



Introduction

Labor Politics in Latin America

Conditions for workers in Latin America have undergone a sea change since the latter decades of the twentieth century. Starting with the rise of repressive dictatorships in the 1960s and 1970s, followed by the painful adjustment of the 1980s and the consolidation of structural change in the 1990s, workers in Latin America have seen both labor rights and living standards erode. In countries like Chile, the deterioration of labor rights was the result of the enactment of new, flexibilizing labor legislation. In others, like Mexico, the preservation of protective labor regulations was no match for the brunt of changing economic conditions. Early in the new century, several countries in the region veered away from these trends. Yet nowhere was the eroded political and economic power of workers and their unions fully restored.

Workers' rights, and the specific ways in which they had structured labor relations in many Latin American countries, became a critical subject of contention as consensus for the prevailing inward-oriented development strategies in the region unraveled. By the end of the 1980s, one of the central items in the reform agenda put forth by major international financial institutions (IFIs) for the region and elsewhere was precisely the need to "modernize" labor market institutions to make them compatible with more globally integrated production strategies. Moreover, institutions like the International Monetary Fund (IMF) and World Bank insisted on the basic neoclassical premise that unions, negotiating on behalf of workers for higher wages and more stable jobs, were not only an obstacle to

economic growth but also actually acted as barriers to the incorporation of larger numbers of workers into the formal economy.

Thirty years later, however, there seems to be some major rethinking about the soundness of this advice. Prompted by crisis and the stubborn malaise that has afflicted the global economy since 2008, IFIs have considerably revised their conception of labor flexibilization. The World Bank dedicated its 2013 *World Development Report* to the issue of employment and the potential of jobs for spreading the benefits of economic growth and, hence, reducing poverty (World Bank 2012). Equally relevant, Goal 8 in the United Nation's post-2015 Development Agenda affirms the need to "[p]romote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all" (United Nations 2015, 14). The International Labor Organization (ILO) responded to the threat of growing unemployment under the current global crisis with the adoption of a Global Jobs Pact, with the understanding that the challenge is not only to generate employment, but also to extend social protection and respect for labor standards (ILO 2010a).

Yet this change in orientation is nowhere more visible than in the IMF. After its long stand in favor of labor flexibilization, its April 2015 *World Economic Outlook* acknowledges that a study of 16 countries in the G20 failed to show any strong evidence linking labor market deregulation and economic growth (IMF 2015). This study follows another IMF publication that identifies the decline in unionization, one of the direct consequences of labor flexibilization, as the culprit for the growth of inequality in more developed countries (Jaumotte and Osorio Buitron 2015). The common theme in these reports is the IMF's recent preoccupation with the negative consequences of inequality for sustained economic growth (Dabla-Norris et al. 2015; Ostry, Berg, and Tsangarides 2014).

The reorientation of both social and economic policy in Latin America and economic consensus within major IFIs might point toward a new era in development thinking. However, the structural changes forced upon the economies of the region and their wide range of social, political, and economic consequences will not be easily reversed. Thus, notwithstanding the considerably more sympathetic view some governments in Latin America have exhibited toward the plight of workers in the new century, labor has maintained tense relationships with these administrations. Moreover, in addition to being weakened by labor reforms and deteriorating economic conditions, workers' organizations have been fragmented

under the weight of new trends—including increasingly precarious employment, more heterogeneous working classes, and shifting party alliances—emerging from a deeply transformed social structure.

Countries in the region embarked on the pattern of IFI-promoted labor reform because there was widespread agreement among policymakers that it could become an effective means to temper the power of unions at a moment when controlling economic demands appeared critical for the execution of structural reforms. However, the deep social, political, and economic dislocations resulting from the undermining of unions' power were at the core of the negative trends—particularly growing poverty and inequality—that ultimately prompted a broad rejection of structural reforms. And notwithstanding labor's enormous losses during this period and the marked heterogeneity of the political movements that responded to the neoliberal challenge, workers were certainly no minor force in the shift away from market-oriented reforms led by several countries in the region starting in the late 1990s.

Our book addresses the complex processes, myriad political motivations, and often insurmountable obstacles governments in the region have encountered in undertaking labor legislation reform, starting in the 1970s and continuing into the new century. This discussion of labor legislation places the state at center stage, revealing its critical, although not always coherent, role in molding the spaces where struggles between workers and their employers take place. Ultimately, our book assesses the capacity of working-class organizations to represent and advance working people's demands in an era in which capital has reasserted its power on a global scale. Our premise is that the longer-term sustainability of development strategies for the region is largely connected to the capacity of working-class organizations to secure a fairer distribution of the gains from growth. To begin to develop this argument, this introductory chapter presents our goals, explains the justification for the selection of our case studies, and provides a summary of the volume's findings and theoretical contribution.

Laboring in Latin America: Overview of the Project

Project Goals

Broadly speaking, we attempt to achieve three interrelated goals in this book. First, we seek to assess the capacity of working-class organizations

and workers to advance their demands and secure a more just distribution of the gains from economic development in an era in which capital has reasserted its power on a global scale. Second, we attempt to determine the factors that shape this capacity; in particular, we want to understand the causes and consequences of changes in labor movements and labor organization since 1990. Third, we attempt to evaluate the purported beneficial effects of making labor markets more flexible. In this regard, our objective is to go beyond a narrowly economic assessment to explain both the circumstances under which labor flexibilization has been implemented and to assess how this transformation has conditioned the potential of labor as a political force. In short, we seek to explain the variations in the adoption of flexibilizing labor reforms as well as the consequences for workers that these variations have produced.

