

CHANGING LATIN AMERICAN LABOR RELATIONS AMIDST ECONOMIC AND POLITICAL LIBERALIZATION

Edward C. Epstein
University of Utah

- LABOR MOVEMENTS AND DICTATORSHIPS: THE SOUTHERN CONE IN COMPARATIVE PERSPECTIVE.* By Paul W. Drake. (Baltimore, Md.: Johns Hopkins University Press, 1996. Pp. 253. \$47.50 cloth, \$15.95 paper.)
- STATE, LABOR, CAPITAL: DEMOCRATIZING CLASS RELATIONS IN THE SOUTHERN CONE.* By Paul G. Buchanan. (Pittsburgh, Pa.: University of Pittsburgh Press, 1995. Pp. 395. \$49.95 cloth.)
- EL SINDICALISMO MEXICANO FRENTE A LA RESTRUCTURACION.* By Francisco Zapata. (Mexico City: Colegio de México and the Instituto de Investigaciones de las Naciones Unidas para el Desarrollo Social, 1995. Pp. 179.)
- ORGANIZING DISSENT: UNIONS, THE STATE, AND THE DEMOCRATIC TEACHERS' MOVEMENT IN MEXICO.* By Maria Lorena Cook. (University Park: Penn State Press, 1996. Pp. 359. \$55.00 cloth, \$19.95 paper.)

Over the last two decades, much academic writing on Latin American political economy has focused on parallel economic and political tendencies toward liberalization.¹ Most governments in the region sought to shift their economies away from the old import-substitution model of industrial-led growth in highly protected domestic markets. The result by the early 1990s was usually some form of export-oriented growth complemented by foreign competition and external investment in which market forces typically supplanted state decision making on allocating resources. These kinds of economic changes were accompanied by pressures for democratization in most countries that had experienced some form of authoritarian politics. Less clear was the degree to which some of the newly elected governments constituted authentic democracies that would be genuinely responsive to their citizens.

Increased liberalization has had a dramatic impact on trade unions

1. For an account of these changes that compares Latin American and Asian cases, see Haggard and Kaufman (1995).

in Latin America. The four books under review here touch on aspects of this topic for particular countries at specific moments. Paul Drake's study deals with labor's reaction to what he calls "capitalist authoritarianism" and its ultimate decay in the three Southern Cone countries of Uruguay (1973–1985), Chile (1973–1990), and Argentina (1976–1983). He also presents comparative material on four precursors: Brazil (1964–1985), Portugal (1926–1974), Spain (1939–1975), and Greece (1967–1974). Paul Buchanan's monograph analyzes the prospects for democratizing class relations in Argentina, Brazil, and Uruguay via various efforts at social concertation under the first democratic governments immediately following the authoritarian regimes in those countries. The remaining two works deal exclusively with Mexico. Francisco Zapata discusses the effects on labor of efforts by the administrations of Miguel de la Madrid and Carlos Salinas de Gortari to adjust to the debt crisis and the neoliberal economic restructuring that followed from 1982 to 1994. Maria Cook focuses on the possible success of internal efforts at democratic reform within the Mexican teachers' union from the late 1970s to the early 1990s, under what she characterizes as an authoritarian political system.

All four books discuss how the trade unions of the countries involved have had to deal with national policies carried out by each state.² Even when an author includes explicitly subnational case material (as does Cook), such policies are still viewed as originating at the national level. Curiously, international factors receive only secondary attention from these analysts.

In reading these works, one notices particular value perspectives that influence how each writer addresses the events under study, sometimes presented fairly openly, sometimes less so. Like a good part of the literature on democratic transitions in Latin America (such as O'Donnell, Schmitter, and Whitehead 1986), Drake's study stresses elite behavior at the expense of ordinary interest-group members. When he discusses a labor movement, the decisions of its leaders seem to take precedence in determining union collective action over those of the rank and file. Buchanan's personal preference for social democracy as opposed to a more restricted political democracy seems obvious. It leads him to consider concertation as the best possible institutional outcome for resolving inevitable class conflicts in a situation where class compromise is needed to achieve the kind of democracy he prefers. The fading attention given in the literature to social concertation in recent years, in comparison with the middle to late-1980s, may suggest that Buchanan's enthusiasm could be perceived as somewhat unrealistic, given the international pressures of globalization

2. For a discussion of trade-union relations with the state, see the various country chapters in Epstein (1989).

now undermining the domestic bargaining power of organized labor throughout the hemisphere.

