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Sebastian Etchemendy and Ruth Berins Collier

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Sebastian Etchemendy \*

Ruth B. Collier †

\*Torcuato di Tella University, Buenos Aires

†University of California, Berkeley

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## **Abstract**

The shift from state-led ISI to more market-oriented economic models often has the result of shrinking and demobilizing the labor movement. Yet, evidence from Argentina suggests that a subsequent resurgence of even a down-sized labor movement may occur and furthermore that “neocorporatist” patterns may be established in the new economic context. We examine the recent resurgence of the Argentine labor movement and the establishment of a new form of interest intermediation, more akin to that in the more coordinated economies in Europe than to either liberal or traditional populist forms. We argue that the emergence of such a pattern may be driven by economic and political factors that are both immediate and longer-term. In addition to the short-term condition of the labor market and the political strategy of the government in power, of longer-term importance are structural and institutional conditions that derive from the earlier process of market reform, specifically the nature of sectoral shifts in the economy and the degree of labor law deregulation affecting the “associational power” of unions.

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The Recovery of a Downsized Labor Movement in Argentina (2002-2006):**

Sebastián Etchemendy  
Torcuato Di Tella University, Buenos Aires

Ruth Berins Collier  
University of California, Berkeley

The shift from state-led ISI to more market-oriented economic models often has the result of shrinking and demobilizing the labor movement. Yet, evidence from Argentina suggests that a subsequent resurgence of even a down-sized labor movement may occur and furthermore that "neocorporatist" patterns may be established in the new economic context. We examine the recent resurgence of the Argentine labor movement and the establishment of a new form of interest intermediation, more akin to that in the more coordinated economies in Europe than to either liberal or traditional populist forms. We argue that the emergence of such a pattern may be driven by economic and political factors that are both immediate and longer-term. In addition to the short-term condition of the labor market and the political strategy of the government in power, of longer-term importance are structural and institutional conditions that derive from the earlier process of market reform, specifically the nature of sectoral shifts in the economy and the degree of labor law deregulation affecting the "associational power" of unions.

In February 2006, oil workers on strike blocked the access to multinational Repsol's facilities in Las Heras, an oil enclave in Argentina's Patagonia, for two weeks. When the police arrested a local union leader, a massive demonstration outside the town's police station ensued. The incident culminated in a street battle with the police and the death of one official.

The workers were demanding, among other issues, a reduction in the payroll tax they pay on their earnings. After these events the government increased the minimum taxable wage. In February 2005, Buenos Aires subway workers, after several outbursts of conflict, held on a week-long strike, provoking chaos in the city traffic. The conflict subsided when the union obtained a 44 percent wage increase.<sup>1</sup> A year later the same workers went on strike to demand the inclusion in the collective contract of those employees belonging to subcontracting companies (janitors, security and others). After a three-day strike and several rounds of negotiations, most of those workers were directly hired by the firm, *Subterráneos de Buenos Aires* (Subways of Buenos Aires), and came to enjoy greater benefits as transport workers.<sup>2</sup> In May 2006 Firestone and the National Union of Tire Workers put an end to a period of conflictual relations and signed an agreement at the Ministry of Labor by which workers came to be entitled to share a third of the free-tax profits that exceeded 6 % of annual sales. Moreover, the first part of 2006 witnessed a general round of peak-level centralized wage bargaining in crucial industrial sectors. In neocorporatist fashion, national union leaders, businesses associations and the government concluded agreements on sector-wide wage increases, and on the minimum wage.

These images of union revitalization in Argentina would have been unthinkable not only during the 1990s, but also just a few years ago in the wake of the 2001-02 economic/financial crisis and its aftermath. The dominant issues that trade unions faced in the 1990s were adjustment, downsizing and labor flexibilization. With the 2001-02 crisis, however, the locus of social conflict and labor policy debates shifted away from the formal working class, as the relative size of the informal sector came to resemble that more generally found throughout Latin America. In this context, the initiative seemed to be taken up by organizations of the unemployed, which fostered massive street unrest. The resurgence of working-class contestation in Argentina after 2003 is therefore remarkable for at least two

reasons. First, the workers promoting conflict are not the weak segments of the unemployed or the informal sector that took the streets in 2001-02, but those in the relatively privileged formal sector, who in cases like the subway, autos, oil, or tire workers make well *above* the average working-class income. As an official at the Ministry of Labor put it recently, “A few years ago we used to have *piqueteros* [organized unemployed workers] demonstrating here in front of the Ministry all the time. Now it is the unions who are here every day”<sup>3</sup> Second, workers are generally on the offensive, not just trying to retain past gains or defending themselves against downsizing, unemployment, and labor flexibilization, but seeking gains in wages, contract coverage, union membership, and profit distribution.

These developments are puzzling in view of much literature that suggests that the expansion of globalization, i.e. increasing capital mobility and international trade, has undermined both the market and institutional power of union movements. It was anticipated that the impact would be decentralization of labor relations and the development of modes of economic exchange that are closer to the American free-market model than to the European, more coordinated economies. Indeed, stories about the demise of neocorporatism in Europe are recurrent in the labor literature. However, in Argentina aspects of European-style neocorporatism, specifically peak-level political exchange between labor and business organized by a relatively autonomous state headed by a pro-labor party, are more fully present *after* neoliberalism than before. This new neocorporatist logic of interest representation in Argentina departs both from the neoliberal free market model as well as from the populist pattern, where aggregate wage bargaining served as a vehicle for labor *political* mobilization, reinforcing inflationary pressures. By contrast, in the centralized bargaining in recent years mainstream Argentine unionism—as any relatively powerful neocorporatist actor—sponsored both mobilization and moderation, contributing to the anti-inflationary goals of the Kirchner government.

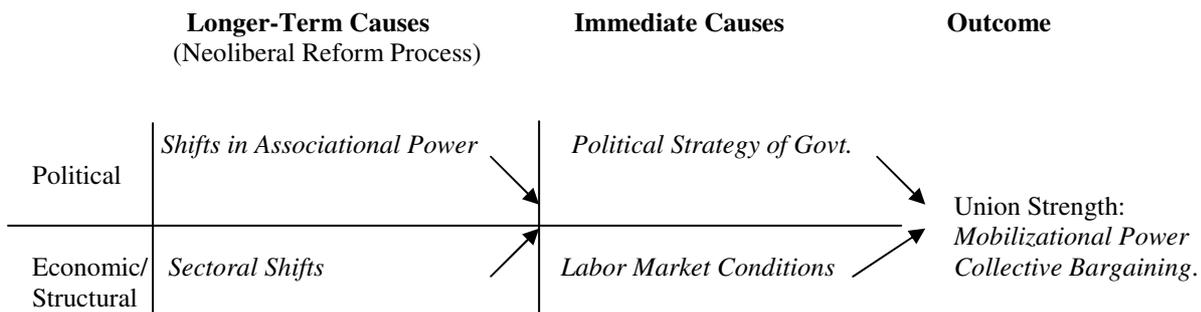
Thus, after a period in which it was on the defensive and relatively quiescent, the labor movement has reemerged as an important force representing the formal working class. This resurgence of the labor movement in a new role can be seen in two specific dimensions: 1) the renewal of union mobilizational power, and 2) collective bargaining, specifically its frequency, centralization, and coverage, and its results in terms of wage performance.

The union comeback in Argentina is the result most immediately of the tightening of the labor market and the inauguration of a government in 2003 that courted labor support. However, the outcome also rests on two other factors. First, unlike other cases of sweeping marketization, deindustrialization in Argentina did *not* entail a shift in production to sectors that have been traditionally non-unionized or are difficult to organize (such as the natural resource intensive industrial production in Chile). On the contrary, the sectors that form the new vanguard of Argentine unionism, such as transport or private oil, were highly unionized *before* market reforms favored their expansion. Second, the traditional unions were able to forge deals in the course of market reform in the 1990s that wrested important institutional concessions that helped preserve what Wright (2000) terms union associational power, specifically, a framework for centralized wage bargaining, the maintenance of monopoly at the shopfloor and the management of the now resourceful health funds for workers. These institutional resources could be called upon in the immediate context of economic recovery and a friendlier government.

The Argentine case thus suggests that a resurgence of the labor movement in Latin America may rest on four factors, immediate and longer-term factors that are both economic and political. Most immediately, and in the short-run, labor activation is responsive to the condition of the labor market whether it is tight or slack, and the political, coalition-building strategy of the government and the degree to which it is pro-labor or seeks labor support. However, longer-term factors that are structural and institutional are also important. These

concern the process of the economic and political adjustment to neoliberalism: the nature of the shift to new economic sectors and the nature or degree of shift in the associational power of unions, deriving from the decline or preservation of key institutional aspects of the union movement and its regulation in the labor code (Figure 1).

**Figure 1. Longer Term and Immediate Causes of Post Liberal Union Resurgence**



The first part of the paper discusses the Argentine case in the light of different approaches to the study of labor under globalization, particularly in developing economies. We then describe union resurgence in two areas: 1) labor conflict and 2) labor market (collective bargaining and wages). The second part of the article will analyze this union resurgence as an outcome of the longer-term (organizational preservation and sectoral realignments) and more immediate (pro-union government and changes in the labor market) factors. Next, we draw a comparison with Chile, where the longer-term institutional and economic factors operated in the inverse way: labor law was broadly deregulated in the period of adjustment and the sectoral shifts provoked by neoliberalism severely weakened labor. In the conclusion, we analyze the current place of Argentine unionism in the political economy in historical perspective and the dilemmas of working class representation in a fragmented society.

