

Down but Not Out: Union Resurgence and Segmented Neocorporatism in Argentina (2003–2007)

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The shift from state-led import-substitution industrialization 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 downsized labor movement may occur and furthermore that a type of “segmented neocorporatism” may be established in the new economic context. We argue that the establishment of this new form of interest intermediation is 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.

Keywords: *Argentina; labor unions; neocorporatism*

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

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outside the town police station ensued, culminating in a street battle and the death of one policeman. Chief among the strikers' demands was a reduction in worker's contribution to payroll taxes. In the wake of the strike, the government agreed to increase the minimum taxable wage. In February 2005, Buenos Aires subway workers, after several eruptions of conflict, held on a weeklong strike, provoking chaos in city traffic. The conflict subsided only when the union obtained a 44 percent wage increase.¹ 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.² 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 a third of the free-tax profits that exceeded 6 percent of annual sales. Moreover, the first months of 2006 and 2007 witnessed a general round of peak-level centralized wage bargaining in most industrial and service sectors. In neocorporatist fashion, national union leaders, business associations, and the government concluded agreements on sectorwide wage increases and on the minimum wage.

These images of union revitalization in Argentina would have been unthinkable not only in the 1990s but even just a few years ago in the wake of the 2001–2002 economic/financial crisis and its aftermath. In the 1990s, labor unions were substantially weakened and demobilized as they faced economic adjustment, downsizing, and labor flexibilization. With the 2001–2002 crisis, the locus of social conflict and labor policy debates seemed no longer to reside in the formal working class but in the growing informal sectors, whose relative size in Argentina for the first time 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 those most affected by and reacting to the economic crisis—the unemployed or the informal sector that took the streets in 2001–2002—but those in the relatively privileged formal sector, who in cases such as the subway, auto, 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.”³ Second, formal-sector workers have generally regained 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 globalization, that is, 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 governance that are closer to the American free-market model than to the more coordinated economies in Europe. Indeed, stories about the demise of neocorporatism in Europe are recurrent in the labor literature. However, in post-import-substitution industrialization (ISI), liberalized Argentina, a new type of “segmented neocorporatism” has emerged, which shares certain traits of European-style neocorporatism, specifically peak-level negotiations between business and relatively autonomous unions organized by a state headed by a prolabor party.⁴

This new pattern of interest representation departs not only from the neoliberal free market model but also from Argentina’s earlier pattern. State corporatism, the predominant form of labor interest intermediation in Argentina and other countries of Latin America and Southern Europe before the neoliberal era, displayed a central characteristic. In Brazil, Spain, Portugal, and Mexico in the second half of the twentieth century and in Argentina during the first Peronist government, 1946–1955, unions were largely organized and monitored (albeit to different degrees) from above. The Argentine mainstream labor movement in recent years, however, has been relatively autonomous from the state, often exerting wage pressure and pushing mobilization without government approval. Put simply, the Argentine labor movement, its alliance with the Kirchner government notwithstanding, is far from being simply controlled from above. On the contrary, it displays more autonomy than in the pre-neoliberal period from both the state and the increasingly fragmented party system. This stands in contrast to the earlier pattern of state corporatism in Latin America in general and Argentina in particular, when unions were more tightly integrated into the electoral strategies and campaigns of the parties whose core support base was constituted precisely by the unions.

On the other hand, the new pattern of segmented neocorporatism is distinguished from neocorporatist forms of intermediation in advanced countries in two central ways. First and most fundamentally, it is segmented, in that, given the size of the informal sector, it encompasses only about 40 percent of the working class (i.e., economically active population [EAP]) or 60 percent of wage earners.⁵ It might be noted that corporatism in Latin America has always had this segmented form, encompassing only the unionized sector with varying degrees of coverage extensions to the rest of the formal sector. Although a large informal sector is new to Argentina, it is an enduring trait of late development in the rest of Latin America. We emphasize the segmented nature of the new pattern because it underlines the difference with the advanced countries to which the term “neocorporatism” is usually applied.

This point leads to the second: unlike traditional European neocorporatism, the bargain is not built around the typical exchange of wage moderation for social policy that brings about the decommodification of formal-sector labor. Rather than social policy, in the labor political exchange in postliberal Argentina, mainstream unions administer the distributive struggle in the context of a friendly government, while they obtain real wage gains (compatible with the inflation targets of the government) and what can be called organizational and more particularistic gains: favorable institutional inducements such as union-enhancing changes in the labor law, appointments in the state office that oversees the union-controlled health system, and particular benefits targeted toward the largest unions, such as transport subsidies (truck drivers) or appointments in the board of renationalized enterprises (water, post mail).

In short, we define “segmented neocorporatism” as a pattern of peak-level negotiation in which monopolistic unions, business associations, and the government coordinate on inflation-targeted, sectorwide wage agreements and minimum wage floors, which apply to a substantial minority of the labor force. The logic of segmented neocorporatism has restaged union leaders as crucial interlocutors of the government and business in peak-level wage bargaining, has enhanced union mobilization and its institutional prerogatives, and has helped large portions of formal workers recover wage levels. On the other hand, segmented neocorporatism lacks the social policy component that has been the trademark of European neocorporatism,⁶ one that historically reduced inequalities within the working class, through both welfare payments and the reduction of wage dispersion. Argentine unions foster some degree of equality, as they help formal workers to reap the benefits of recent growth; yet those benefits remained confined to the formal sector for the most part, cementing the insider-outsider divide.

Overall, 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, seen in the resumption of strikes and collective bargaining, has developed in the form of segmented neocorporatism, a new pattern of tripartite negotiations. Two conditions of the union comeback in Argentina were most immediately the tightening of the labor market and the state’s role, that is, 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 nonunionized or are difficult to organize (such as the natural resource intensive industries in Chile or the *maquila* [i.e., export-oriented assembly plants characterized by the manufacture of imported components and cheap labor] production in Mexico). On the contrary, the sectors that have grown in the context of market liberalization and that form the new vanguard of Argentine unionism, such as food, transport,

or private oil, though relatively quiescent under ISI, were highly unionized and could build on past practices of collective bargaining and militancy once 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 E. O. Wright terms union associational power,⁷ specifically, a framework for centralized wage bargaining, the maintenance of monopoly at the shop floor, and the management of the now resourceful health funds for workers. These institutional resources could be called on 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 in the short run, labor activation is responsive to the condition of the labor market, that is, whether it is tight or slack, and the political, coalition-building strategy of the government. 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 its regulation in the labor code.

