s, ranging from high rates of inflation and a financial crisis to the expansion of various social programmes. Notably, the country also increased the real minimum wage by 119% during this period, which our analysis indicates was the main catalyst in decreasing income discrepancies. Figure 1 shows the evolution of earnings inequality, measured as the variance of log earnings, and that of the real minimum wage over the period 1988-2012.

Figure 1

We concluded that:

The increase in the minimum wage accounts for more than half (55%) of the decline in Brazil’s earnings inequality among formal sector employees.

Although earnings growth is most pronounced amongst earners at the lowest levels, the direct contribution by minimum wage workers explains less than one-third (25-30%) of the total reduction in inequality. ‘Spillover’ effects that also raise earnings of employees above the minimum wage level increased paychecks up to the 80th percentile of the earnings distribution.

The large increase in the minimum wage was associated with little additional unemployment and a negligible shift of workers to the informal sector. This is corroborated by the fact that Brazil’s overall labor force participation rate has remained roughly stable at 64% over this period.1

Brazilian firms’ response to the rising minimum wage

Raising the minimum wage affected both specific worker skill groups and the businesses hiring them. This is important because narrowing the pay gap across companies has contributed to a substantial decline in Brazil’s earnings inequality since 1990. The share of adult male workers employed at the minimum wage level is well below 10% in Brazil. But employers bumped up earnings for all employees up to the 80th percentile once the floor was raised.

The reason for such wide-ranging action was to maintain a competitive edge in the jobs market, particularly among specific industries or skill sets. Once the lowest paying employers complied with minimum wage hikes, higher-paying counterparts reacted by pushing up their pay scale to maintain employment at equilibrium. Pay discrepancies between Brazilian firms tended to be substantial in the early 1990s, which allowed for ample room for such pay spillovers between employers.

The impact of a higher minimum wage was disproportionately felt in those areas of Brazil and in industries with initially lower average income levels. This led to a pronounced rise in average earnings at the bottom of the national income distribution and a sharp decline in lower-tail earnings inequality (e.g. the 50-10 earnings percentile ratio).

As companies increased their pay, they allotted a higher percentage of their budget to payroll. This cut into firm profits, particularly for small and less productive enterprises. Consequently, as the share of their budgets earmarked for labour increased, some companies responded by reducing their hiring.

At the same time, however, workers gravitated to better paying (and more productive) companies, where workers always receive a lower share of their productive value. As a result, the overall increase in labour’s share of profits, as well as the negative employment response, was dampened.

How the Brazilian workforce changed

The profile of Brazilian workers evolved as well in the 16 years between 1996 and 2012, which may have also contributed to the decline in earnings inequality. One example being that employees became more likely to change jobs. While still less frequent than in the US, migration between jobs became a powerful engine for individual earnings growth.

Over time, the average education level of Brazilian workers increased. However, our results do not support the often-articulated view that a better educated workforce spurred Brazil’s inequality squeeze. Companies tended to discount the premium previously placed on high school and college degrees, at the same time as educational attainment soared over this period. Simply put, education became more of a commodity.

The age structure of the workforce went through a transition as well with the age distribution tilting towards older workers. As with education, the rise in the minimum wage led employers to discount relative experience levels of an older workforce.

We estimate that demographics and changes in worker input contributed about 29% to the narrowing of Brazil’s income gap. Our findings attribute a bigger share (40%) of the reduction to the minimum wage hikes and employer responses to raising that wage floor. We attribute two thirds of the change in between-firm inequality to firms’ equilibrium response of raising pay even if the minimum wage was not binding for them, resulting in ‘trickle-up’ wage hikes to higher-paid individuals.

Concluding remarks: The effect of a rising minimum wage on inequality depends on the economic context

To be sure, notable differences exist between emerging and developed markets. The increase in the minimum wage may have had an outsized effect on reducing earnings inequality in Brazil because the income gap was initially very high. The effects of a rising minimum wage on inequality could be much smaller and the impact on employment more negative under different labour market conditions, such as those in more developed countries. For example, previous work on the effects of the minimum wage on the earnings distribution in the US indicates spillovers up to only the 20th percentile of earnings distribution (Autor et al. 2016). However, the striking results that Brazil achieved in narrowing its inequality gap may offer lessons that could carry over to the US and OECD countries. Further work is needed to assess the size and determinants of spillovers of the minimum wage in different economies.