## **An Empirical Puzzle: Globalization Optimists, Pessimists, Social Movement Unionism, and the Argentine Case**

Three main currents can be distinguished in the study of labor and union movements in the era of globalization, which apply particularly to developing economies: the optimists, the pessimists, and those scholars who focus on the emergence of a new labor internationalism or social movement unionism (see Silver 2003, Rudra 2005). The pessimists have been dominant in the political science and sociology labor literature of the last two decades of the 20<sup>th</sup> century. This view is perhaps best summarized in Howell and Daley's (1992) argument that the double shift away from the nation state, "outward" to the international economy and "downward" to the firm has adversely affected organized labor.<sup>4</sup> Enhanced capital mobility and open trading regimes hinder the possibilities for redistributive policies in both advanced and developing countries; the demise of Fordism and the surge of more flexible forms of production coupled with the diversification of competitive pressures, has favored the decentralization if not the individuation of labor relations. The space for the traditional labor "political exchange," through which unions negotiate labor market conditions and support social democratic or labor-based parties in Europe and Latin America has been increasingly narrowed.

This pessimistic view found fertile terrain in the studies of the East Asian high-growth economies. Labor had little say in the experiences of market-led growth in countries like Korea, China, or Malaysia (Frenkel and Peetz 1997). Even where organized labor gained more autonomy under democratization in the last two decades, such as Korea and Indonesia in East Asia, or Brazil and Mexico in Latin America, overall, union's labor market performance in terms of collective bargaining and/or mobilization capacity in an environment of enhanced competition has been very modest (see Candland and Sil 2001,

Bensusán and Cook 2003, Caraway 2006). Thus, it appears that Argentina, where organized labor has been resurgent in the arenas of industrial conflict, collective bargaining and re-regulation *after* the economy was substantially liberalized runs counter to at least the most radical pessimist views.

On the other hand, the optimistic approach, mostly centered on the Hecksher-Olin theory of international trade and laid out by economists, sees labor in developing countries as a potential winner from economic internationalization (Krugman and Venables 1995). According to this view, the demand for abundant factors rises when barriers to trade are dismantled. This structural shift may induce labor political activation. Yet, the approach based on factor endowments can hardly account for the recent combination of trade openness and labor revitalization in Argentina. Indeed, as is widely known, Argentina's labor market was traditionally closer to those of advanced countries than to most Latin American countries due to the lack of surplus labor and a peasant economy. If anything, sweeping trade liberalization in Argentina challenged a relatively *scarce* factor; it did not benefit an abundant one.

Finally, not all political science and sociological analyses have converged on the obituary of organized labor as a victim of globalization. For many scholars, economic internationalization called for a new type of unionism that was especially suited to the inevitable and periodical crises of globalized capitalism. This new unionism was more democratic, pluralistic, and attentive to the firm situation. At the same time it was ready to work jointly with social movements based in the neighborhoods where the increasingly fragmented and informal working class dwells, and to establish alliances with transnational social movements or foreign unions (Seidman 1994, Moody 1997, Evans 2005, Mazur 2000). Although for many "the vision appropriate to the era of globalization is social movement unionism" (Moody 1997: 19) of the kind recently developed in Brazil and South Africa, the

main protagonists of labor resurgence in postliberal Argentina is not this new type but mostly traditional Peronist unionism of the CGT (General confederation of Workers), i.e. a labor movement based on sectoral monopolies, top-down run, scarcely pluralistic and with few links to the informal sector or international social movements.

Indeed, in Argentina one of the two national confederations, the relatively new CTA (Congress of Argentine Workers), is closer to the logic of social movement unionism. Born as a left-wing splinter of the CGT during neoliberal reform, towards the late 1990s it expanded to embrace groups in the informal sector through alliances with neighborhood organizations (see Palomino 2003). However, its role in the recent resurgence of collective bargaining and in the wage-distributive struggle has been minor due to its concentration on state workers. Moreover, the leadership of its main organization of unemployed and poor, informal workers has abandoned the CTA executive committee and joined the Kirchner government. The role the CTA has played since the late 1990s in fostering mobilization and informal sector organization continues. Nevertheless, in 2006 the CTA is arguably more disarticulated compared to the early 2000s, its leadership is divided over whether to support the government, and its project of creating a worker's party is stalled (see Svampa 2007). Especially when one looks at labor market economic exchanges, the traditionally corporatist unions, more than the "social movement" unions, have been on the offensive in Argentina after 2002. In sum, contra the pessimist view, organized labor has fared unexpectedly well in post-liberal Argentina, but not for the reasons that both types of "optimists," trade economists or labor internationalists, would foresee.

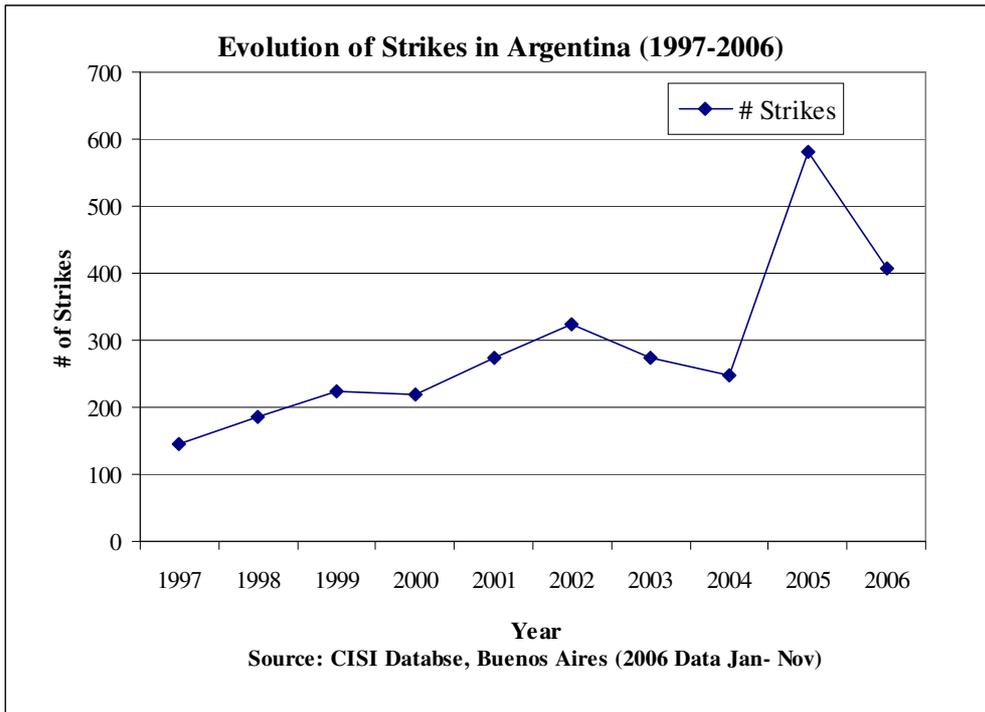
Union resurgence is also surprising considering recent domestic trends. In the 1990s the country underwent one of the most sweeping processes of economic liberalization in developing countries, which helped expand unemployment (never lower than 15 percent between 1995 and 2004) and the informal economy (which grew to about half of the

workforce). At the political level, mainstream unionism, once dominant within the Peronist or Justicialista Party, was increasingly marginalized by the new leadership, which transformed Peronism from a union-based party into a well-oiled patronage-oriented machine (Levitsky 2003). As Juan Carlos Torre (2004) has argued more recently, during the last two decades, both democratization and market reform undermined the two pillars of union power in the post-war period, namely the centrality of unions as representatives of the Peronist Party in authoritarian or semi-democratic settings, and a labor market historically close to full employment.

### **The Resurgence of Union Mobilizational Power**

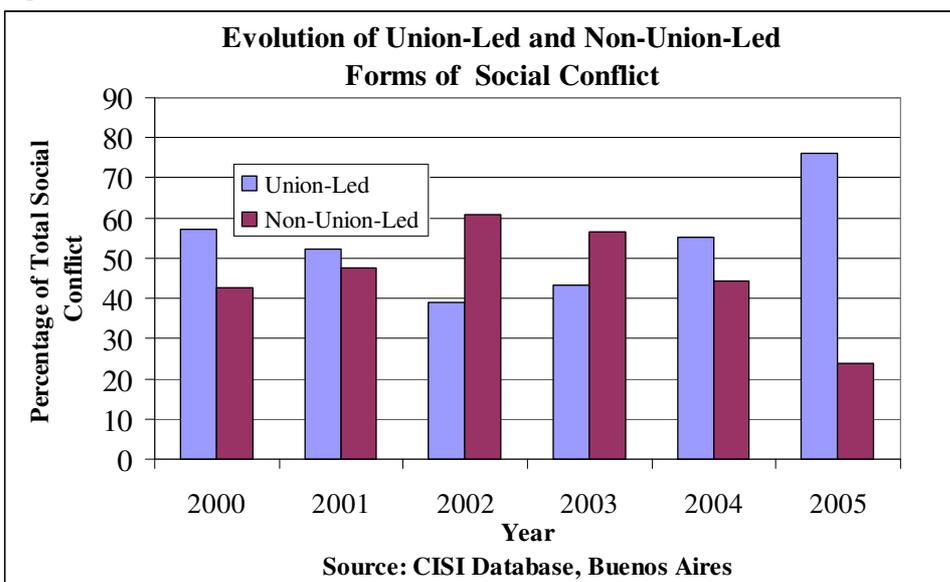
The resurgence of industrial action in Argentina in recent years has shown an increasingly varied repertoire. Autoworkers blocked the main freeway north of Buenos Aires in the midst of a wage dispute, food workers blocked an important national road to protest layoffs, oil workers and the teamsters union blocked access to oil refineries and grain deposits, subway workers let passengers travel free or blocked the rails with their bodies as a way of protest. At the same time, the most traditional form of industrial action, strikes, has shown an increasing trend since 1997.<sup>5</sup> As indicated in Figure 2, strike activity surged in 2005 and 2006, years in which economic growth had consolidated and major rounds of collective wage negotiations were opened in the largest industrial and service sectors. 2005 was the most conflictual year in Argentina since the period of market reforms was launched in 1991.