The Zapata and Cook books diverge in how they depict trade-union leadership in Mexico. Cook emphasizes particular cases in which splits among the political elite governing the country allowed more democratic regional representatives of workers to protest government policies and the national teachers' union hierarchy supporting them. This union is tied to the bureaucracy of the Confederación de Trabajadores Mexicanos (CTM), depicted as largely co-opted and oblivious of the wishes of most Mexican workers. Such examples of union democracy seem to be ones approved of by Cook. Zapata, however, presents the national CTM leadership with its close ties to the ruling Partido Revolucionario Institucional (PRI) as more benign. While he acknowledges a sharp deterioration in real earnings since the beginning of the debt crisis, Zapata views CTM officials as having negotiated a trade-off for workers in expanding government social services and state-level employment.

Themes in Labor Studies

One topic addressed by Drake's *Labor Movements and Dictatorships: The Southern Cone in Comparative Perspective* is the changing role of organized labor in national politics, especially the role of workers during regime change: either from some kind of democracy (often populist in nature) to a military-imposed authoritarianism, or more recently, a change in the opposite direction, from a dictatorship to something more democratic. Drake's coverage of these transitions in the four Latin American cases discussed reflects a comprehensive reading of the literature. His citations seem unusually broad in English-, Spanish-, and Portuguese-language books and articles. As a result, Drake's work makes an excellent introduction to the topics discussed and offers many relevant sources for anyone seeking an informed overview.

Drake's account of authoritarian transitions stresses how the trade unions and the political parties allied with them suffered brutal repression and a steep drop in real income under regimes that were politically sympathetic to the major business interest groups. These groups typically gained from the resulting income concentration generated by the high inflation that preceded such bureaucratic-authoritarian coups. Once the military seized power, workers were forced to pay a disproportionate share of the cost of attempts at price stabilization. Drake distinguishes what he calls "containment coups" against relatively weak labor movements in Brazil, Portugal, and Greece from "rollback coups" intended to undermine stronger union movements in Uruguay, Chile, Argentina, and Spain (p. 33). In the containment coups, where the unions seemed less threatening to the elite, repression tended to be milder. Labor control took a state corporatist

form meant to facilitate labor peace as part of a model promoting domestic import-substitution industrialization. But in rollback coups, where labor was seen as more dangerous, the military governments let market forces discipline workers by means of economic policies that deemphasized industrial deepening (or even promoted a limited deindustrialization) in a pattern of growth now due to more open foreign trade often based on exporting raw materials (pp. 33–34).³ The debt crisis of the early 1980s tended to lead back to higher unemployment and relative growth in jobs in the service sector. Politically, labor was perceived by its enemies in the traditional elite as having played a role along with its party allies in precipitating these coups by sustained pressure on the administration in office for salary hikes that worsened economic difficulties.

The pattern that Drake sketches here for democratic transitions follows that of Samuel Valenzuela, among others (see Valenzuela 1989). After initial mobilizations protesting the dictatorship mounted by working-class citizens and others (made possible by political liberalization under the previous administration), the unions yielded their central role in the struggle to political party allies. In the moment preceding the end of open military rule, labor was seen as exhibiting a high degree of prudence, moderating its demands so as not to risk the ultimate handover of the government to democratic forces, which won the elections eventually agreed to by the armed forces. Drake concludes, “In all of our cases, unions progressed from near muteness under the triumphant dictatorships to mobilization as the regimes lost power, to relative restraint during the delicate stages of redemocratization, and finally to renewed assertiveness under the restored democracies” (p. 49).

In trying to generalize in *Labor Movements and Dictatorships*, Drake sometimes fails to describe accurately all the cases he has chosen. Part of his problem is that he is imprecise about whether his characterization of the labor movement is meant to describe the entire movement, or to be more relevant to the predominant leaders of a particular national labor confederation, or to account for labor elites as a whole rather than the entire rank and file. According to my understanding of events, the moderation that Drake ascribes to organized labor to avoid jeopardizing a democratic transition best fits Chile, a case that Drake knows well (p. 141).⁴ The Argentine experience is somewhat more debatable, as portions of a splintered labor movement participated in mobilizational activities in the period following the collapse of the military government of Leopoldo Galtieri, precisely

3. Curiously, one case omitted from discussion here was the earlier dictatorship in Argentina (1966–1973), which does not fit Drake’s pattern of nonindustrial growth in which labor was relatively strong and well organized.