The first part of the article discusses the Argentine case in 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) collective bargaining and describe more fully the logic of segmented neocorporatism. The second part of the article analyzes this union resurgence as an outcome of longer term (organizational preservation and sectoral realignments) and more immediate (prounion government and changes in the labor market) factors. In the conclusion, we analyze the current place of Argentine unionism in the political economy in historical and comparative 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, which apply particularly to developing economies in the era of globalization: the optimists, the pessimists, and those scholars who focus on the emergence of a new labor internationalism or social movement unionism.⁸ The pessimists have been dominant in the political science and sociology labor literature since the last two decades of the twentieth century. This view is perhaps best summarized in Howell and Daley's⁹ 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.¹⁰ 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 have 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 recent experiences of market-led growth in countries such as Korea, China, or Malaysia.¹¹ 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.¹² 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.

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.¹³ According to this view, the demand for abundant factors rises when barriers to trade are dismantled. This structural shift may induce increased labor political activation in labor surplus economies. Yet the approach based on factor endowments can hardly account for the recent combination of trade openness and labor revitalization in Argentina, where the labor market was traditionally closer to those of advanced countries than to most Latin American countries because of the lack of a significant peasant economy and surplus labor. If anything, sweeping trade liberalization in Argentina challenged a relatively scarce factor; it did not benefit an abundant one.

Finally for many scholars, economic internationalization called for a new type of unionism that was especially suited to the inevitable and periodic crises of globalized capitalism. This new unionism was more democratic, pluralistic, and attentive to the firm. 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.¹⁴ For many "the vision appropriate to the era of globalization is social movement unionism"¹⁵ of the kind recently developed in Brazil and South Africa, a kind of unionism that builds bridges to and makes common cause with the informal sector associations. Yet the main protagonist of labor resurgence in postliberal Argentina is not this new type but mostly traditional Peronist unionism of the General Confederation of Workers (CGT), that is, a labor movement top-down run, scarcely pluralistic and based on sectoral monopolies, with few links to the informal sector or international social movements.

Indeed, in Argentina one of the two national confederations, the relatively new Congress of Argentine Workers (CTA) is closer to the logic of social movement unionism. Born as a left-wing splinter of the CGT during neoliberal reform, toward the late 1990s, it expanded to embrace groups in the informal sector through alliances with neighborhood organizations.¹⁶ However, its role in the recent resurgence of mobilization and collective bargaining and in the wage-distributive struggle has been minor. Moreover, although the CTA continues to foster mobilization and informal sector organization,¹⁷ the leadership of the main organization of unemployed and poor, informal workers, the Land and Housing Federation (FTV), no longer participates in the CTA executive committee and has joined the Kirchner government. By 2006, the CTA was arguably more disarticulated compared to the early 2000s, its leadership divided over whether to support the government, and its project of creating a worker's party is stalled.¹⁸ 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 in the post-2002 period. In sum, contra the pessimist view, organized labor has fared unexpectedly well in postliberal Argentina but not for the reasons that both types of optimists, trade economists, or the social movement unionists 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 was accompanied by a dramatic and unprecedented increase in unemployment (never lower than 15 percent between 1995 and 2004) and in 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.¹⁹ As Juan Carlos Torre has argued, during the last two decades, both democratization and market reform undermined the two pillars of union power in the postwar period, namely the centrality of unions as representatives of the Peronist Party in authoritarian or semidemocratic settings and a labor market historically close to full employment.²⁰

THE RESURGENCE OF UNION MOBILIZATIONAL POWER

The first aspect of labor resurgence is that unions have recovered their capacity for mobilization and contestation. Argentine workers have engaged in a varied repertoire of action. 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,

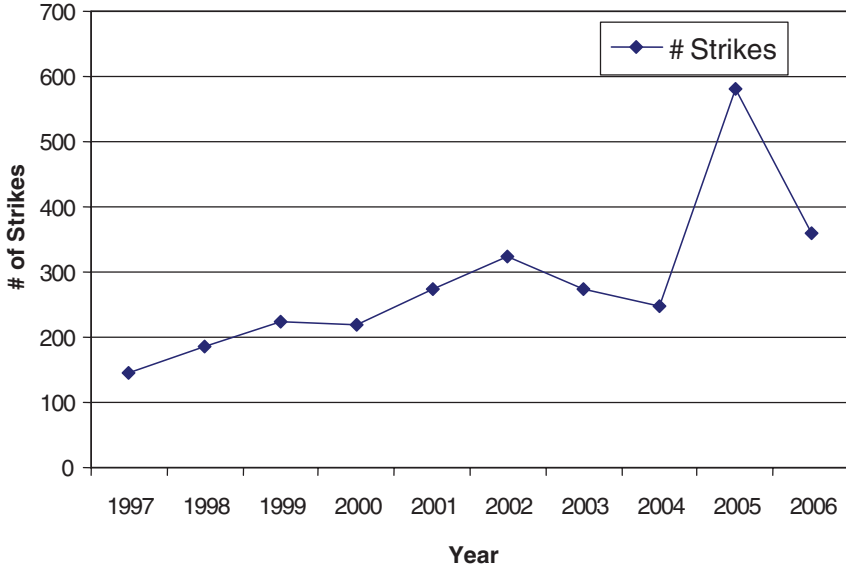


Figure 1. Strikes in Argentina (1997–2006).

Source: Independent Social Research Consulting (CISI) database, Buenos Aires, Argentina.

strikes, the most traditional form of industrial action, have generally increased since 1997, reaching a peak in 2005, the most conflictual year since market reforms were launched in 1991 (see Figure 1).²¹ In that year, economic growth, which had resumed in 2003, had consolidated, and major rounds of collective wage negotiations were opened in the largest industrial and service sectors.