### **Figure 2**



The economic crisis of 2001-2 provoked a huge wave of protest and social conflict. The unions did not lead most of these protests, and indeed, it began to appear that an interesting new phenomenon had displaced unionism in terms of social conflict, and that was the piquetero movement of the unemployed.<sup>6</sup> However by 2004, union-led conflict became again the dominant form of working class contestation (Figure 3).<sup>7</sup>

**Figure 3**



The rise in non-union-led social conflict was a response to Argentina's deepest economic crisis. In 2002 the financial system collapsed, the government seized the bank savings of the public and issued a 300 percent devaluation, GDP fell by 15 percent, unemployment rose to 25 percent, and the poverty level reached 54.3 percent of households.<sup>8</sup> That year was, accordingly, the peak in terms of non-union led episodes of social contention: bank depositors took the streets to protest confiscation, organizations of the unemployed—activated in the previous years—demanded social compensation, and rebellious neighborhoods assemblies (“*asambleas*”) had erupted mainly in the city of Buenos Aires as result of the crises and the mobilizations that toppled the De La Rúa government in December 2001. However, when the economy resumed growth after 2003, middle-class activism subsided—bank deposits were rescheduled and the *asambleas* lost momentum. Social programs targeted at the unemployed expanded considerably, and part of the organizations of the unemployed were co-opted by or integrated into the Kirchner government. Consequently, in an environment of economic growth and real wage depreciation, the locus of working class contestation progressively shifted to the arena of industrial action.

The resurgence of labor conflict in Argentina since 2003 has four relevant features. First, it has shifted toward *private sector* workers. The resurgence among private sector workers is surprising, as it is often the case that they tend to be *less* combative than state workers—particularly in Argentina. State workers generally are more prone to conflict because they enjoy greater protections against layoffs and are “sheltered” from international competitive pressures; and furthermore, in Argentina the left-leaning CTA has its stronghold among the civil servants (it accounts for about half of national state workers and predominates in the provincial public sector) and teachers. Yet, though state workers still lead the majority of conflicts, their activism has fallen slightly since the crisis 2001-02, whereas it

has increased substantially within the private sector, where the traditional Peronist unions are hegemonic (see Table 1).

**Table 1. Episodes of Labor Conflict in Argentina, 2002-2005**

	2002	2005	% of Growth
State Workers	765	700	-8%
Private Sector Workers	291	430	+48%

Source: CISI Database, Buenos Aires.

Second, the sources of labor conflict have also shifted. Most of the episodes of labor conflict in 2004 and 2005 originated in wage disputes (See Table 2), in contrast to the period 2000-2001, when, in the midst of recession and with an unfriendly, non-Peronist government, most of labor disputes originated in policy decisions by state officials (for example, a demonstration against the Alianza labor reform project) or in response to adjustment (downsizing or plant closures). Toward 2004-5, in the context of a friendly government and economic growth, labor conflict increased by 50 percent over 2000. Yet, conflict was more restricted to certain labor market conditions: wage disputes (200 percent increase from 2000 to 2005) and work conditions (17 percent increase), the two only types of conflict that increased with respect to 2001. State decisions and adjustment-related industrial action dwindled in the same period.

**Table 2.**  
**Sources of Labor Conflict 2000-2005 (Percent of Total)**

Source of Labor Conflict	Alianza Govt.		Kirchner-PJ Govt.		Percent Change 2000-2005
	2000	2001	2004	2005	
Wages	25.3	35.9	62.6	76.3	201.6
Political/State Decisions	49.5	47.2	16.5	11.9	-76.0
Plant/Facilities Closure	10.7	5.8	5	1.6	-85.0
Downsizing	10.3	8.9	10.3	5.3	-48.5
Work Conditions	4.1	2.1	5.7	4.8	17.1
Others	0	0.2	0	0.2	
Total	100	100	100	100	
Total Episodes of Labor Conflict	774	1107	1130	1139	47.2

Source: CISI Database, Buenos Aires

Third, few general or multisectoral strikes were called in 2004-5. Neither the CGT (allied with the government) nor the left-leaning CTA called for general strikes; instead, almost all the conflicts during 2005 were sectoral, regional or firm level. Finally, conflict has closely followed the pace of the tripartite pacts among government, business and the state, and it diminished once most of the sectoral wage agreements were reached in the first half of 2006.

In sum, the resurgence of working-class contestation in the period 2002-2006 has a number of specific traits: it has increased markedly with respect to the later adjustment period of the 1990s, and formal-sector trade unions and increasingly *private sector* unions (where the traditional Peronist unions are dominant) have again come to be at the forefront of social conflict relative to newer groups, most notably the unemployed workers movement (*piqueteros*), whose rate of activity has recently declined. However, in contrast to other conflictual periods such as the mid to late 1980s, or 2000-02, union unrest has become by and large focused on wage disputes and work conditions, and largely subsided after the wage

pacts of 2006. In other words it has been directed more against the business sector than against the government.

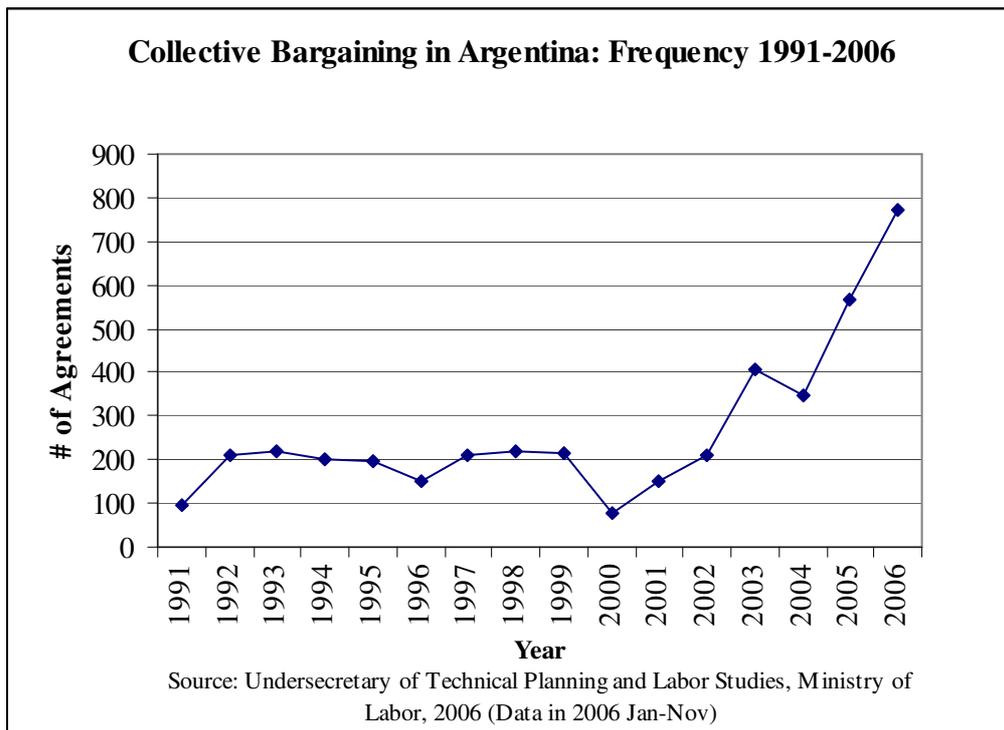
### **Unions and the Labor Market: The Emergence of Neocorporatist Arrangements**

In addition to the capacity for contestation, union resurgence was reflected in the arenas of collective bargaining and wages. Contrary to predictions of a union movement on the defensive, collective bargaining has been widespread, it has taken the form of quite centralized and neocorporatist negotiations, and it has resulted in important real wage increases for segments of formal workers. This section assesses union performance in terms of these modalities of collective bargaining and wages.

#### *Evolution of Capital-Labor Collective Bargaining in Argentina: Incidence, Coverage and Centralization Levels*

Three aspects of collective bargaining, then, are important: incidence, coverage and centralization levels. If collective bargaining occurs frequently it may be a signal that unions are increasingly intervening in the labor market. In Argentina, any agreement or contract between business and unions has to be administratively approved by the Ministry of Labor to have legal force, and only unions that have state legal recognition can sign contracts.

**Figure 4**



As Figure 4 indicates, the incidence of collective bargaining, after being quite stable through the 1990s, showed a remarkable increase in the first part of the decade 2000s. This pattern is further indication of union revitalization after 2002. During the 1990s, the incidence of business-labor agreements was low and stable. Through those years, in an environment of adjustment and business offensive, the union movement chose to bargain little and instead to benefit from the provision for automatic renewal, by which any collective contract remains valid until a new one is signed. Given that many agreements on wages and work conditions had been signed in the somewhat more favorable context of the 1980s and even 1970s—and in spite of the fact that many of the clauses of these agreements were not enforced during adjustment—unionists often preferred to maintain those contracts instead of re-negotiating in the hostile environment of neoliberalism (see Novick 2000, Marshall and Perelman 2002). In addition, Argentine macroeconomic policy in the 1990s, with a fixed exchange rate and an increasingly overvalued currency, forced business and government to lower costs and exerted downward pressure on wages in order to control inflation and

maintain export competitiveness. The devaluation of 2002 and the economic growth that ensued reopened the possibilities for distributive struggle, which shaped a context less hostile to collective bargaining.

Though workers and employers have bargained more frequently, the role played by unions may nonetheless be negligible if contract coverage remains very restricted.

Unfortunately no data is available on the evolution of coverage since the 1990s. However, in June 2005 the Ministry of Labor in Argentina carried out the first survey on labor relations at the firm in Argentine history. The survey covers a sample of 1470 firms in both the industrial area of Greater Buenos Aires (719) and four industrial agglomerates in the interior of the country, Santa Fe, Mendoza, Córdoba and Tucumán (751), in all economic sectors except agriculture.