4. Even for Chile, one is not sure how well the description of renewed assertiveness fits labor behavior in the new democracy of the 1990s.

when a more prudent response was supposed to have occurred. But unlike the situation in Chile where the military allowed a transition under rules of its own making, the Argentine officers were hopelessly divided and were forced to withdraw from power following the Malvinas/Falklands debacle. In the Uruguayan transition following the 1984 elections but prior to the assumption of office by the new government headed by Julio Sanguinetti, strike activity increased noticeably, including the first general strike since 1973.⁵ Thus even in a carefully nuanced account of union activities such as Drake's, generalizing about all the cases being surveyed is tricky. Sometimes a debatable point that he makes in generalizing receives more accurate statement in the country chapters of his book.

A second theme of interest in this review is the role of social concertation as a possible mechanism for resolving class conflict and achieving institutional integration for workers within a more democratic society. In *State, Labor, Capital: Democratizing Class Relations in the Southern Cone*, Paul Buchanan makes a considerable effort to argue in favor of what Adam Przeworski has called "democratic class compromise" (p. 25). Buchanan views the structural conditions of a democratic transition with a deteriorating economy that were commonly found by the beginning of the debt crisis in 1982 as inducing capital and labor alike to accept some kind of concertation as "a second-best outcome." In such situations, Buchanan posits, the "unfettered pursuit of unilateral preferences" is likely to induce "mutually negative consequences" for both social-class groups and their organizational representatives (p. 44). Going one step further, Buchanan argues that only through pacts could democratic consolidation occur in the new elected government following the end of "the authoritarian capitalist regime," given the context of the severe economic crises of the 1980s.⁶ He explains, "for democratic consolidation to occur, the State and sectoral groups must be included in—and more important, mutually bound by the decisions of—an institutionalized framework for conflict resolution" (p. 40). Buchanan believes that national-level collective bargaining by a single dominant labor group and capitalist corporatist groups in structures sanctioned by the democratic state requires a class-neutral government to guarantee the process. In contrast to the preceding authoritarian regimes, the new governments must "humanize the national capitalist system" and give it the legitimacy needed under more democratic conditions (p. 42). Buchanan thinks that both labor and capital might be willing to make the sectoral concessions required under such concertation in return for the cer-

5. For Uruguay, see Buchanan (p. 235). At the same time, once the Uruguayan democracy was underway, union strike activity gradually declined. On the years 1985–1987, see Buchanan (p. 353, n. 57).

6. Buchanan's definition of democratic consolidation as requiring the institutionalization of concertative mechanisms could be considered close to tautological.

tainty, predictability, and security achievable through the institutionalization of regular collective bargaining (p. 49).

Buchanan's theoretical argument occupying the first quarter of his book specifies risks facing concertation-style negotiations, such as a possible lack of class unity, non-neutral use of the state for partisan purposes, and the difficulties of finding negotiated solutions to systemic economic problems like unemployment, the lack of domestic demand, foreign debt, disinvestment, and high inflation (p. 44). Buchanan's basic premise is that effective concertation is needed for genuine consolidation of democracy and is possible.

Nevertheless, the three country experiences that Buchanan relates in *State, Labor, Capital* show only the Uruguayan case coming close to meeting his expectations.⁷ On Brazil, Buchanan relates how the first tripartite meetings under the José Sarney administration in late 1986 and early 1987 soon collapsed when the more radical labor confederation, the Central Unica dos Trabalhadores (CUT), decided to boycott them (p. 178). He says little more about concertation in Brazil but presents considerable information about the national labor administration. The failure of Argentine concertation under the administration of Raúl Alfonsín receives a more analytical account that links its ineffectuality to state weakness in enforcing any agreement. Buchanan sees this condition as encouraging both labor and capital to opt for "maximalist demands" that are impossible to reconcile. External economic constraints and the partisan nature of the rivalry between the Peronist Confederación General de Trabajo (CGT) and the Radical Party government made concertation unworkable in Argentina (pp. 152–53). More successful Uruguayan experimentation with concertation has been discussed by Buchanan and others, including Drake. Although Buchanan and Drake utilize many of the same bibliographic sources, their characterizations of Uruguayan success differ due to varying definitions of concertation.