The economic crisis of 2001–2002 provoked a huge wave of protest and social conflict, but unions did not lead most of these protests. 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.²² However, by 2004, union-led conflict became again the dominant form of working-class contestation (see Figure 2).²³

The rise in nonunion-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, gross domestic product (GDP) fell by 15 percent, unemployment rose to 25 percent, and the poverty level reached 54.3 percent of households.²⁴ That year was, accordingly, the peak in terms of nonunion-led episodes of social contention, including many middle-class protestors: bank depositors took to the streets to protest confiscation, organizations of the unemployed—activated in the previous years—demanded social compensation, and rebellious neighborhood assemblies (*asambleas*) continued to mobilize following the toppling of the De La Rúa government in December 2001. However, when the economy resumed growth after 2003, middle

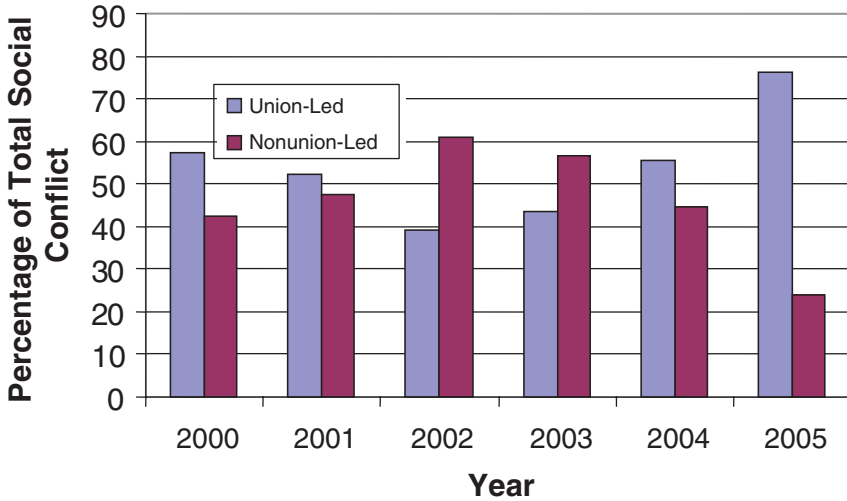


Figure 2. Union-led and nonunion-led social conflict.

Source: Independent Social Research Consulting (CISI) database, Buenos Aires, Argentina.

class activism subsided—bank deposits were returned in state-backed bonds, 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 following the 2003 elections. Consequently, in an environment of economic growth and real wage decline, the locus of working-class contestation progressively shifted to the arena of industrial action.

Four points are notable regarding the resurgence of labor conflict since 2003. First, it has shifted toward private-sector workers. The renewed militancy 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 protection against layoffs and are sheltered from international competitive pressures; furthermore, the left-leaning, ideologically more “combative” CTA has its stronghold precisely among the civil servants (it accounts for about half of national state workers and predominates in the provincial public sector) and teachers. Although in 2005, state workers still led the majority of conflicts, their activism had fallen slightly since the crisis of 2001–2002, whereas it has increased almost 50 percent within the private sector, where the traditional Peronist unions are hegemonic. In 2006, in the context of a general decline in union-led conflict with respect to 2005, conflicts among state workers fell by half, whereas for the first time since 2002 (and probably since the early 1990s), activism among private workers surpassed that of state workers according to the CISI database, increasing 20 percent with respect to 2002 (see Table 1).²⁵

Table 1
Episodes of Labor Conflict in Argentina, 2002–2005

| | 2002 | 2005 | 2006 | % Growth 2002–2006 |
|------------------------|------|------|------|-----------------------|
| State workers | 765 | 700 | 340 | –56 |
| Private-sector workers | 291 | 430 | 346 | +20 |

Source: Independent Social Research Consulting (CISI) database, Buenos Aires, Argentina.

Table 2
Sources of Labor Conflict 2000–2005 in Percentage of Total Labor Conflict

| Source of labor conflict | Alianza Government | | Kirchner-Peronist Government | | % Growth 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 | 1,107 | 1,130 | 1,139 | 47.2 |

Source: Independent Social Research Consulting (CISI) database, Buenos Aires, Argentina.

Second, the causes 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 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 2004–2005, 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 between 2000 and 2005) and work conditions (17 percent increase), the only two types of conflict that increased with respect to 2001. State decisions and adjustment-related industrial action dwindled in the same period.

Third, strikes are economic in nature, with few political strikes. Few multisectoral strikes were called in 2004–2007. Neither the CGT (allied with the government) nor the left-leaning CTA called for general strikes against the Kirchner administration;²⁶ instead, almost all the conflicts during 2004–2007 were sectoral, regional, or firm level. Finally, conflict has closely followed the pace of the tripartite pacts among government, business, and labor, and it diminished once most of the sectoral agreements were closed in the first halves of 2006 and 2007.

In sum, the resurgence of working-class contestation in the period 2002–2007 has a number of specific traits: it has increased markedly with respect to the later adjustment period of the 1990s, and formal-sector labor 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 2000–2002, union unrest has become by and large focused on wage disputes and work conditions and largely subsided after the wage pacts of 2006 and 2007. In other words, it has been directed more against the business sector than against the government.

COLLECTIVE BARGAINING

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 in retreat, 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 the modalities of collective bargaining.

Collective Bargaining: 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.

As Figure 3 indicates, the incidence of collective bargaining, after being quite stable through the 1990s, showed a remarkable increase in the first part of the 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, even against the wishes of employers, until a new one is signed. Given that many agreements on wages and work conditions had been signed before the period of massive adjustment and labor flexibilization—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 renegotiating in the hostile environment of neoliberal reform.²⁷ In addition, Argentine macroeconomic policy

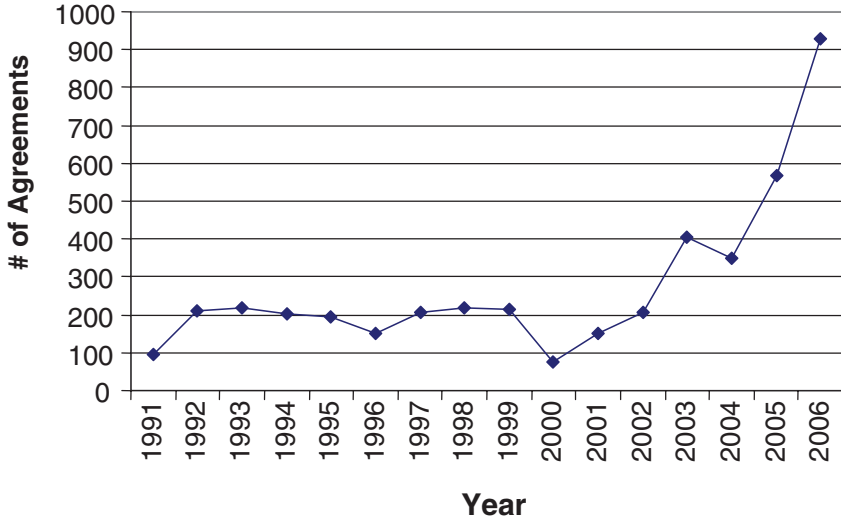


Figure 3. Collective bargaining in Argentina: Frequency, 1991–2006.