**Table 3.**  
**Labor Relations and Collective Contract (CC) Coverage in Formal Sector Firms, Argentina 2005**

	Small Firms 50 workers -	Middle-Sized 50-200 workers	Large Firms 200 workers +	Total
% of Firms with CC	nd	nd	nd	90
% of Workers Covered with CC	87	85	78	83
% of Firms with Unionized Workers	53	65	83	56
% of Unionized Workers	40	32	40	37

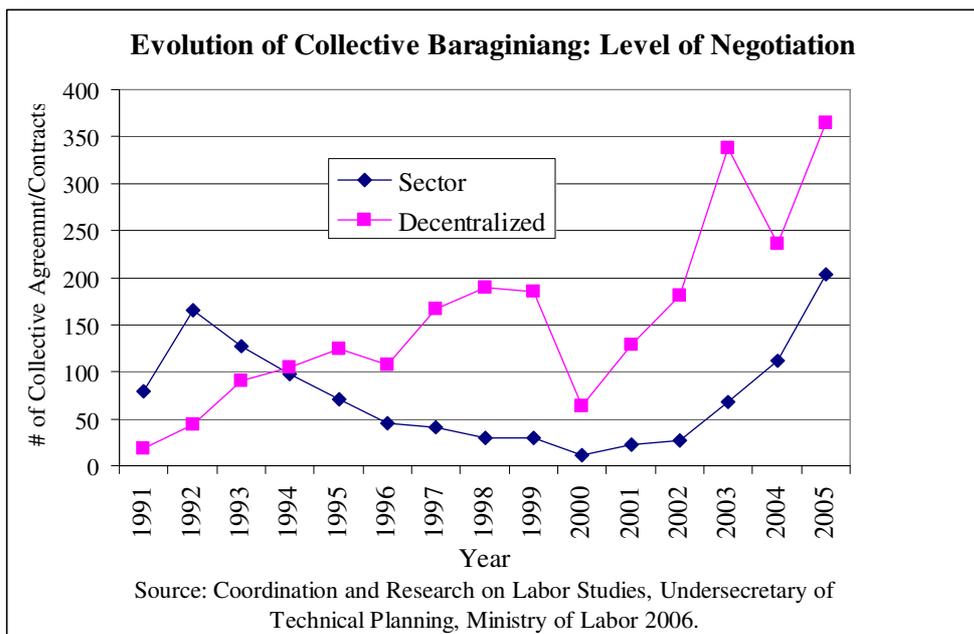
Source: Labor Relations at the Firm Survey, June 2005, in MTESS (2006a), various Tables.

It should be emphasized that the survey covers only formal sector firms i.e. firms with registered workers that enjoy social security benefits and in which firms and workers pay payroll taxes for health and social security. Indeed, only formal workers can be covered by a collective contract in Argentina, since every contract must be certified by the state. Overall, the data support the idea of a strong union presence in formal sector firms in contemporary Argentina. 90 percent of firms sign some form of collective contract with their workers, and 83 percent of workers are covered by a collective contract/agreement—though union membership in formal sector firms is 37 percent. The gap between coverage and membership

means that, as has been traditionally the case in Argentina, unions have a strong influence among non-unionized (formal) workers, since contracts signed by the union cover both unionized and non-unionized workers.

The final trait of collective bargaining is the level at which it takes place. Even if bargaining has increased and contract coverage is high, firm-level or decentralized bargaining would mean a relatively fragmented union movement in which the national and sectoral union leadership has relatively little leverage. As is well established in the literature, economic liberalization tends to favor decentralization of collective bargaining: firms and workers face alternative international competitive pressures, relative prices differ across sectors, and wage dispersion tends to be higher. Internationalization also diversifies the access to technology and therefore the costs equation of firms (see Wallerstein and Western 2000: 367-8, Pontusson and Swenson 1996). Figure 5 shows the recent evolution of decentralization in collective bargaining considering sectoral or economic activity (involving all formal workers in a sector) and decentralized contracts (which may be firm-level or locality/region e.g. a district of Buenos Aires).

**Figure 5**



As expected during a period of market reforms, the 1990s saw a marked trend towards decentralization, with a rise in the number of contracts valid for a single firm or a regional group of firms, and a steady decline of sectoral bargaining. However, sectoral-level agreements started to grow again after 2002 and actually surpassed the level of the early 1990s prior to the marketizing reforms. Two important points should be noted in interpreting these data. First, by definition the potential limit of centralized agreements is greater: there is only a limited number of sector-wide agreements that can be signed; whereas the universe for firm-level contracts, or group of firms is far greater. Nevertheless, the over-time comparison is instructive: the percentage of sector-wide collective agreements out of total contracts has grown by 174 percent since 2002, while the share of decentralized agreements that flourished in the 1990s has decreased by almost a third in the same period.

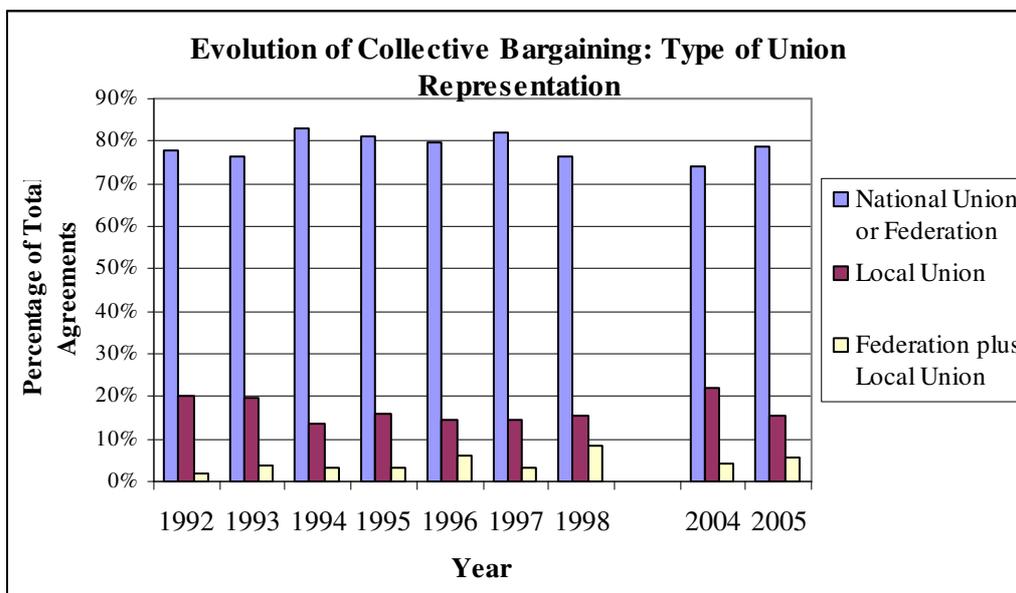
**Table 4.**  
**Evolution of Levels of Centralization in Collective Bargaining,**  
 (Percent of Total Agreements)

	2002	2003	2004	2005	% Growth 2002-05
Sector	13.0	16.7	32.2	35.7	174.6
Decentralized	87.0	83.3	67.8	64.3	-26.1

Second, these data on bargaining decentralization refer to the business level, that is, whether a firm (or a local business chamber) or all firms in the sector engage in collective bargaining. The pattern on the business side, however, may not be parallel or symmetrical on the labor side. In Argentina, *national unions*, which cover specific sectors, are centralized, and their local branches do not have the legal right to bargain. *Federations* have a different internal structure, being comprised of local/regional unions (for example a regional federation of oil workers affiliated with the national-sectoral federation of oil workers). Both federations and their component unions have state recognition and are legally entitled to bargain. One can assess the evolution of decentralization on the labor side by looking at a

three-way breakdown: agreements signed by a national/sectoral union or federation, by a local union, or by both a federation plus a local union. Figure 6 presents these data for the years they are available, 1992-98 and 2004-05. It demonstrates that, notwithstanding, the level of union involved in collective bargaining has been quite stable since the early 1990s. In other words, though in the post-reform period most collective agreements are decentralized (i.e. valid for companies or group of companies rather than sectors, see Figure 5), by 2005, 80 percent of all agreements (both decentralized and sector-wide) are still signed by national unions or Federations.<sup>9</sup>

**Figure 6**



It may be objected that many firms make informal agreements at a company level, i.e. not with the sectoral union or Federation, but with the factory internal commission or delegates, without submitting it for legal sanction at the ministry, and hence the data in Fig.5 underestimate the number of local agreements. However, the labor relations survey mentioned above included a question on the existence of informal, firm level agreements with workers representatives (delegates or internal commissions) at the firm: only 2.8 percent of firms reported having signed informal agreements outside the formal channels of collective

bargaining, i.e. with the factory internal commission or firm-level representation of workers (MTESS, 1996a).