Drake focuses his attention in *Labor Movements and Dictatorships* on political concertation among various social groups in terms of broad agreement on minimum goals for the new democratic government to be headed by the Colorado Party through its Concertación Nacional Programática (CONAPRO). According to Drake, although "these conversations served to reassure capitalists that the change of political regime would not alter the rules of the economic game . . ." they "produced no firm accords . . . [except] some understandings between capitalists and workers, and between the leaders of business and labor and those Colorados who would soon be making government policy" (p. 108). Drake stresses instead the accord be-

7. I would have been interested in knowing how Buchanan might have described the Chilean experience with democratic social concertation from 1990. For a pessimistic recent account, see Espinosa (n.d.).

tween the political parties themselves and the military, the Pacto del Club Naval that set the terms for the actual transition.

Buchanan, in contrast, concentrates in *State, Labor, Capital* on the arrangements that institutionalized collective bargaining, which followed from details of CONAPRO. They continued throughout the Sanguinetti administration (1985–1990) and were organized via the Consejos de Salarios. Only at times did such institutionalization follow strictly the initial agreements set up by the Ministry of Labor at the outset of the Sanguinetti administration. Labor frequently sought to modify the rules for collective bargaining by taking advantage of their informality. As Francisco Pucci described the situation, “The ambivalence of the system of negotiation set up was perhaps the necessary requisite that assured both sectors—unions and businessmen—a potential margin of maneuver from which to influence things in favor of their interests” (Pucci 1992a, 109). Those who have examined the results of the workings of the Uruguayan salary councils have verified that they increased real income for private-sector workers and thereby fostered labor peace.

But even if the Uruguayan case exemplifies the successful use of concertation mechanisms in an initial post-authoritarian government, as Buchanan argues, signs were emerging by the beginning of the following administration, led by Luis Lacalle (1990–1995) and dominated by the more neoliberal wing of the Blanco Party, that this situation might change (Notaro n.d., 14–15; Pucci 1992b, 11–12). With increased pressure on the Uruguayan government to transform its collective bargaining to conform to the wishes of big business in an era of globalization, it seems uncertain how long the unions and their political allies will be able to resist such pressures. Experiences elsewhere show that global integration (including MERCOSUR) has led to a weaker political position for organized labor and a consequent deterioration in matters like job security.

Francisco Zapata’s *El sindicalismo mexicano frente a la restructuración* considers how the kind of neoliberal reforms now so common in Latin America have been affecting labor in one country. The Mexican government’s conversion to free trade and an open economy under NAFTA has undermined much of the political influence of the Mexican union movement. As the country adjusted its economy to the effects of the debt crisis (1982–1987), labor policy became increasingly subordinated to decisions made by the Secretary of the Treasury. Labor Secretary Arsenio Farrell Cubillas, who served for ten years under de la Madrid and Salinas Gortari, played a significant role here. Real wages fell during most of the 1980s. Better-paying jobs that were disappearing in large industries were replaced in part by new jobs in poorly paid domestic services and the informal sector. According to Zapata, the economic restructuring that took place from 1988 to 1994 brought “an anti-union offensive” (p. 22). Strikes begun in strategic large companies were used by the government as an excuse to force

through sharply modified new contracts in which management was typically given more discretion in organizing the work process and the unions were left with less input. In important companies that were to be privatized, the new labor contracts were made more flexible as to work conditions, with the union leaders' power over their members reduced in terms of influence in the internal and external job markets. As Zapata comments, "In effect, technological modernization, job dismissals, revision of collective contracts, and restructuring of companies have resulted in losses at the margin of the unions' power to negotiate" (p. 143).

Simultaneously, organized labor lost considerable access to state decision making. The traditional role enjoyed by the official unions as the representative of many strategically placed workers before the state was eroded as a result of conscious government policy (p. 75). The Secretary of Labor even went so far as to try to strengthen traditional rival national labor groups like the *Confederación Revolucionaria de Obreros y Campesinos* (CROC) and the *Confederación Regional Obrera Mexicana* (CROM) as alternatives to the long-dominant labor arm of the ruling party, the CTM (p. 81).