Source: Undersecretary of Technical Planning and Labor Studies, Ministry of Labor, Argentina.

Table 3

Collective Contract (CC) Coverage and Unionization in Formal Sector Firms, Argentina, 2005

| | Small Firms: 50 Workers– | Middle-Sized Firms: 50–200 Workers | Large Firms: 200 Workers+ | Total |
|--------------------------------|-----------------------------------|---|------------------------------------|-------|
| % firms with CC | n.d. | n.d. | n.d. | 91 |
| % workers covered with CC | 87 | 85 | 78 | 83 |
| % firms with unionized workers | 53 | 65 | 83 | 56 |
| % unionized workers | 40 | 32 | 40 | 37 |

Source: Ministry of Labor, Social Security and Employment (MTSEE), Argentina “Las Relaciones Laborales en las Empresas,” *Trabajo, Ocupación y Empleo*, no 3, (2006): 51–75, Tables 1, 5, 11, and 14.

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 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.

Although workers and employers have come to bargain more frequently, the role played by unions may nonetheless be negligible if contract coverage remains very restricted. Unfortunately, no data are available on the change in 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 level in Argentina

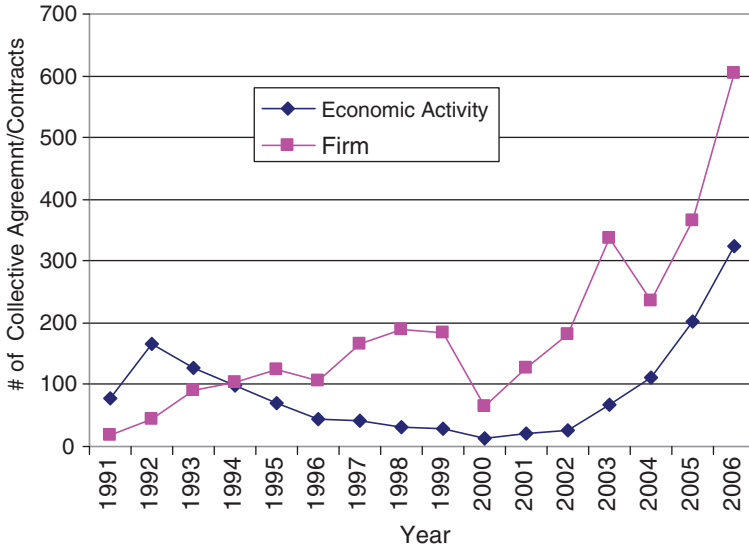


Figure 4. Collective bargaining: Level of negotiation.

Source: Undersecretary of Technical Programming and Labor Studies, Ministry of Labor, Argentina.

history. The survey covers a sample of 1,470 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.

It should be emphasized that the survey covers only formal sector firms, that is, 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: 90 percent of surveyed firms sign some form of collective contract with their workers, and 83 percent of workers in those firms are covered by a collective contract/agreement—although union membership in these formal-sector firms is 37 percent (see Table 3). The gap between coverage and membership derives from the fact that, as has been traditionally the case in Argentina, contracts signed by the union cover both unionized and nonunionized workers in the sector. Thus, unions have a strong influence among nonunionized (formal) 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

Table 4
Centralization in Collective Bargaining: Percentage of Total Agreements

| | 2002 | 2003 | 2005 | 2006 | % Growth 2002–2005 |
|--------------------------|------|------|------|------|-----------------------|
| Sector/economic activity | 13.0 | 16.7 | 35.7 | 34.9 | 168.5 |
| Firm | 87.0 | 83.3 | 64.3 | 65.1 | –25.2 |

Source: Undersecretary of Programming and Technical Studies, Ministry of Employment, Labor and Social Security (METSS), Argentina.

decentralization of collective bargaining because firms and workers face international competitive pressures, relative prices differ across sectors, and wage dispersion tends to be higher. Internationalization also diversifies access to technology and therefore the cost equation of firms.²⁸ Figure 4 shows the recent pattern of decentralization in collective bargaining contrasting decentralized or firm-level contracts with contracts concluded at the level of economic sector or economic activity (those encompassing all formal workers and business associations in a sector, subsector, or region).²⁹

As expected during a period of market reforms, the 1990s saw a marked trend toward decentralization, with a rise in the number of contracts valid for a single firm and a steady decline of centralized bargaining (i.e., that at the level of sectoral/economic activity). 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 the more centralized agreements is greater: there are only a limited number of sectorwide or subsectorwide agreements that can be signed, whereas the universe for firm-level contracts is far greater. Nevertheless, the over-time comparison is instructive: the percentage of economic activity-wide collective agreements out of total contracts has grown by 168 percent since 2002, while the share of firm-level agreements that flourished in the 1990s has decreased by 25 percent in the same period (see Table 4).

Second, these data on bargaining decentralization essentially refer to the business level, that is, whether a firm or all firms (or groups of firms) in a sector engage in collective bargaining. The pattern on the business side, however, may not be parallel or symmetrical on the labor side. Indeed these data understate centralization of labor bargaining. In Argentina, the local branches of “national unions,” which cover specific sectors and subsectors, 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), and both federations and their component unions have state recognition and are legally entitled to bargain. One can assess the decentralization on the labor side by looking at a

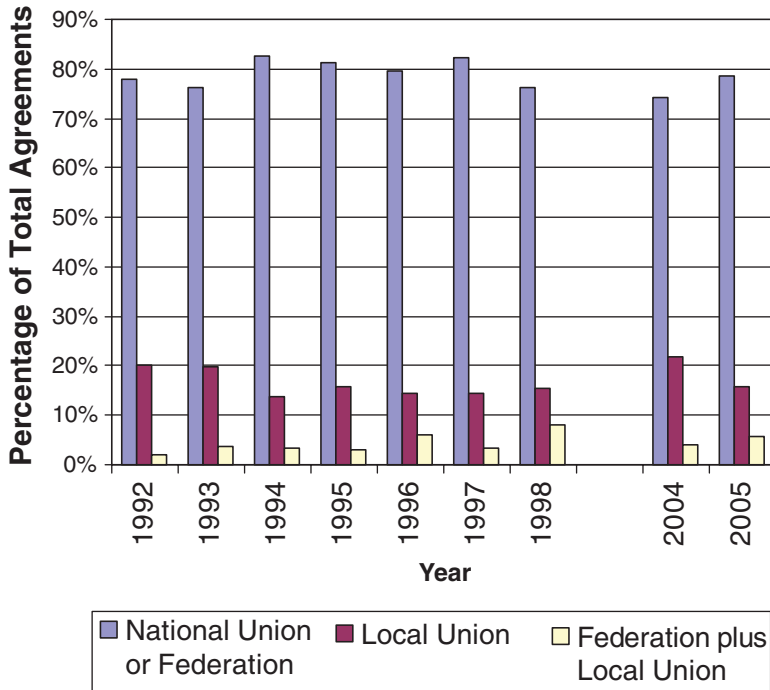


Figure 5. Collective bargaining: Type of union representation.