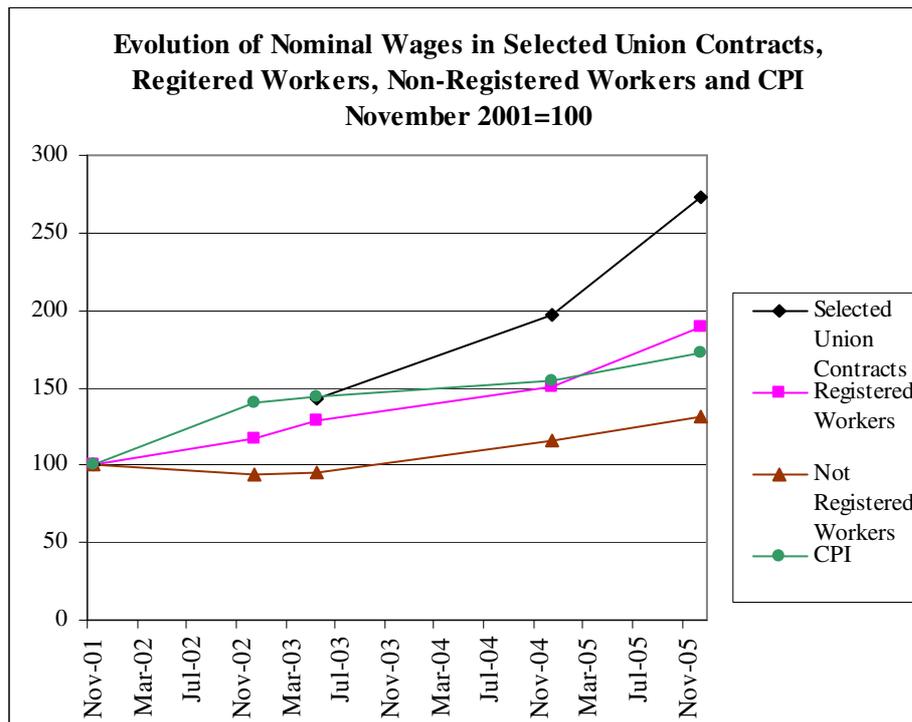
Thus, labor organizations at the national level have remained centrally involved in collective bargaining. The point should not be overstated and some decentralization has clearly taken place: it is not the same for a union Federation, for instance, to bargain on behalf of the workers in *a firm or group of firms* as to bargain on behalf of all the workers in a *sector*. Nevertheless, the asymmetry should be noted: decentralization has taken place mostly at the level of business

In sum, in the arena of collective bargaining unions have managed to increase the representation of workers as a class—or more accurately as a fraction of class—since 2002. Collective bargaining increased remarkably, it had broad coverage in the formal sector and in the period 2002-2005 the trend is toward greater aggregation as sectoral unions increasingly negotiate with business chambers.

### *Wage-Setting Patterns*

Evidence suggests that the resurgence of union activity has achieved wage benefits. The currency devaluation of 2002 entailed a big loss in workers' real wages with respect to the pre-crisis period. Figure 7 traces the evolution of the Consumer Price Index (CPI) and of wages of registered workers, non-registered workers, and the average of a selected pool of unions for which wage contracts were available from the Ministry of Labor: autos, foreign banks, commerce, aluminum, food and teamsters. These are unions of medium to strong power, which were able to make wage agreements generally through sector-wide bargaining between 2003 and 2005.

**Figure 7**



Sources: Registered and non-registered workers wage levels are taken from the *Wage Index and Wage Variation Coefficient* published by the National Institute of Statistics and Census, Ministry of the Economy. “Selected Union Contracts” includes an average of the evolution of wage contracts of autos, foreign banks, commerce, aluminum, food and teamsters, taken from “Evolution and State of Collective Contract Wages”, unpublished report, MTESS (2006b).

Between November 2001 (just before the crises) and November 2005, only registered workers have made some gains in real terms. The selected unions of medium to strong power have fared much better than the average of registered workers. Of course, union intervention is not the only factor that explains wage performance of registered workers. Labor market factors such as skill level and productivity are undoubtedly part of the explanation. Further, as we argue below, state intervention in wage policy and the progressive growth of employment are also important. However, if we consider the resurgence of wage-driven industrial action and the spread in collective bargaining after 2002 noted above, plus the fact that registered workers (including those non-unionized) tend to be covered by union-negotiated collective agreements, it is difficult not to link the relatively good performance of formal sector workers to union intervention.

Indeed, between 2004 and 2006 unions were central actors in the emergence of a series of corporatist wage pacts between the government, business, and labor. These tripartite negotiations resulted in substantial wage increases to segments of formal labor; yet they were at the same time consistent with the anti-inflationary goals of the government. In April 2006 the government, the Teamsters union (headed by the powerful CGT General Secretary Hugo Moyano), and the National Federation of Freight Transport Firms reached an agreement on a 19 percent wage increase for 2006. The 19 percent increase negotiated by the Teamsters converged with the anti-inflationary criteria of the Ministry of the Economy and was informally used to set the parameters in other wage sectoral negotiations. During the first part of 2006 workers in the sectors of railways, construction, banks, airlines, metals, commerce, autos, civil service, steel, food, health and building maintenance among others reached sectoral agreements with the government and the respective business federations that more or less followed the “patterned bargaining” set by the teamsters.<sup>10</sup> Most of the agreements included clauses of social peace, and some of them (commerce, teamsters, building workers) were signed in the government house in ceremonies headed by President Kirchner, with the presence of union and business leaders. During the second part of 2005 and early 2006 unions pushed their mobilizational power, militancy increased significantly, and outbursts of industrial conflict did occur in some wage negotiations (for example food, railway, autos and teamsters). In fact, delegates with leftist orientations often pushed many of these conflicts from below, particularly in sectors such as food, health and subway workers. However, union national/sectoral leaders managed to square the circle of containing pressures from below and at the same time staying in good terms with the government.

In addition, national union leaders, business representatives and the government concluded agreements on minimum wage increases in the framework of the Minimum Wage Advisory Board in April 2005 and again in July 2006. This tripartite board had been dormant

since the early 1990s and in both cases the government formed a coalition with the CGT and the UIA (Argentine Industrial Association), with the opposition of the CTA, to reach the new minimum wage level.

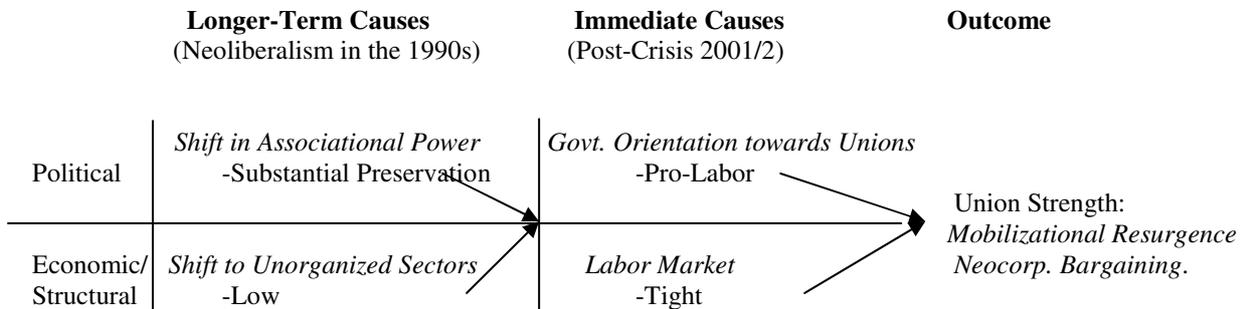
This pattern of business-labor negotiations in post-adjustment Argentina corresponds more to neocorporatism in continental Europe than to the traditional state or populist corporatism historically present in the country. In the earlier period (the Peronist government 1973-76, or the radical government of 1983-89), centralized bargaining ultimately served as a channel for labor mobilization (whether pushed by union leaders or the rank and file) and the most important business associations rarely supported the outcome of the negotiations. In the current period, the pattern is different: both the sector-wide wage agreements and the minimum wage peak agreements of 2005 and 2006 had the crucial support of the most important sectoral and national business associations. Indeed, the wage pacts were the complement to the price agreements that the government reached with business in a variety of sectors. Both wage and price agreements have been crucial in the anti-inflationary strategies of the government, which managed to maintain the CPI around a manageable 10 percent during 2006 in the context of a strong GDP growth (9 %).

Moreover, as in continental neocorporatism, wage increases followed the parameters established by some powerful sectors. At the same time, mainstream CGT union leaders exchanged *some* degree of wage moderation for labor market and institutional benefits given by a friendly government.<sup>11</sup> Correspondingly, they restricted their use of mobilization once the 2006 wage agreements were reached. In sum, post-reform unionism emerged in Argentina as a particular kind of “neocorporatist” actor, which is neither demobilized, decentralized and on the defensive, as one might expect given the sweeping market reforms, nor populist according to the pre-reform model. Rather it is activated and quite centralized, achieving wage and institutional gains.

## **Causes of Union Resurgence During Postliberalism**

We have seen that the contemporary resurgence of trade unionism in Argentina, which would have been unexpected to any observer of the labor landscape in the mid- to late 1990s, not only involved renewed mobilization and contestation but also took a particular form of political insertion that can be labeled neocorporatist. This development is in part the outcome of two short-term factors, one economic and one political: the nature of the labor market and the political strategy of the government. In the wake of the 2001/2 crisis, these unfolded in a way conducive to labor resurgence. Renewed economic growth and a tightening of the labor market increased unions' structural power, and a new government consistently courted union support. Nevertheless, it is the present argument that these two immediate factors were insufficient and that mobilizational power and the development of neocorporatist patterns were dependent on longer-term structural and institutional factors that derive from the prior process of economic reform. These were specifically 1) the sectoral shift in the economy as a result of neoliberal reform, and 2) the institutional resources with which the labor movement emerged from the reform process. In Argentina, unlike other cases of radical liberalization, these were favorable to labor resurgence, in that the economic shifts were not to unorganized sectors and the labor movement had been able to retain substantial institutional and economic resources and hence its associational power. These structural and institutional factors made it possible for unions to take advantage of the tighter labor market and for both the labor movement and a support-seeking government to develop neocorporatist arrangements.

**Figure 8. Causal Sequence of Post Liberal Union Resurgence in Argentina**



This argument (see Figure 8) is developed below. The effect of economic reform did indeed hurt unions and shrink formal sector employment. Nevertheless, the coalition that carried out the reforms of the 1990s included a labor component. As a consequence, the neoliberal project of institutional labor deregulation, and the repealing of pro-union labor law “inducements” (Collier and Collier 1979) was carried out only partially, and significant institutional resources such as sectoral monopoly and a centralized framework for collective bargaining were not dismantled (see Etchemendy 2004b). In addition, though economic reform brought about some measure of deindustrialization, it did not entail sectoral shifts in production that undermined union militancy decisively. It should be noted that the two dimensions of union resurgence were not independent, in that the activation of union mobilizational power contributed to the neocorporatist outcome because business and the government would lack incentives to negotiate with an entirely domesticated labor. However, both the increase in militancy and the centralized wage bargaining are more generally explained by the prior immediate and longer-term factors. Indeed, much of the renewed union militancy triggered by the new labor market conditions, government support and union’s

preserved associational strength, was unrelated to the tripartite wage negotiations and originated in other areas such as payroll taxes or subcontracting.