### Impact

#### Brazil is key to the global economy— continued economic recession causes collapse

Lachman 20 [(Desmond, a resident fellow at the American Enterprise Institute. He was formerly a deputy director in the International Monetary Fund's Policy Development and Review Department and the chief emerging market economic strategist at Salomon Smith Barney.) “Brazil's dark cloud over the global economy,” The Hill, 5/28/20. <https://thehill.com/opinion/international/499817-brazils-dark-cloud-over-the-global-economy>] RR

For the global economy, it would never be a good time for an economy as large as that of Brazil to have a political and economic crisis. But now is a particularly inopportune time for such a crisis. The world is in its deepest economic recession in the past 90 years, and other major emerging market economies too are facing severe coronavirus-induced economic challenges that would be exacerbated by a Brazilian crisis.

Brazil is not just another emerging market economy; rather, it accounts for around half of South America’s overall output, and it currently ranks as the world’s eighth largest economy. It also is a highly indebted country with a government debt that now totals around $2 trillion. With Brazilian debt being a major component of most emerging bond portfolios, a Brazilian economic crisis has the potential to roil world financial markets.

Even before the coronavirus crisis, the Brazilian economy was in the midst of a lost economic decade as its economy struggled to recover from its very deep 2014-2016 economic recession. Despite initial hopes that Jair Bolsonaro’s ascension to the presidency in October 2018 might bring much needed economic reform to the country, last year the Brazilian economy grew by barely 1 percent. That left Brazilian output well below its level some 10 years earlier.

Brazil’s sclerotic economy, coupled with its long delay in addressing its chronic public pension problem, has not been good for its public finances. Already before the pandemic, the persistence of large budget deficits raised serious questions about the country’s public debt sustainability. By the end of 2019, Brazil’s public debt had reached 80 percent of GDP, which is a very high level for an emerging market economy.

It would be a gross understatement to say that the coronavirus pandemic has considerably darkened an already gloomy Brazilian economic outlook. This has not least been because of the total state of denial in which Mr. Bolsonaro finds himself as to the seriousness of the pandemic and because of his gross incompetence in meeting this major health challenge.

Lacking any plan to address the pandemic’s spread, Brazil has now become the country with the third-largest number of coronavirus fatalities in the world with every indication that matters will get a lot worse before they get any better. It is also troubling that the pandemic seems set to further delay any meaningful economic reform in Brazil as the country’s domestic political crisis deepens and as calls for Bolsonaro’s impeachment grow ever louder.

All of this has heightened market doubts about Brazil’s ability to meet its debt service payments and has led to a 30 percent plunge in the Brazilian currency since the start of the year. It has also led the IMF to substantially downgrade its forecast of the Brazilian economy. The IMF now expects that the Brazilian economy will contract by more than 5 percent in 2020. That in turn will cause the Brazilian budget deficit to balloon to almost 10 percent of GDP and will contribute to a rise in the public debt to GDP ratio to almost 100 percent by the end of 2020.

A full-blown Brazilian debt crisis would be the last thing that a fragile global economy now needs. This would especially seem to be the case at time when other emerging market economies like Argentina, Ecuador, Lebanon and Venezuela have either defaulted or are well on their way to defaulting on their debt. It would also seem to be the case at a time when serious questions are being raised about debt sustainability in Italy, South Africa and Turkey.

With Brazil’s coronavirus pandemic showing every sign of spinning out of control and with Bolsonaro’s government showing every sign of crumbling, global economic policymakers would ignore Brazil’s troubling political and economic outlook at their peril. A Brazilian economic and financial crisis has the real potential of triggering a very much broader emerging market crisis by accelerating the rapid pace at which capital is already being withdrawn from the emerging market economies.

**Economic decline causes global nuclear war**

**Tønnesson 15** [(Stein, Research Professor, Peace Research Institute Oslo; Leader of East Asia Peace program, Uppsala University) “Deterrence, interdependence and Sino–US peace,” International Area Studies Review, Vol. 18, No. 3, p. 297-311, 2015] SJDI