Zapata's discussion of a reduced role for the CTM leadership enlivens his account of the government's flirtation with and subsequent retreat from consideration of new labor legislation in the Salinas years. He stresses that the need for a united domestic front in Mexico during the NAFTA treaty negotiations with the United States and Canada as well as an awareness of CTM mobilizational capacity in the elections of 1991 and those coming in 1994 probably caused the Salinas administration to abandon its earlier willingness to consider an even more restrictive labor code in keeping with the new model of economic growth oriented toward export (pp. 132, 134).

Zapata's interpretation of recent Mexican labor relations highlights the existing contacts between the official corporatist unions of the CTM and the state. At one point, he suggests that while strikes elsewhere have been most likely to occur in moments of economic expansion when workers logically might push for an increased share of income, such logic in Mexico has been subordinated to the union leadership's appraisal of what the Mexican government will tolerate (p. 100). The corporatist ties binding most Mexican unions to the government via the official party since Lázaro Cárdenas governed in the 1930s have conditioned most aspects of labor relations in Mexico.

During the economic crisis of the 1980s, according to Zapata, the government was perceived as using the expansion of social services like social security and public education as trade-offs to compensate workers for deteriorating real wages (pp. 39, 153). The success of the concertation talks held during the de la Madrid administration, which culminated in the signing in December 1987 of the *Pacto de Solidaridad Económica* (renamed in

more recent versions the Pacto de Estabilización y Crecimiento Económico) allowed the administration to attain lower inflationary levels at last. Zapata views such concertation carried out under a less than totally democratic government as linked directly to existing corporatist structures and the pattern of state-union interaction that reflect Mexico's corporatist politics (pp. 149–50).

Such corporatism implies the continuing integration of unionized Mexican workers. Zapata largely discounts the possible growth of a serious autonomous union alternative to the CTM (p. 144). Mexican unions have suffered from recent structural adjustment and a decided cooling of relations due to official rethinking of the needs of continuing economic liberalization. But CTM leaders are perceived as unlikely to risk challenging the PRI and the Mexican state. In the last chapter of *El sindicalismo mexicano*, a note of caution emerges about Mexican social concertation (p. 153), which Zapata described earlier as the most successful in Latin America (p. 39).⁸ He also reports that social concertation “especially in the golden age of Stabilized Development played an important role in channeling worker demands” (p. 45).

Only at the end of the book does Zapata raise concerns about the usefulness of considering new organizational forms of worker representation (pp. 160–61). He also recognizes the tension in the workplace between a need for more democracy and the requirements of business for greater efficiency at all costs. One wishes that *El sindicalismo mexicano* had devoted more attention to such factors rather than seeming to accept somewhat complacently the ability of the Mexican political establishment to maintain its authoritarian control indefinitely, despite more recent events.

Maria Cook's *Organizing Dissent: Unions, the State, and the Democratic Teachers' Movement in Mexico* contrasts sharply with the overall approach taken by Zapata because of her desire to focus on how national or regional political change in Mexico has provided an opportunity for challenging the entrenched labor leadership of the largest single union in the country, the Sindicato Nacional de Trabajadores de la Educación (SNTE), along with its clientelist ties to the PRI. In the SNTE, dissident regional groups were able to take advantage of divisions among factions of the national political elite following the disputed 1988 elections in Mexico. Newly inaugurated President Salinas intervened in the union to replace its top leadership, as the dissidents had wanted (p. 271). Cook suggests that “environmental fac-

8. The talks that produced the Pacto de Solidaridad of 1987 were probably dominated by the Mexican government, with labor's input being somewhat ineffectual in the final results. This process may be compared with what Buchanan views as the failures of concertation in Argentina and Brazil. Zapata would agree with this assessment, but his optimism about what was actually produced that helped Mexican workers would benefit from more substantiation than he provides.

tors—especially the shape and location of political opportunities—are considered key in mediating between a discontented group and its ability to protest and organize as a movement” (pp. 29–30).⁹

In a sense, *Organizing Dissent* returns to the theme of democratic transitions raised by Drake, but it emphasizes the democratization occurring within regional components of a single important labor union. Cook seeks to understand how dissenting groups of teachers were able to achieve at least temporary regional autonomy from a national union oligarchy operating in an authoritarian political system.