### **Organizational Preservation and Sectoral Shifts during Adjustment**

It is generally argued that neoliberal reforms affect union prospects for two reasons. First, neoliberalism implicitly or explicitly takes the neoclassical view of unions as rent-seeking groups that distort the real value of wages and the general market equilibrium. Accordingly, Latin American reformers in the 1990s advocated institutional labor deregulation which almost everywhere sought more flexible labor markets and attacked labor law inducements to union power, such as union monopoly, centralized frameworks for collective bargaining and state-delivered subsidies. Second, the sectoral realignments triggered by tariff liberalization are said to shift production away from industries that were union strongholds, into sectors, such as services, where unions tend to be weaker or absent. In Argentina, however, the trajectory of neoliberalism did not entirely fulfill these expectations.

### ***Organizational Preservation in the Period of Adjustment***

After 1990, led by President Carlos Menem, Argentina witnessed one of the most radical processes of economic liberalization in the developing world. The government proposed policies that would decisively undermine the associational power of labor, specifically introducing legislation and initiatives that would decentralize collective bargaining, create company unions, suppress state-granted sectoral union monopoly and deregulate the union-controlled system of welfare funds for workers. However, unions were a constituency of the governing party, and union consent was vital in a reform process carried out under democratic rule. As a result, they were able to defend themselves against many of these proposals and achieve various other concessions in exchange for curtailing rank and file mobilization. Indeed, not only did unions prevent major changes to collective labor law, but

they also managed to enter new businesses in areas newly opened up by the marketization process, such as the purchase of privatized state assets or the control of employee share ownership programs (Murillo 1997, Etchemendy 2004a).

As noted above, the labor movement certainly did not emerge unscathed. Plant closures and privatization severely affected union density and market power. As a consequence of the structural changes in the period 1975-2000, unions in Argentina passed from representing almost the majority of the working class to representing around 50% percent of the working class (including state workers) in 2002, i.e. the now smaller formal sector of registered workers. The point, however, is that, *within that 50 percent*, union associational power (i.e. institutions that favor the bargaining position of unions, see Wright 2000) remained substantial.

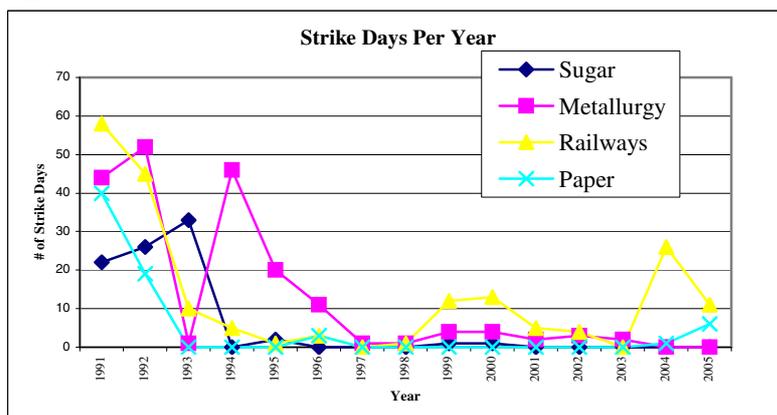
This preservation of associational power, albeit within a restricted constituency or what became only a part of the working classes, constituted essential resources that enabled unions to push forward their offensive in the period 2002-2006. The retention of mandatory coverage for non-unionized workers and the centralized framework made possible the resurgence of effective and sector-wide business-labor bargaining after 2003. The management of the workers health system, which unions were close to losing in the 1990s, showered the labor movement with resources once the system became profitable again after 2003. Unions have traditionally used those resources to enhance mobilization and build strike funds. Finally, as widely argued, neocorporatism rests on the capacity of national unions to enforce the agreements they reach with business and labor on the rank and file. The development of sectoral pluralism or company unions, as proposed by some government and business circles in the 1990s, would have seriously undermined centralized union power, therefore making current neocorporatist pacts more difficult. In short, union used institutional

resources preserved during the period of adjustment both to enhance their mobilization power and their capacity to foster centralized wage bargaining.

### *Sectoral Shifts and Labor Militancy*

The second aspect in which neoliberalism is said to reduce union power is in the productive shift away from sectors that are union strongholds into sectors with little union organization. Again, the reality of Argentina is more nuanced. Neoliberalism in Argentina entailed important sectoral shifts both within industry and away from industry to services, transport and energy. Within industry, the economic winners were the auto industry (which received a special tariff regime), pharmaceuticals, oil, gas and chemicals, and dynamic agro industry (especially oils and milk products) among others. Among the losers are the machine tools/metallurgic and the textile complexes, and the paper industry (Yoguel 2000, Gadano 2000). The data suggests, however, that these changes within industry and the relative growth of non-manufacturing sectors did not necessarily impair union organization and mobilization in general terms.

**Figure 9**

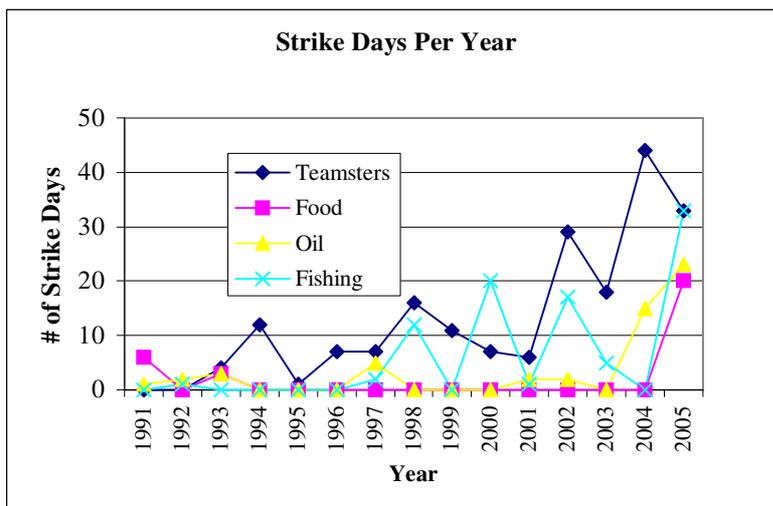


Source: Same as Figure 2 (see fn. 6) for all Figures in this section.

The sectors shown in Figure 9 were decimated by privatization and liberalization. The end of promotional regimes and the integration in Mercosur severely hurt the sugar and paper sectors. The sugar sector in particular had generated the most combative unions in the

periphery (FOTIA), home to militant Peronist and leftist tendencies. In the metallurgy sector, a powerful and centralized union in pre-reform Argentina had dared to defy Perón in the 1960s. It is a conspicuous example of a union hit by the import liberalization of the 1976-80 and 1990-99 periods. The railway union was also traditionally combative, and the sector was seriously harmed by closures and privatization. In sum sectors such as the metallurgic or textile complex and other declining industries, and state-owned companies, once strongholds of the Argentine union movement, have certainly suffered de-industrialization and demobilization. The shrinking of these industries, which was accompanied by sectoral unemployment and the dwindling of union resources, had an impact in their level of militancy.

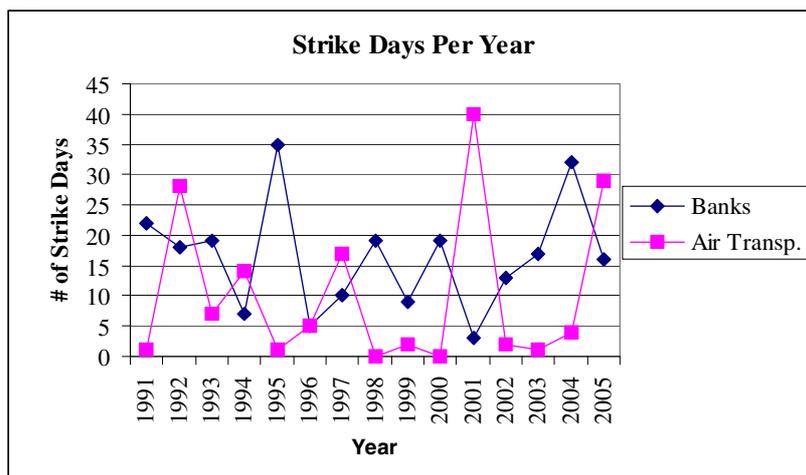
**Figure 10**



Yet, these sectors were replaced by other newly militant sectors, such as teamsters, private oil and gas, while other traditionally combative sectors, such as teachers, bank workers or air transport, have maintained similar levels of militancy. Indeed many of these sectors seem to have grown more combative *after* neoliberalism. The state oil union, SUPE, was the model of a union decimated by privatization and downsizing in the early 1990s. However, as FDI and the oil price spurred a boom in the sector, during the post adjustment period the union of private oil workers (almost irrelevant during ISI) expanded considerably.

The Federation of Private Oil and Gas Workers displaced SUPE in the sector to become the main protagonist of the resurgence of labor militancy in the oil industry in recent years. The fishing sector is an interesting example of a newly combative sector. Traditionally small in Argentina and difficult to organize due to its seasonal nature, it expanded in the late 1990s as a result of important inflows of international investment and became one of the most combative sectors in recent years. Similarly, the food workers union, historically quiescent and whose leader was closely allied with Menem in the 1990s, turned out to be one of the most combative unions in the wage negotiations of 2006, sponsoring mobilization and blockades to business facilities. In short, sectors that were unimportant and quiescent under ISI, and expanded their economic base with neoliberalism, seem to have been able to profit from unreformed, largely preserved labor institutions, to become the newly combative sectors in the period 2000-2006. In addition, some relatively militant sectors, which have undergone intensive adjustment, such as banking and air transport, have maintained levels of militancy in the last 15 years (Figure 11).