Source: Undersecretary of Technical Programming and Labor Studies, Ministry of Labor, Argentina.

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 5 presents these data for the years they are available, 1992–1998 and 2004–2005. It demonstrates that neoliberalism notwithstanding, the level of union involvement in collective bargaining has been quite stable since the early 1990s. In other words, though in the postreform period, most collective agreements are decentralized (i.e., valid for individual firms rather than sectors; see Figure 4), by 2005, 80 percent of all agreements (both sectorwide and firm-level) are still signed by national unions or federations.³⁰ National union leaders and their staff are largely involved (sometimes in conjunction with firms' union delegates) in the negotiation over wages and work conditions with single firms.

It may be objected that many firms make informal agreements at a company level, that is, 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 Figures 4 and 5 underestimate the number of firm agreements. However, the labor relations survey mentioned above included a question on the existence of informal, firm-level agreements with worker representatives (delegates or internal commissions): only 2.8 percent of firms in the anonymous

survey reported having signed such informal agreements outside the formal channels of collective bargaining.³¹

Thus, labor organizations at the national level have remained central players in collective bargaining. The point should not be overstated, as some decentralization has clearly taken place: it is not the same for a national union or federation, for instance, to bargain on behalf of the workers in a firm as to bargain on behalf of all the workers in a sector or subsector. Nevertheless, the asymmetry should be noted: decentralization has taken place mostly on the side 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.

THE EMERGENCE OF SEGMENTED NEOCORPORATISM

Between 2004 and 2007, unions were central actors in the emergence of a series of peak-level wage pacts negotiated among the government, business, and labor. These pacts achieved wage benefits for formal workers and were evidence of the new pattern of neocorporatist bargaining.

Wage-Setting Patterns

The currency devaluation of 2002 entailed a big loss in workers' real wages with respect to the precrisis period. Figure 6 traces the Consumer Price Index (CPI) and wages of registered private workers, nonregistered private workers, state 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, bus transport, service (restaurants and hotels), food, construction, and Teamsters.³² These are large unions of medium to strong power, which were able to make wage agreements generally through sectorwide bargaining between 2003 and 2006.

Following the onset of the crises in December 2001, only registered workers made gains in real terms. The selected unions (whose contracts are valid for both union members and nonmember registered workers) 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. Furthermore, 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

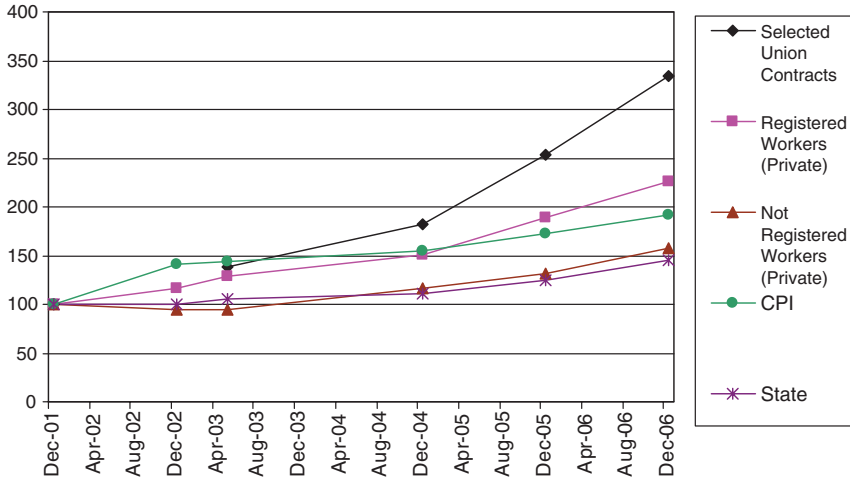


Figure 6. Nominal wages: Selected union contracts, registered workers, nonregistered workers, state workers, and Consumer Price Index (December 2001 = 100).

Source: Registered, nonregistered, and state workers' wage levels are taken from the *Wage Index and Wage Variation Coefficient* published by the National Institute of Statistics and Census (INDEC), Ministry of the Economy, December 2005 and April 2007 releases. "Selected Union Contracts" includes the average wage contracts signed by the following unions: metals (only auto branch), foreign banks, commerce, food, Teamsters, bus transport, services (hotels and restaurants), and construction, taken from "Evolution and State of Collective Contract Wages," unpublished report, Undersecretary of Programming and Technical Studies, Ministry of Employment, Labor and Social Security of Argentina (METSS), 2006, and Palomino and Trajtemberg, "El Auge Contemporáneo de la Negociación Colectiva en Argentina" unpublished manuscript, METSS, 2007.

(including those nonunionized) 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, the winners in terms of real wage recovery in postliberal Argentina are registered private workers, in particular those of the big unions of the type considered in Figure 6, that is, where mainstream Peronist unionism is hegemonic. These workers fared much better than nonregistered private workers (not represented by unions), and state workers—where non-Peronist unionism is stronger.

Indeed, between 2004 and 2007, unions were central actors in the emergence of a series of neocorporatist 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—inflation would grow 9.8 percent during 2006—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.³³ 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 (e.g., 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.

A further round of neocorporatist bargaining took place in 2007. In April, again led by the Teamsters’ union (the union leading the dominant faction of the CGT and most closely allied with the government), a group of six unions (including also construction, building maintenance workers, civil service, taxi drivers, and textiles) concluded a deal around the government-suggested 16 percent wage increase.³⁴ The negotiation again ended in a public ceremony with union leaders, business representatives, and the government, which was expected to send a powerful signal to the rest of the largest unions, which were scheduled to go into negotiations the following month—many of which had initially demanded wage increases over 25 percent. By May 2007, two other large unions—banking and metal workers—closed agreements around a 16 percent wage increase.