Several **recent works** on China and Sino–US relations **have made** substantial **contributions to the current understanding of how and under what circumstances** a combination of **nuclear deterrence and economic interdependence may reduce the risk of war between major powers**. At least four conclusions can be drawn from the review above: first, those who say that **interdependence may both inhibit and drive conflict** are right. **Interdependence raises the cost of conflict** for all sides **but** **asymmetrical or unbalanced dependencies and negative trade expectations** may **generate tensions leading to trade wars among inter-dependent states that** in turn **increase the risk of military conflict** (Copeland, 2015: 1, 14, 437; Roach, 2014). The risk may increase if one of the interdependent countries is governed by an inward-looking socio-economic coalition (Solingen, 2015); second, the risk of war between China and the US should not just be analysed bilaterally but include their allies and partners. Third party countries could drag China or the US into confrontation; third, in this context it is of some comfort that the three main economic powers in Northeast Asia (China, Japan and South Korea) are all deeply integrated economically through production networks within a global system of trade and finance (Ravenhill, 2014; Yoshimatsu, 2014: 576); and fourth, **decisions for war** and peace **are taken by very few people, who act on the basis of their future expectations**. International relations theory must be supplemented by foreign policy analysis in order to assess the value attributed by national decision-makers to economic development and their assessments of risks and opportunities. **If leaders** on either side of the Atlantic **begin to seriously fear or anticipate their own nation’s** decline then they **may blame** this on **external dependence, appeal to anti-foreign sentiments, contemplate the use of force to gain** respect or **credibility, adopt protectionist policies, and** ultimately **refuse to be deterred by** either **nuclear arms or prospects of socioeconomic calamities. Such a dangerous shift could happen abruptly**, i.e. under the instigation of actions by a third party – or against a third party.

Yet as long as there is both nuclear deterrence and interdependence, the tensions **in East Asia** are unlikely to escalate to war. As Chan (2013) says, all states in the region are aware that they cannot count on support from either China or the US if they make provocative moves. The greatest risk is not that a territorial dispute leads to war under present circumstances but that changes in the world economy alter those circumstances in ways that render inter-state peace more **precarious**. If China and the US fail to rebalance their financial and trading relations (Roach, 2014) then a trade war could result, interrupting transnational production networks, provoking social distress, and exacerbating nationalist emotions. **This could have unforeseen consequences in the field of security, with nuclear deterrence remaining the only factor to protect the world from Armageddon, and unreliably so**. **Deterrence could lose its credibility**: one of the two **great powers might gamble that the other yield in a cyber-war or conventional** limited **war**, or third party countries might engage in conflict with each other, with a view to obliging Washington or Beijing to intervene.

### Solvency

#### Plan: The Federative Republic of Brazil should recognize an unconditional right of workers to strike.

#### The plan revitalizes labor in Brazil and makes a general strike possible

Armengol 15 [(Pedro, Deputy Secretary of Labour Relations with the CUT in Sao Paulo, Brazil.) “The right to strike in the public sector in Brazil,” World PSI, 2/14/15. <https://www.world-psi.org/en/right-strike-public-sector-brazil>] RR

Workers in the public service in Brazil were not entitled to a collective working relationship with the public administration until the promulgation of the 1988 Constitution. Nor could they: without the right to organise and no right to strike, they could not join trade unions, and thus act jointly or articulate as social partners. They were denied any form of expression of their common interests and desires, as well as the practical means to struggle for them.

The 1988 Constitution no longer regards public sector workers as mere subjects, but as collective actors, able to relate effectively with each other and with third parties, notably with the public administration. However, after the recognition of the trade union rights of public servants, the lack of regulation of the right to collective bargaining and the exercise of the right to strike became apparent, even though it is recognised as a collateral instrument and legitimate tool to regulate working conditions.

At the same time, the right to collective bargaining is addressed in Convention 151 and Recommendation 159 of the International Labour Organisation (‘ILO’), which have already been ratified and approved by the Brazilian National Congress. Convention 151 and Recommendation 159 of the ILO were approved (with reservations) by the Federal Senate of Brazil, and Legislative Decree 206 of 08 April 2010 guarantees the right to strike to civil servants in item VII Article 37 of the Federal Constitution of 1988, but no specific regulation has been adopted, despite the extension of trade union rights and guarantees that earlier were applicable only to the private sector. As a result, public sector workers continue to be denied their full rights.

Two observations should be made in relation to the text of ILO Convention 151. In the first place, the rights laid down in favour of public servants in Brazil have been recognised constitutionally. The second is that the Constitution, which deals with fundamental rights of the individual, has predominance over the legal system, and defines the Supreme Court of Brazil. This should also have an impact on the interpretation of national legislation on the subject, including the application of Law 7,783 / 89 in 2007, which regulates the right to strike in the private sector in Brazil.