**Figure 11**



In sum, although the changes brought about by market reform weakened the labor movement in declining sectors and the working class as an aggregate, the labor movement gained strength and became more mobilized in other sectors. In this sense, the contrast

between the metal workers union and the teamsters, graphically illustrated in Figures 9 and 10 is telling. UOM, the metal workers union, was traditionally hegemonic within Peronist unionism, dominated the CGT, and performed as a showcase in sector-wide collective bargaining under ISI. Now the increasingly combative union of truck drivers (which was relatively marginal during ISI but benefited from both the expansion of road transport as a result of Mercosur and the shrinkage of state railways) seems to play a similar role. The teamsters union appointed the CGT general secretary, acted as the showcase sector in the 2006 wave of collective bargaining, and has exerted particularly effective lobbying under the Kirchner government.

### **The Immediate Causes: Changes in Labor Market Conditions and Pro-Union State Intervention**

#### ***Economic Growth and Tightening of the Labor Market***

Historically close to (though not fully a case of) a “full employment” economy under the ISI model, the Argentine labor market changed dramatically starting in the early 1990s. In this regard, the 2001 financial crisis provoked unprecedented unemployment levels of 21.5 percent in the first part of 2002. Yet, when growth resumed, employment creation increased by 16 percent between October 2002 and December 2004, including both private sector and state employment programs (Beccaria et al 2005), and unemployment fell to 11.4 percent in the first quarter of 2006.

Labor market tightening and economic growth obviously helps union revitalization for both economic and political reasons. When employers need more labor it is easier for unions to push up wages and foster industrial action. Politically, when workers perceive that employers are hiring, the risks of massive layoffs are lower, and the media refer to “Chinese” rates of growth, their frame of mind is affected. Those who had lost purchasing power may

think is time for industrial action. Union leaders may feel more pressure from below and seek to improve income distribution. Indeed, the idea of “sharing the benefits of growth” became common language among union leaders after 2003.

It could be argued, however, that 11.4 percent unemployment is still relatively high by world standards and that therefore labor market tightening should have only a limited impact on union labor market power. However, though one can only speculate on this point, there are reasons to suggest that the unprecedented levels of poverty and pauperization triggered by market reforms and the 2001 crisis built barriers between the formal and informal sectors that, in practice, reduced the “reserve army” for employers. It is hard to deny that the extended period of pauperization of important segments of the working class has affected general skill level of workers and their qualifications for the labor market. Surveys of recipients of the most important employment programs, the Head of Households Plan, for example, show that an entire generation of the unemployed has been left out of formal circuits of education and employment (see Cortes et al. 2002). Though not skilled by contemporary industrial standards, jobs in many sectors that led union resurgence, such as autos, subway or oil, require a minimum of training that excludes and disqualifies these segments of the population. Therefore, it is plausible that a good part of the informal sector and the unemployed do not constitute market competition for these economically privileged workers, and that the position of the latter benefits from this the social wedge and insulation.

### ***Pro-Union State Intervention***

The increase in union activity after 2002 was linked not only to labor market conditions. Politics also entered the equation. The Kirchner government that took power in May 2003 had two distinct features. First, it embraced an anti-neoliberal discourse that repudiated the adjustment policies prevalent in the 1990s. Second, Kirchner was initially a weak president, who had won only 22 percent of the votes in the first round and who was

deprived by the withdrawal of Menem, the other main candidate, of winning a majority in a runoff election. Given this low level of legitimacy, the administration sought the support of social groups that would share its anti-neoliberal critique. Organized labor was ready to occupy that place. The alliance between Kirchner and the CGT was formalized on May 25<sup>th</sup> 2006 when the President called for a large demonstration to celebrate his third anniversary in power, and the CGT unions supplied the bulk of the lower-class support in the streets. Instances that show the solid alliance between the Kirchner government and the CGT abound, for instance, during 2006 the CGT openly supported the government in the advent of a rural business lock out and, more recently, the government announced an increase in family allowances in a press conference jointly held with the CGT leader.

Two concrete measures of the government were particularly helpful in fostering the post-reform, post-crisis pattern of unionism: wage policy and policy toward industrial conflict. For the first time since the reforms, the administration resumed intervention in wage policy through decrees that stipulated nominal increases of a fixed sum in the private sector and raised the minimum wage twice. These had two important consequences. Most obviously, the government directly helped organized labor preserve real wage levels. Second, government policy had broader ramifications that stimulated business-labor bargaining. In Argentina, administrative wage increases legally affect the “basic” (i.e. floor or bottom) wage established in the collective contract of every sector or productive activity. The issue is important, because many supplementary payments (such as extra time, seniority, productivity and other bonuses) are stipulated as a percentage of the basic wage in the collective contract. Consequently, when the wage raise is included in the sectoral contract (which must occur sooner or later), it becomes significantly more onerous for employers. Hence, when the government adopts this type of wage policy, unions and businessmen are forced to discuss the modality and timing in which the corresponding wage increase will become part of the

sectoral contract, and incentives are thereby generated for collective bargaining and potential industrial action. Moreover, Marshall and Perelman (2004) argue that the absence of negotiations on basic sectoral wages during the 1990s diminished the role of central unions in favor of local agreements according to productivity criteria, and opened the way to wage dispersion. The resurgence of negotiations of basic wages per sector, has, therefore, revitalized national unions and would arguably counter wage dispersion.

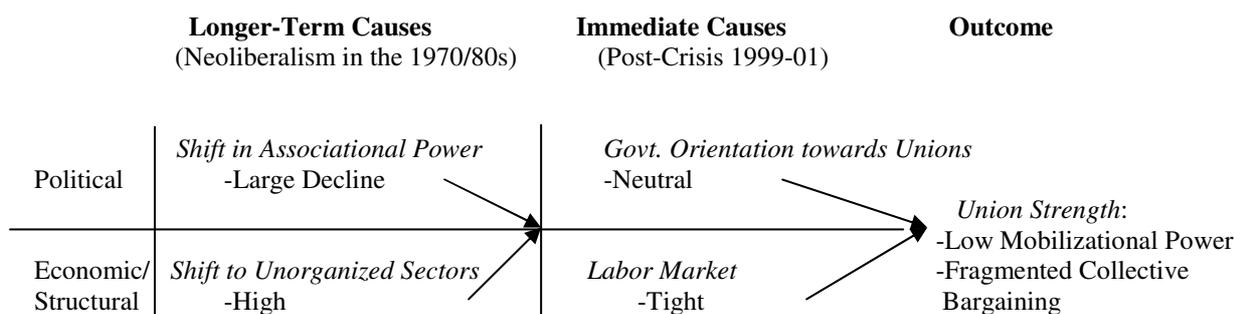
In addition to a wage policy that stimulated collective bargaining and attempted to preserve real wages, the second effect of a labor-courting government was its lenient position toward industrial conflict. In Argentina, the government has the right to call for “mandatory conciliation” in cases of labor conflict, thereby ending direct action and forcing the resumption of negotiations. Yet, especially in the period 2002-2005, in order to give more leeway for union protest, the government was often reticent to call for mandatory conciliation. Moreover, as part of a general strategy quite tolerant of social conflict after the crisis of 2001, the government was reluctant to use state force against labor protests or demonstrations. Toward 2006 the Ministry of Labor became more concerned with the consequences of industrial conflict for government inflation targets and intervened more to appease unions. Overall, when unions defied business in the period 2002-2006, the passive (and even friendly) attitude of the government was notable.

### **Chile as a Contrast Case**

Chile constitutes an interesting case for drawing an informal comparison.<sup>12</sup> Like Argentina, Chile is an example of radical neoliberal implementation in Latin America and also suffered important degrees of de-industrialization. Also like Argentina in early 2002, after the crises of the early 1980s and the collapse of a fixed exchange rate Chile opted for a model of growth based on a depreciated exchange rate that favored industrial exports but also

implied a decline in real wages. In Chile, however, unions and workers have performed quite poorly on the two dimensions of post-reform resurgence that we noted for Argentina: union-led industrial action has been minimum and collective bargaining remains restricted in terms of coverage, and quite decentralized. Plus Chilean labor has been unable to reform the neoliberal labor code and restore or introduce the collective rights preserved by the Argentine labor movement. In short, the post-reform period has witnessed further fragmentation of labor interest intermediation rather than the surge of neocorporatist practices that we noted for Argentina.

**Figure 12. Causal Sequence of Post Liberal Union Decline in Chile**



In fact, in Chile the longer-term factors operated in a different, inverse way, as did the post-reform role played by a government led by the traditionally union-affiliated parties (Figure 12). In contrast to Argentina, where reform was carried out by a democratic government, the Chilean unions, far from being able to extract concessions during the reform process, were repressed by the authoritarian government. Unions were unable to preserve their associational power, as the government reformed the labor code and imposed an unprecedented commodification of formal-sector labor. Dismissal costs were reduced to a minimum or eliminated, strikes were severely limited, bargaining other than at the plant level was made illegal, contracts covered only bargaining unions or groups, and the requirements for forming company unions were eased, triggering the fragmentation of the labor movement.

From this starting point during the reform period, the subsequent changes in labor legislation introduced under democracy and the Concertación government, as Barrett (2001) and Frank (2004) have argued, have been mostly cosmetic. In addition, the sectoral shift in Chile that accompanied market reform has been very different from that in Argentina, in that the most dynamic sectors that emerged with neoliberalism were those linked to natural resource exploitation, such as paper pulp, fish meal and fruit products. These were sectors that proved very difficult to unionize.