Cutting across these three objectives is an enquiry about the specific connection between workers and the parties that either historically represented them or that emerged more recently in opposition to neoliberalism. This topic is particularly significant for us in this book, since this relationship conditioned the role labor movements have played in contesting, accommodating, and accepting changes in labor markets since the 1990s. The party-labor relationship has been the focus of a number of studies that have sought to account for the political variables that facilitated or obstructed reforms in labor regulation. Some of these contributions focused on the way in which party-union links worked to shape structural reforms generally and labor reform more particularly (Etchemendy 2004; Murillo 2001, 2005; Murillo and Schrank 2005; Paczyńska 2009). Other studies lent a more critical lens to labor reform as a political process through which governments strived to reconcile pressures for economic deregulation in the midst of the democratic expectations the downfall of authoritarianism generated (Bensusán 2006; Cook 2007; Roberts 2007a).

In our view, however, most studies on labor reform do not address in a fully satisfactory fashion the impact of the much wider structural and political transformations the region underwent at this time.¹ Moreover, as our discussion of specific cases shows, these transformations conditioned labor's response to governments in the post-neoliberal period as well. This is a subject that has received some attention, but much still remains to be explored.

These are the gaps our study endeavors to fill. It is our premise that it is only through an analysis of the complex set of factors that transformed

labor capabilities that a more productive enquiry into the position of organized labor in the process of labor law reform can be undertaken. In other words, rather than taking as a given labor's weakened position during this critical period in Latin America, our intention is to account for the intricate process leading to it. In particular, our country studies show the substantial impact that neoliberal reforms exerted on workers and labor unions. Even when in some cases these unions succeeded in protecting a substantial portion of their institutional capabilities, economic restructuring inflicted a very heavy toll on their structural and organizational powers. The end result was that they became increasingly less influential politically, a reality that conditioned their relationship even with the more progressive governments that took office in several of our case studies in the new century. It is this attention to labor's relative power that gives concrete meaning to our enquiry about the direction of deregulation and flexibilization of labor markets. We build on existing scholarship on labor reform with the aim of advancing questions that transcend their focus on processes of struggles and negotiation around the implementation of flexibilization as shaped mostly by short-term political calculations. Our analysis suggests the need to take into consideration the wider structural transformations that reconfigured the political maps of the countries we study, i.e., globalization and its impact on democratic transformation in the region, operating within longer time frames. It is precisely this wider structural analysis and historical narrative that allows our country studies to show that, even in the uncovering of substantial variation, what becomes evident in the study of Latin America over the last three decades is the overwhelming reality that for most workers in the region, labor reform—or the lack thereof—implied in essence increased precarity, informality, and weaker labor movements.

Explanation of Methods and Justification of Case Study Selection

In order to realize these research goals, we examine five cases in depth: Argentina, Brazil, Chile, Mexico, and Venezuela. Our approach in undertaking these country studies, and in developing our comparative work, draws from two somewhat overlapping but distinct main methodological strategies that are bridged in some ways by Collier and Collier (1991). The first, following Gerring (2007), is informed by our understanding of the potential utility that in-depth analysis of a small number of case

studies holds in identifying causal connections in complex phenomena, in this instance the transformation of labor relations in contemporary Latin America. Our approach to case selection here was guided by the desire to explain the deteriorating working conditions confronted in most countries of the region regardless of key distinctions in their political trajectories while recognizing the variations in the nature of labor reform derived from the different paths followed.

The second methodological approach relies on key elements of the comparative historical analysis (CHA) (Collier and Collier 1991, 5; Huber and Stephens 2012, 47–49; Thelen and Mahoney 2015). We use CHA to explain outcomes that in our view cannot be fully comprehended without consideration of macro processes of transformation, for example, globalization. In so doing, we acknowledge the pragmatic and ontological points, “where structural features play a key causal role there is nothing to be gained—and much to be lost—by insisting that every outcome be traced back to the actions and strategies of individual agents” (Thelen and Mahoney 2015, 6–7), as is often demanded of the explicit or tacit forms of methodological individualism that guide certain forms of enquiry. Furthermore, our approach also provides the means for within-case analysis through which we seek to “solve real-world puzzles” (12) by identifying historical sequences and their temporal locations. The combination of these methodological tools of analysis informs the causal analysis at the level of individual case studies and their broader comparative implications.

Following Collier and Collier (1991, 15) we adapt a combination of the “most similar” and “most different” strategies of comparison proposed in their study.² All of our cases are “broadly matched” in that after the 1930s they adopted state-led development in the form of import substitution industrialization (ISI), a transformation that gave rise to a substantial industrial working class. The labor movement played a critical political role in the five countries we study, very often backed by labor-based parties. These countries also underwent substantial economic and political regime changes in the past several decades, ushering in an era in which neoliberalism became the predominant development model. Thus, they have experienced the increased openness to global competition and vulnerability to boom/bust cycles, the adoption of labor flexibility practices, and the substantial transformation of party-labor ties and the related fragmentation and lack of efficacy of labor organizations.