In turn, the lack of regulation on the right to strike for public servants also has a severe impact on public service users (citizens who are faced by long strikes). Civil servants are often compelled to return to work on the basis of legal judgments that point to the illegality of the strike, because of the lack of appropriate legal rules. The result is cyclic strike action.

Currently, even with the incorporation into national law of the principles of ILO Convention 151 in Brazilian jurisprudence we can note an excessive restriction of the right to strike of public servants, with judgements that not only expand the list of essential services, but also raise the minimum percentage of service maintenance. This makes it practically impossible for them to exercise the right to strike.

Despite the institutional recognition of the right to strike, workers increasingly organise protests in the form of work stoppages whereas public administrations refuse to negotiate.

On 11 November 2014, the Conservative party of the Brazilian parliament, without any prior dialogue or negotiation with public employees’ organisations, adopted a draft bill that deals with the ‘regulation of the right to strike of public servants’ in the Joint Committee for Federal Law Consolidation and

Regulation of the Constitution. We would like to highlight the following aspects on the aforementioned draft bill:

The draft seeks to restrict the possibility of a general strike. Obviously, trade unions of public servants do not accept this restriction. The workers should define if the shutdown will be partial or total, including by evaluating the characteristics of each activity. If the action is considered urgent, it will be defined by the workers, meeting the minimum attendance percentage. In Brazil, nowadays, even without a regulation in a specific law, unions already exercise this concept with responsibility.

The draft wants to define ‘ways to break strikes’ which entail a clear intervention in the form of organisation and mobilisation dynamics impacting on the principle of freedom and organisational autonomy, constitutionally guaranteed. The strike is not an ‘end’ for the union, but a means and instrument of struggle.

The draft foresees that workers must inform the government at least 10 days before the beginning of the strike. Unions consider that 72 hours is a reasonable time;

The draft defines the strike, ‘as partial paralysis, prescribes non-payment of days off, considers the days on strike not worked, and intends to penalise workers on probation, forcing them to compensate the days not worked so as to complete the service time required by law. For unions, this is the deliberate construction of a precedent to break the strength of joint positions, and opens space for summary dismissals.

The draft requires a minimum attendance percentage ranging from 40 to 60 percent, and at the same time the proposal considers 90 percent of public services as ‘essential services’, that will have to ensure at least 60 percent coverage . This would means the consolidation of the total restriction policy to exercise the right to strike of public employees in Brazil, which for now is recognised in the constitution.

The draft includes the replacement of workers on strike by contract workers. This is an antidemocratic proposal. Depending on the activity, this may be unconstitutional when applied to exclusive state activities which may not be exercised by contract workers, for example fiscal services. Such an attempt already occurred in 2012 in Brazil, when Decree 7777 / 12 was issued and subsequently denounced as an anti-union practice by the ILO.

The draft includes the provision to ‘prohibit conducting strikes sixty days before the elections of the president, governors, senators, state and federal Deputies, Mayors and Councillors’. In a country where we have two elections every two years, this is another intervention in the freedom and autonomy of organisation and struggle of civil servants in Brazil. It is clear that there is no intention on behalf of these law-makers to improve the current system and to favour the resolution of conflicts. At the moment strikes occur in Brazil for lack of space of the treatment and resolution of conflicts, since the claims of workers are treated in a non-uniform way, generating different approaches in relation to identical claims, thus clashing with the constitutional principle of non-discrimination. It is therefore necessary to establish a contractual system, in line with constitutional principles, that foresees the object and scope of legal negotiations, defines the levels of coverage and articulation, the legal effects of the agreements at each level, solutions for deadlocks as well as the definition of possibility and contours of arbitration and / or mediation, and immediate regulation in law according to the principles of C151. This will allow Brazil to depart from an ideological vision that looks at the public servant as a part of a large machine, unable to link his work to the social role. PSI affiliates in Brazil have been campaigning for the implementation of C151 in law for the last 10 years. It is unacceptable that the parliament will now debate further restrictions and anti-union measures that will only further exacerbate social tensions in public services, instead of making a contribution to a social environment of dialogue and negotiation. The case of Brazil shows that the right to strike and the right to collective bargaining are intrinsically linked to each other. There has to be a willingness on behalf of both parties to come to the negotiating table otherwise no results can be achieved. The current situation of cyclic strikes without any clear outcome is detrimental for the workers and to all public service users.