Arguably both factors, labor law deregulation and the particular form of sectoral shifts, seriously hindered the prospects of organized labor in the post-liberal and democratic setting in Chile. The limits on strike activity and on collective bargaining above the plant level have deprived labor of important tools for both mobilization and collective bargaining. Moreover, as the recent volume compiled by Peter Winn (2004) has shown, the rise in production in sectors based on natural resources exploitation resulted in complex dilemmas for labor. Industries like forestry, wine, fishing and fruit growing have a seasonal nature and are filled with temporary jobs. Many of its workers are, therefore, extremely difficult to organize. Indeed, unlike post-crisis Argentina, temporary contracts and subcontracting increased steadily in post-Pinochet Chile. Indeed, according to the data presented by Haagh (2002) and Frank (2004), strikes and unionization rates have been diminishing since 1991, and collective bargaining coverage remains very limited and even decreased in the period 1991-2000.<sup>13</sup>

Also, of the two immediate factors that explain union resurgence in Argentina, Chile enjoyed only one: a tight labor market has that resulted from the growth that resumed after the 1999-2000 crises. Even the leftist governments of Lagos (see Frank 2004) and Bachelet have abandoned organized labor as a constituency. Only the mining sector seems to be undergoing political activation, originating in tighter labor markets and higher copper prices

after 2005. However, the recent copper union resurgence does not seem to be part of a general wave of union mobilization and collective bargaining expansion of the type we describe in Argentina for the period 2002-2006. In short, though both Argentina and Chile underwent radical economic reform and adjustment, only the former, where regulatory changes and sectoral realignments under neoliberalism did not decisively undermine the union movement, and where a pro-union government took power after the 1999-2001 crises period, witnessed labor resurgence in a neocorporatist form.

### **Conclusion: Dilemmas of Working-Class Representation in a Post-Reform Society**

It is commonly argued that market reforms and deindustrialization greatly weakened the organized labor movement in Latin America. Yet, the Argentine case has witnessed post-reform resurgence in terms of mobilizational power and neocorporatist arrangements of even a relatively diminished union sector. We have argued that this resurgence of trade unionism is related to the advent of a pro-union government and the tightening of the labor market in recent years. Yet, the effect of these immediate causes depended on longer-term processes, specifically the structural and institutional legacy of market reforms. If neoliberalism in Argentina, in addition to fragmenting the working class through informalization and unemployment, had more thoroughly dismantled the associational power of labor or triggered sectoral shifts inimical to union organization, the resurgence of unions even in the more favorable economic and political context of recent years would have been less likely or taken a shape quite different from the “neocorporatist” pattern now in place. The Argentine case confirms Silver’s (2003) more general assertion that, rather than optimism or pessimism regarding labor’s fate in the new global era, one should bear in mind that every historical capitalist stage generates, with different timing and geographical locations, contradictory

pressures for both labor commodification and union activation. It further points to the importance of politics in intermediating the effects of economic reform on union power.

The informal and brief comparison with the Chilean highlights the way different *reform politics* and different *post-reform politics* brought about different outcomes in terms of labor resurgence, although differences in sectoral shifts were also important. In Chile authoritarian neoliberalism imposed labor deregulation, and, subsequently, the democratic governments of the Concertacion had little incentive to seek organized labor as an important constituency. In Argentina, by contrast, a reform process under a democratic regime preserved the associational power of unions to a greater extent, and subsequently a populist/leftist (and initially weak) government courted unions from the outset. As a result, labor resurgence in a neocorporatist form has occurred in Argentina, but not in Chile, where the labor movement has been decentralized and thereby fragmented. Indeed, in Argentina the distribution of benefits of post-reform growth came to be discussed in a neocorporatist pattern of decision-making.

The development of neocorporatist arrangements in Argentina in recent years is remarkable for two reasons. First, the recent tripartite peak agreements on wages, bolstered by centralized labor organizations and a pro-union government that organizes the space for concertation, resemble the neocorporatist arrangements frequent in continental Europe in the 1970s and 1980s. In fact, as in the paradigmatic cases of Europe (see Cameron 1978, Katzenstein 1984), neocorporatism has been used as a mechanism to moderate distributive struggles in an increasingly open economy. In Argentina, however, the tripartite negotiations that give labor a seat at the table are more limited (in the sense that they primarily concern annual wage adjustments rather than broader macroeconomic issues) and recent wage agreements have been paralleled by bilateral government-business pacts on maximum prices in each sector. Thus, the government has administered the main prices in the economy

through tripartite pacts on wages as well as through bilateral agreements with business, with the goal of controlling inflation. Nevertheless, in many ways these modes of economic exchanges present in Argentina after 2004 more closely resemble the coordinated political economies of Continental Europe than the liberal market economies of the Anglo Saxon world.

Second, Argentine unions play a new role in the neocorporatist model, acting as a moderating force in the economy. These neocorporatist arrangements depart from the populist mode of union intermediation in Argentina, in which genuinely tripartite peak-level agreements on wages were historically rare. Unions (whether as a result of pressures from below or national leaders' political strategies) traditionally used centralized wage bargaining as a mobilizational and political tool, particularly in the politicized contexts of the 1973-76 and 1986-88 rounds, and these agreements were not ultimately ratified by business associations. In the last waves of wage bargaining, by contrast, organized labor engaged in cooperative negotiations with both the government and business associations to implement anti-inflationary goals. The new role of unions was underpinned by the same factors that historically buttressed neocorporatism in Europe: an open economy, a friendly and pro-labor government, and compensations to organized labor in alternative institutional arenas. In addition, the more general macro changes (i.e., fragmented labor market and union displacement from the center of the party system) have certainly not precluded the re-emergence of unions as important actors in the political economy, but have curtailed organized labor's larger political role and their capacity to exert inflationary pressures.

Another important difference between the neocorporatist pattern associated with labor resurgence and the traditional way in which the Argentine labor movement was inserted politically is that unions no longer play a quasi-universalistic role as agents of the working class. Argentine trade unionism now represents around half of the working classes. Indeed,

some union demands may enter into contradiction with the weakest and poorest sectors of the lower classes. For example, the successful fight of relatively high-income workers to pay lower payroll taxes may result in fewer resources for social policy targeted at the extreme poor or the informal sector.<sup>14</sup> Unions' fight for the expansion of unemployment insurance or family allowances (which targets employed, registered workers) may be in contradiction with the demands of the unemployed for the enlargement of employment programs.

In sum, the demise of the inward-oriented economic model in the late 1980s has turned Argentine mainstream unions, more than ever, in agencies that simultaneously foster social equality and inequality. During the 1990s mainstream union leaders managed to preserve associational power at the cost of permitting (if not endorsing) layoffs and downsizing. More recently they have promoted some degree of equality because, had it not been for the recent resurgence in union activism, a greater proportion of the benefits of current growth in Argentina would have likely stayed in business hands. Yet it is only a fraction of the Argentine working class that is able to discuss income redistribution to the extent that few of its counterparts have managed in the rest of the continent in recent years. Thus, labor resurgence in post-reform Latin America may be possible if some constraining structural and institutional conditions are met. Even then, careful and balanced public policies which aim at preserving the associational power of unions to discuss benefits and contain inflation, but at the same time encourage the social inclusion of the marginalized informal sector, are needed to help improve levels of social equality.

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<sup>1</sup> See *Página 12*, 2/11/05.

<sup>2</sup> See *El Cronista Comercial*, 5/11/06.

<sup>3</sup> Author interview with a high-ranking official at the Ministry of Labor, May 2006.

<sup>4</sup> For a more recent view in this “pessimistic” vein see Wallerstein and Western 2000.

<sup>5</sup> CISI (Independent Social Research Consulting) is an independent organization that has been measuring strike activity and other forms of social contention in Argentina since 1991. Its database is built based on six national newspapers, *Clarín*, *El Cronista Comercial*, *Crónica*, *La Nación*, *Página 12* and *El Diario Gremial* (a journal

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devoted to union-related news). Though obviously not perfect (many conflicts might not reach national media), newspaper-based measuring of labor conflict is increasingly common in labor studies, see for example Silver 2003.

<sup>6</sup> For different accounts of surge of the unemployed movement in Argentina see Garay 2007, Svampa and Pereyra 2003 and Delamata 2004.

<sup>7</sup> The source is the newspaper-based CISI database cited in footnote 5. In the database *union-led conflict* or *labor conflict* involves 1) strikes 2) union street demonstrations, 3) union formal “alert” declarations 4) workplace seizures 5) union-led road or street blocking, or workplace assembly 6) other forms of protest such as factory access blocking or workers chaining to facilities. *Non-union social conflict* involves every street demonstration or disruption by any group be it an organization of the unemployed, a neighborhood association, political party or group, a student organization etc.

<sup>8</sup> Data from data from the National Institute for Statistics, Ministry of the Economy, Argentina, [www.idec.mecon.ar](http://www.idec.mecon.ar)

<sup>9</sup> To our knowledge, this is the first time that decentralization on the labor side has been measured in Argentina.

<sup>10</sup> In practice, through special bonuses and fixed sums the wage increase in many sectors (often those associated to the export economy) suppressed the 19 percent cap.

<sup>11</sup> For example, the 2004 labor reform that reverted trends in individual flexibilization and reinforced the position of national/sectoral union leaders vis-à-vis local unions in collective bargaining, and a series of pro-labor initiatives that originated during 2005 and 2006 in the union-controlled Labor Law Committee of the Chamber of Representatives, can be taken as part of this broader political exchange. The leader of the CGT also was given the control of the Office of the Health System, which oversees the workings of the union-run system of social welfare funds.

<sup>12</sup> For a methodological justification of “informal” comparisons within case-studies, see Gerring 2004.

<sup>13</sup> According to data supplied by Frank (2004, Tables 1 and 3), the number of strikes per year has consistently diminished in Chile after democratic transition, going from 224 and 247 in 1991 and 1992 to 108 and 125 in the years 1999 and 2000. The percentage of workers covered by collective bargaining diminished from a peak of 6.4 of the waged labor force in 1991 to 3.1 in 2000.

<sup>14</sup> For a comparative assessment of the different logics of interest representation in the unionized formal sector and the newly expanded informal sector in Latin America see Collier and Handlin 2005.