Finally, in the context of this pattern of tripartite bargaining on collective contracts, an older form of tripartite negotiation, which had been abandoned since the early 1990s, was resuscitated: the Minimum Wage Council. In August 2004, June 2005, and again in July 2006, the government came together with the Peronist CGT and the UIA (Argentine Industrial Association), joined by the commerce, banking, and construction associations (with the opposition of the left-leaning CTA and the rural business organizations) to negotiate a new minimum wage level. The Minimum Wage Council is also scheduled to meet in mid-2007.

Segmented Neocorporatism in Comparative Perspective

This pattern of business-labor negotiations in postadjustment Argentina has elements more akin to the neocorporatism in Continental Europe than to the traditional

state or populist corporatism historically present in the country. The recent tripartite bargaining shows three traits atypical in Argentine labor history: a new role for organized labor signaled by its relative autonomy from a Peronist government and Peronist party, its moderation in the wage struggle, and genuine business participation in concertation.

First, then, unlike most cases of state corporatism (e.g., the Peronist government between 1946 and 1955, or postwar Mexico), Argentine unions have shown relative autonomy from the government. Individual unions have carried out conflicts in the midst of negotiations with business and the government, often against the wishes or attempts of government officials to restrain industrial action.³⁵ Many times, such as in the cases of food, subway, and private oil workers, mobilization has been a consequence of a noticeable pressure from base leaders and the rank and file. In April 2007, the CGT joined the non-Peronist CTA in calling an hour-long strike in protest of the death of one teacher when the police cracked down on a demonstration in the province of Neuquén. Indeed, the wage accords in contemporary Argentina differ from other important instances of tripartite pacts in Latin America, such as the peak-level wage accords of the 1980s in Mexico. Under these so-called solidarity pacts of 1987–1988, labor made few gains, and real wages sank.³⁶ The Mexican wage pacts in the context of the liberalization efforts of the 1980s and 1990s involved disciplining labor, keeping social peace, and controlling inflation. Unlike the recent Argentine pattern, they should not be analyzed as neocorporatist but rather as a continuation of the old style, “traditional” form of state corporatism in Latin America, in which labor is tightly controlled from above. In sum, Peronist unionism has displayed in the last three years a degree of autonomy from an allied government and from the Peronist party arguably unknown in Argentine history.

Second, neocorporatist bargaining by a more autonomous labor movement with mobilizational power has produced wage gains for the CGT unions at the same time that these gains have met the inflationary targets and macroeconomic policy of the government. In this context, strikes and industrial action play a complex role in the new neocorporatist pattern. The autonomous mobilization of unions is a component in demonstrating the relative power resources that underlie the negotiations and the outcome of real wage gains. Yet historically, Argentine unions, frequently acting as *de facto* representatives of the divided and often repressed Peronist party, exerted wage pressures with little restraint in the typical stop-and-go cycles that plagued the Argentine economy before 1989, particularly during the Peronist government of 1973–1976, and the Radical government of 1983–1989. In the concurrent neocorporatist pacts, however, mainstream CGT unions have advanced but also ultimately moderated (at least through 2006–2007) wage disputes and industrial action, agreeing to the wage cap negotiated with the government and containing mobilization after the wage negotiations were over.³⁷

Also new to Argentina is the genuine participation of business. Under state corporatism, tripartite negotiations were rare, and the failure of wage concertation pacts was a constant in the literature.³⁸ Indeed, the most important business associations did not support the outcome of the negotiations in the wage bargaining rounds of 1973–1976 and 1987–1989. In the current period, the pattern is different: both the sectorwide wage agreements and the minimum wage agreements of 2005, 2006, and 2007 had the support of the most important sectoral and national business associations.³⁹ 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 10 percent during 2006 in the context of a strong GDP growth (9 percent).

In sum, postreform unionism emerged 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 in the form that state corporatism took in the Argentine premarket-reform model. Rather, it is activated and quite centralized, achieving wage gains.

The Argentine pattern has many similarities with the neocorporatist arrangements historically present in Europe. In Europe too,⁴⁰ neocorporatism has been a mechanism that, through peak-level negotiations at a confederate or sectoral level, moderated distributive struggles in increasingly open economies, and wage increases often followed the parameters established by some powerful sectors. Yet segmented neocorporatism departs from mainstream European corporatism in important ways. First, only a minority—albeit a large minority—of the EAP is covered by these tripartite agreements.

Second, welfare state expansion, that is, nonwage social benefits, has been a more central component of neocorporatist bargains in the developed world, whereas segmented corporatist bargains in Argentina involved more organizational and particularistic (i.e., those targeted at individual unions) benefits to labor. Formal labor in Argentina in recent years has obtained nonwage benefits such as the lowering of payroll taxes on wages and important increases in family allowances. Yet the main domain of bargaining has remained wage increases and institutional “inducements” that favor union organizations. For example, in 2004, the government and the CGT sponsored a labor law revision that reversed recent work flexibilizing reforms, reinforced the position of national/sectoral union leaders vis-à-vis local unions in collective bargaining, and restored a cherished demand of unions, the automatic renewal of contracts (*ultraactividad*), by which every collective agreement is enforced until a new one is negotiated. A series of prolabor initiatives that originated during 2005 and 2006 in the union-controlled Labor Law Committee of the Chamber of Deputies can also be taken as part of this broader political exchange.⁴¹ The CGT was granted important appointments at the Office of the Health System, which oversees the workings

| Segmented Neocorporatism vs. State Corporatism | Segmented Neocorporatism vs. European Societal Neocorporatism |
|---|---|
| <p><i>Differences:</i></p> <ul style="list-style-type: none"> • Union's autonomous mobilization • Union's moderating role • Genuine business participation and tripartism <p><i>Similarities:</i></p> <ul style="list-style-type: none"> • Segmental coverage of the working class • Importance of material and organizational state granted "inducements" | <p><i>Differences:</i></p> <ul style="list-style-type: none"> • Applies to a fraction, albeit a substantial minority of the working class • Political exchange around wages and organizational benefits rather than welfare programs <p><i>Similarities:</i></p> <ul style="list-style-type: none"> • Centralized, peak level and inflation-targeted wage agreements between government, organized labor and the state • Labor autonomy in the context of an open economy and fully democratic polity |

Figure 7. Segmented neocorporatism in comparative perspective.

of the union-run system of social welfare funds. As has often been the case in Argentina, many of the recent collective agreements include monetary contributions to the unions on the part of business and workers—both members and nonmembers.⁴² The transport unions dominant in the CGT were awarded massive subsidies by the transport secretary, and the Teamsters' union was awarded shares in reprivatization of a freight railway company. Furthermore, unions became part of the board and leadership of renationalized firms in the postal and water utility sectors. In brief, traditional state-granted corporatist benefits, more than decommodifying social policy, are essential parts of this political exchange. The similarities and differences between segmented neocorporatism and traditional forms of corporatism are summarized in Figure 7.