#### Most employees work in the public sector and is key to the economy

Romero 8/26 [(Teresa, author for Statistia) “Brazil: number of employees in the public administration sector 2010-2019” Statistia, 8/26/21. <https://www.statista.com/statistics/763742/number-employees-public-administration-sector-brazil/>] RR

In 2019, the public administration sector in Brazil employed around 7.75 million people. This represents an increase when compared to the sector's workforce reported in the previous year. During that period, the public administration area ranked second as one of the leading economic sectors in the Portuguese speaking country.

### Framing

**The standard is maximizing expected wellbeing**

**First, pleasure and pain are intrinsically valuable. People consistently regard pleasure and pain as good reasons for action, despite the fact that pleasure doesn’t seem to be instrumentally valuable for anything.**

**Moen 16** [Ole Martin Moen, Research Fellow in Philosophy at University of Oslo “An Argument for Hedonism” Journal of Value Inquiry (Springer), 50 (2) 2016: 267–281] SJDI

Let us start by observing, empirically, that a widely shared judgment about intrinsic value and disvalue is that pleasure is intrinsically valuable and pain is intrinsically disvaluable. On virtually any proposed list of intrinsic values and disvalues (we will look at some of them below), pleasure is included among the intrinsic values and pain among the intrinsic disvalues**.** This inclusion makes intuitive sense, moreover, for there is something undeniably good about the way pleasure feels and something undeniably bad about the way pain feels, and neither the goodness of pleasure nor the badness of pain seems to be exhausted by the further effects that these experiences might have. “Pleasure” and “pain” are here understood inclusively, as encompassing anything hedonically positive and anything hedonically negative.2 The special value statuses of pleasure and pain are manifested in how we treat these experiences in our everyday reasoning about values**.** If you tell me that you are heading for the convenience store, I might ask: “What for?” This is a reasonable question, for when you go to the convenience store you usually do so, not merely for the sake of going to the convenience store, but for the sake of achieving something further that you deem to be valuable**.** You might answer, for example: “To buy soda.” This answer makes sense, for soda is a nice thing and you can get it at the convenience store. I might further inquire, however: “What is buying the soda good for?” This further question can also be a reasonable one, for it need not be obvious why you want the soda. You might answer: “Well, I want it for the pleasure of drinking it.” If I then proceed by asking “But what is the pleasure of drinking the soda good for?” the discussion is likely to reach an awkward end. The reason is that the pleasure is not good for anything further; it is simply that for which going to the convenience store and buying the soda is good.3 As Aristotle observes**:** “We never ask [a man] what his end is in being pleased, because we assume that pleasure is choice worthy in itself.”4 Presumably, a similar story can be told in the case of pains, for if someone says “This is painful!” we never respond by asking: “And why is that a problem?” We take for granted that if something is painful, we have a sufficient explanation of why it is bad. If we are onto something in our everyday reasoning about values, it seems that pleasure and pain are both places where we reach the end of the line in matters of value.

**Moreover, *only* pleasure and pain are intrinsically valuable. All other values can be explained with reference to pleasure; Occam’s razor requires us to treat these as instrumentally valuable.**

**Moen 16** [Ole Martin Moen, Research Fellow in Philosophy at University of Oslo “An Argument for Hedonism” Journal of Value Inquiry (Springer), 50 (2) 2016: 267–281] SJDI