National events like divisions in the party establishment and changes in state governors or parts of the labor bureaucracy resulting from elections provided the political opportunities for the emergence of a more representative union leadership among teachers in certain states. But only particular groups of union dissidents, like those in Chiapas and Oaxaca, were able to take advantage of such moments. Cook’s account suggests that the ability of these groups to mobilize large numbers of members in sizable ongoing demonstrations at the state and national levels gave them the presence necessary to gain official political recognition of their victory in state union elections (p. 45). Such mobilizational capacity, she argues, depended on the degree of member solidarity with state-level leaders, itself derived from rank-and-file participation in movement decision making (pp. 50–51).

Part of this success derived from union moderation. Of the six different regional groups of dissident teachers studied, those with a grassroots view of organizing and decision making and with more extensive rank-and-file organization may have been more successful in dealing with the political establishment because they tended to be more cautious and moderate in their strategy and in how they related to the national government and national union officials (pp. 161–62).

At the end of *Organizing Dissent*, Cook raises questions about the need for state-level teachers to strike an accommodation with the new Salinas administration (which was seeking new ties with selected social groups to increase its political support and strengthen its tarnished legitimacy). Did such accommodation mean concessions like demobilizing and distancing themselves from leftist radicals and the Cardenista Partido de la Revolución Democrática (PRD) that would inevitably weaken the internal union democracy on which the dissident teachers depended? Cook views the new union leadership officially recognized by the state as having to balance the interests of its members with pressure from the government to limit worker demands to a level congruent with the needs of a changing economic model of capital accumulation (p. 34). Under such conditions, the relations of parts of the teachers’ union with the Mexican state via the PRI

9. Cook’s theoretical framework, what she describes as “a political process approach” to social movements, draws heavily on the earlier work of Sidney Tarrow (1988, 1994).

corporatist structure are characterized by Cook as based on "an unstable equilibrium" subject to change. She suggests that the notion of corporatism traditionally used to explain regime stability, as in Zapata's account of Mexico and Drake's of Argentina and Brazil, can be used instead to explain changes in the regime and the labor movement (p. 34). The changes taking place in Mexico are clearly relevant to the rest of Latin America.

The four books reviewed here detail particular aspects of the economic and political changes that have affected certain countries in Latin America. If democratic transitions offer some possibility for organized labor and its political party allies to protest the current difficulties in improving the standard of living of working- and middle-class men and women, the economic conditions characterizing the new liberal changes and the resulting globalization seem to be major structural impediments that limit meaningful political reform for most workers and their families.

REFERENCES

EPSTEIN, EDWARD, ED.

1989 *Labor Autonomy and the State in Latin America*. Boston, Mass.: Unwin Hyman.

ESPINOSA, MALVA

n.d. "Concertación social en Chile: ¿Itinerario de un fracaso?" Manuscript.

HAGGARD, STEPHAN, AND ROBERT KAUFMAN

1995 *The Political Economy of Democratic Transitions*. Princeton, N.J.: Princeton University Press.

NOTARO, JORGE

n.d. "Las negociaciones colectivas en Uruguay, 1985–1990." Manuscript.

O'DONNELL, GUILLERMO, PHILIPPE SCHMITTER, AND LAURENCE WHITEHEAD, EDS.

1986 *Transitions from Authoritarian Rule: Latin America*. Baltimore, Md.: Johns Hopkins University Press.

PUCCI, FRANCISCO

1992a *Sindicatos y negociación colectiva (1985–1989)*. Montevideo: Centro de Informaciones y Estudios del Uruguay (CIESU).

1992b "¿Intermediación de intereses o conflicto privado?" Paper presented to the Latin American Studies Association, 24–26 Sept., Los Angeles.

TARROW, SIDNEY

1988 "National Politics and Collective Action: Recent Theory and Research in Western Europe and the United States." *Annual Review of Sociology* 14:421–40.

1994 *Power in Movement: Social Movements, Collective Action, and Politics*. Cambridge: Cambridge University Press.

VALENZUELA, J. SAMUEL

1989 "Labor Movements in Transitions to Democracy: A Framework for Analysis." *Comparative Politics* 21, no. 4 (July):445–72.