CAUSES OF UNION RESURGENCE AND SEGEMENTED NEOCORPORATISM

We have seen that the contemporary resurgence of 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 peak-level neocorporatist bargains. 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 advent of a new government that courted union support and had the ability to play a credible role in overseeing peak-level collective bargaining. Of course, these factors are related but are not mutually determinant: the government may not try to reach out to unions even in the context of growth (such is the case of democratic Chile after 1999). Nevertheless, it is the present argument that these two immediate factors were insufficient and that mobilizational power and the development of centralized collective bargaining

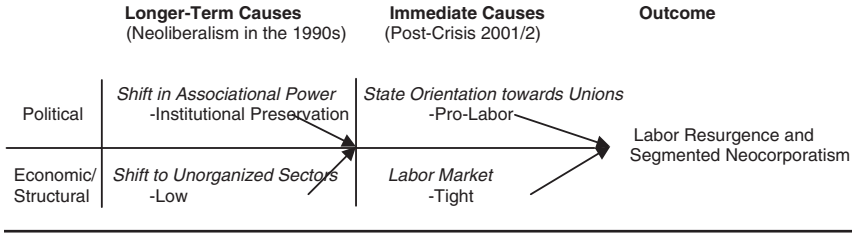


Figure 8. Causal sequence of neocorporatism in Argentina.

were dependent on longer term structural and institutional factors that derive from the earlier process of economic reform in the case of Argentina under the Menem government in the 1990s. 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. This argument (see Figure 8) is developed in the remaining section of the article.

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 increase in collective bargaining 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 unions' 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 negatively affect the labor movement 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 inducements⁴³ 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, the reforms did adversely

affect the labor movement; 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 some of these proposals and achieve various other concessions in exchange for curtailing rank-and-file mobilization while acceding to privatization and firm-level restructuring.⁴⁴ Indeed, in a way that redounded to the benefit of union leaders and unions as organizations, not only did unions prevent major changes to collective labor law, but they also managed to take advantage of the reformed economic context by entering 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.⁴⁵

Yet the costs were also significant. Plant closures and privatization severely affected many workers and, at an aggregate or organizational level, union density and market power. As a consequence of the structural changes in the period 1975–2000, the formal sector of registered private workers and state workers came to constitute only around 40 percent of the EAP. The point, however, is that union bargaining covers virtually all formal workers so that within those 40 percent, the preservation of union associational power, which we define in terms of the institutions that favor the bargaining position of unions such as monopoly or a framework for collective bargaining that protects the role of national leaders at the expense of local and factory unions, was crucially important.

This preservation of associational power—in a context, it is worth remembering, in which the former national oil monopoly, YPF (state oil fields), the first of its type in the world, was being traded at the New York Stock Exchange—constituted essential resources that enabled unions to push forward their offensive in the period 2003–2007. The retention of mandatory coverage for nonunionized workers, of monopoly of representation, and of the collective rights of centralized bargaining made possible the resurgence of effective and sectorwide 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.⁴⁶ The clause of automatic renewal of old, prereform contracts, which unions fought hard to maintain in the 1990s, had preserved many benefits (such as employers' subsidies to unions or mandatory contributions to the unions from workers covered in collective bargaining), which unions could call on to enforce and negotiate in a more favorable environment. 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, unions could not prevent the reforms that significantly weakened the labor movement; however, they extracted concessions in the reform process that preserved institutional resources that would remain latent but would turn out to be necessary conditions for a subsequent resurgence and for the emergence of a pattern of segmented neocorporatism.

Sectoral Shifts and Labor Militancy

The second way 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 were the machine tools/metallurgic and the textile complexes and the paper industry.⁴⁷ The data suggest, however, that these changes within industry and the relative growth of nonmanufacturing sectors did not necessarily impair union organization and mobilization in general terms.

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 (Federation of Sugar Industry Workers [FOTIA]), home to militant Peronist and leftist tendencies. In the metallurgy sector, a powerful and centralized union in prereform Argentina had dared to defy Perón in the 1960s. It is a conspicuous example of a union hit by the import liberalization of the 1976–1980 and 1990–1999 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 have certainly suffered deindustrialization.

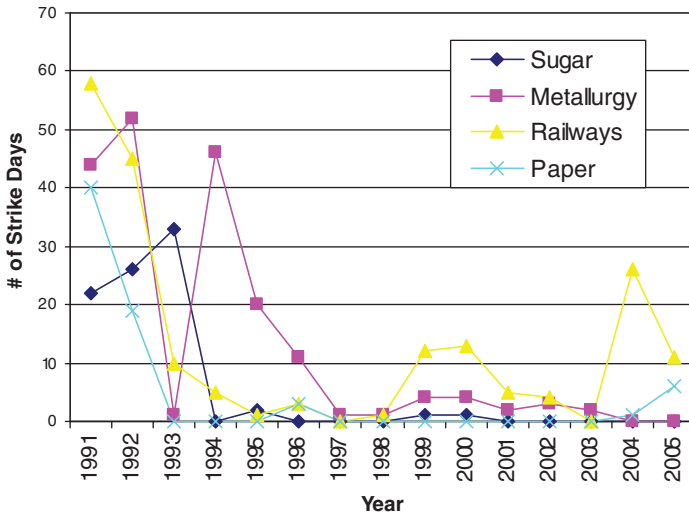


Figure 9. Strike days per year: Selected sectors.

Source: Same as Figure 1 (see n. 21).

Although not completely out of the picture—especially the metals sector, which even if reduced continues to harbor a large number of unionized workers—it is unquestionable that sectoral unemployment and the dwindling of union resources had an impact in their level of militancy.