I think several things should be said in response to Moore’s challenge to hedonists. First, **I do not think the burden of proof lies on hedonists to explain why the additional values are not intrinsic values. If someone claims that X is intrinsically valuable, this is a substantive, positive claim, and it lies on him or her to explain why we should believe that X is in fact intrinsically valuable.** Possibly, this could be done through thought experiments analogous to those employed in the previous section. Second, **there is something peculiar about the list of additional intrinsic values** that counts in hedonism’s favor**: the listed values have a strong tendency to be well explained as things that help promote pleasure and avert pain.** To go through Frankena’s list, life and consciousness are necessary presuppositions for pleasure; activity, health, and strength bring about pleasure; and happiness, beatitude, and contentment are regarded by Frankena himself as “pleasures and satisfactions.” The same is arguably true of beauty, harmony, and “proportion in objects contemplated,” and also of affection, friendship, harmony, and proportion in life, experiences of achievement, adventure and novelty, self-expression, good reputation, honor and esteem. Other things on Frankena’s list, such as understanding, **wisdom, freedom, peace, and security, although they are perhaps not themselves pleasurable, are important means to achieve a happy life, and as such, they are things that hedonists would value highly.** **Morally good dispositions and virtues, cooperation, and just distribution of goods and evils, moreover, are things that, on a collective level, contribute a happy society, and thus the traits that would be promoted and cultivated if this were something sought after.** To a very large extent, the intrinsic values suggested by pluralists tend to be hedonic instrumental values. Indeed, pluralists’ suggested intrinsic values all point toward pleasure, for while the other values are reasonably explainable as a means toward pleasure, pleasure itself is not reasonably explainable as a means toward the other values. Some have noticed this. Moore himself, for example, writes that though his pluralistic theory of intrinsic value is opposed to hedonism, its application would, in practice, look very much like hedonism’s: “Hedonists,” he writes “do, in general, recommend a course of conduct which is very similar to that which I should recommend.”24 Ross writes that “[i]t is quite certain that by promoting virtue and knowledge we shall inevitably produce much more pleasant consciousness. These are, by general agreement, among the surest sources of happiness for their possessors.”25 Roger Crisp observes that “those goods cited by non-hedonists are goods we often, indeed usually, enjoy.”26 What Moore and Ross do not seem to notice is that their observations give rise to two reasons to reject pluralism and endorse hedonism. The first reason is that if **the suggested non-hedonic intrinsic values are potentially explainable by appeal to just pleasure and pain** (which, following my argument in the previous chapter, we should accept as intrinsically valuable and disvaluable), **then—by appeal to Occam’s razor—we have at least a pro tanto reason to resist the introduction of any further intrinsic values and disvalues. It is ontologically more costly to posit a plurality of intrinsic values and disvalues, so in case all values admit of explanation by reference to a single intrinsic value and a single intrinsic disvalue, we have reason to reject more complicated accounts.** **The fact that suggested non-hedonic intrinsic values tend to be hedonistic instrumental values does not, however, count in favor of hedonism solely in virtue of being most elegantly explained by hedonism; it also does so in virtue of creating an explanatory challenge for pluralists.** The challenge can be phrased as the following question: **If the non-hedonic values suggested by pluralists are truly intrinsic values in their own right, then why do they tend to point toward pleasure and away from pain?**27

**Moral uncertainty means preventing extinction should be our highest priority.  
Bostrom 12** [Nick Bostrom. Faculty of Philosophy & Oxford Martin School University of Oxford. “Existential Risk Prevention as Global Priority.” Global Policy (2012)]  
These reflections on **moral uncertainty suggest** an alternative, complementary way of looking at existential risk; they also suggest a new way of thinking about the ideal of sustainability. Let me elaborate.¶ **Our present understanding of axiology might** well **be confused. We may not** nowknow — at least not in concrete detail — what outcomes would count as a big win for humanity; we might not even yet **be able to imagine the best ends** of our journey. **If we are** indeedprofoundly **uncertain** about our ultimate aims,then we should recognize that **there is a great** option **value in preserving** — and ideally improving — **our ability to recognize value and** to **steer the future accordingly. Ensuring** that **there will be a future** version of **humanity** with great powers and a propensity to use them wisely **is** plausibly **the best way** available to us **to increase the probability that the future will contain** a lot of **value.** To do this, we must prevent any existential catastrophe.

**Reducing the risk of extinction is always priority number one.   
Bostrom 12** [Faculty of Philosophy and Oxford Martin School, University of Oxford.], Existential Risk Prevention as Global Priority.  Forthcoming book (Global Policy). MP. http://www.existenti...org/concept.pdfEven if we use the most conservative of these estimates, which entirely ignores the   possibility of space colonization and software minds, **we find that the expected loss of an existential   catastrophe is greater than the value of 10^16 human lives**.  **This implies that the expected value of   reducing existential risk by a mere one millionth of one percentage point is at least a hundred times the   value of a million human lives.**  The more technologically comprehensive estimate of 10  54 humanbrain-emulation subjective life-years (or 10  52  lives of ordinary length) makes the same point even   more starkly.  Even if we give this allegedly lower bound on the cumulative output potential of a   technologically mature civilization a mere 1% chance of being correct, we find that the expected   value of reducing existential risk by a mere one billionth of one billionth of one percentage point is worth   a hundred billion times as much as a billion human lives. **One might consequently argue that even the tiniest reduction of existential risk has an   expected value greater than that of the definite provision of any ordinary good, such as the direct   benefit of saving 1 billion lives.**  And, further, that the absolute value of the indirect effect of saving 1  billion lives on the total cumulative amount of existential riskâ€”positive or negativeâ€”is almost   certainly larger than the positive value of the direct benefit of such an action.