Yet these sectors were replaced by other newly militant industrial sectors, such as private oil and gas and food (see Figure 10). The state oil union, SUPE, was the model of a union decimated by privatization and downsizing in the early 1990s. However, during the postadjustment period, as foreign direct investment and oil prices spurred a boom in the sector, 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. 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.

Furthermore, the shift from industry to services did not debilitate unionism in the long run, as militancy within these service sectors, such as teachers, bank workers, and air transport, maintained earlier levels of militancy (Figure 11). Indeed many of these sectors, most notably the Teamsters, who came to replace the old ISI unions at the leadership of the CGT, grew more combative in the current period of resurgence, after neoliberalism. In short, sectors that were unimportant and quiescent under ISI, and expanded their economic base with neoliberalism, have become newly combative sectors in the period 2000–2007. Even in a seasonal industry, such as fishing, unions could build on this tradition.⁴⁸

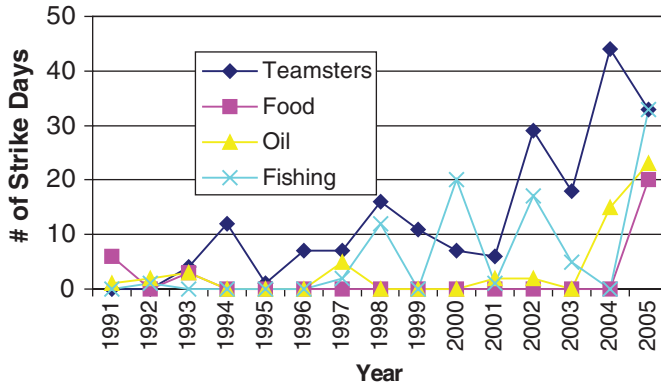


Figure 10. Strike days per year: Selected sectors.

Source: Same as Figure 1 (see n. 21).

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 Argentina, neoliberalism did not entail a massive shift primarily to sectors difficult to organize (such as fruits, logging, or maquila),⁴⁹ and the sectors that boomed in the postliberal period could build on established classwide labor institutions (such as control of health funds and monopoly) and traditions to expand militancy. 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 sectorwide collective bargaining under ISI. Now the increasingly combative union of truck drivers (which was relatively marginal during ISI but in the postreform period benefited from both the expansion of road transport as a result of Mercosur and the shrinkage of state railways) has taken up that role. The Teamsters' union appointed the CGT general secretary, acted as the showcase sector in the 2006 and 2007 waves of collective bargaining, and has exerted particularly effective lobbying under the Kirchner government.

THE IMMEDIATE CAUSES: LABOR MARKET CONDITIONS AND PROUNION 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. When growth

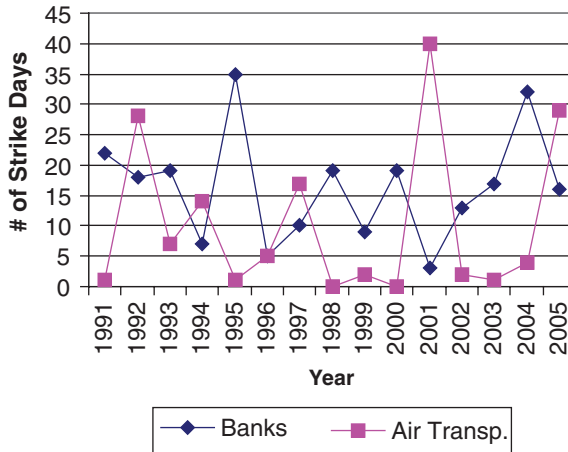


Figure 11. Strike days per year: Selected sectors

Source: Same as Figure 1 (see n. 21).

resumed, employment creation increased by 16 percent between October 2002 and December 2004, including both private sector and state employment programs,⁵⁰ 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 it 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 by 2006 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, Latin American labor markets are highly segmented. Although one can only speculate on this point, there are reasons to suggest that the unprecedented levels of poverty and pauperization⁵¹ 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. For example, unemployment in Argentina was roughly similar in the second semesters of 1995 and 2003 (around 15 percent). However, in 1995, poverty affected 22.2 percent of the population of greater Buenos Aires (the largest industrial belt in the country), whereas in the second half

of 2003 49.4 percent of the population in the same area was poor, and 20 percent was indigent. Arguably, a relatively privileged formal worker is facing, *ceteris paribus*, less competition from better-educated and well-off workers in 2003 than in 1995, in the context of similar unemployment levels.⁵² Moreover, 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.⁵³ Although not skilled by contemporary postindustrial standards in advanced countries, jobs in many sectors that led union resurgence, such as autos, metals, subway, and 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 does not constitute market competition for these economically privileged workers and that the position of the latter benefits from this social wedge and insulation.

PROUNION STATE INTERVENTION

The increase in union activity after 2003 was linked not only to labor market conditions. Also important was the government role in enabling industrial conflict and promoting collective bargaining starting in 2003, which contributed to the peak levels of collective bargaining and conflict in 2005–2006.

Kirchner, who took power in May 2003, was initially a weak president, who won only 22 percent of the vote 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. The alliance with the CGT was a strategic choice of President Kirchner, and it did not appear obvious that the Kirchner government would seek out the CGT unions when it initially took power, as the government's discourse was in fact closer to that of the leftist CTA. But the strategic choice was important for a neocorporatist outcome, as a union-friendly government was crucial for establishing the credibility necessary for the state to bring the partners to the table and play a fair role in arbitrating industrial conflict.

The way to an alliance with the CGT was opened by the government's macroeconomic policy. A depreciated exchange rate helped strengthen traditional industrial sectors that were severely hit in the 1990s and in which Peronist unions are hegemonic. A low-interest-rate policy that prioritized growth set the stage for the resumption of collective bargaining and the distributive struggle. Beyond that, however, two concrete measures of the government were particularly helpful in fostering union resurgence: policy toward industrial conflict and wage policy. The first 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 2003–2005,

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 2003–2006, the passive (and even friendly) attitude of the government was notable.

Second, 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.⁵⁴ These had two important consequences. Most obviously, the government directly helped organized labor preserve real wage levels. Furthermore, government policy had broader ramifications that stimulated business-labor bargaining. In Argentina, administrative wage increases may legally affect the “basic” (i.e., floor or bottom) wage established in the collective contract of every sector or productive activity.⁵⁵ 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 Kirchner government mandated that the wage raises in the form of fixed sums had to be included in the sectoral contract, it became significantly more onerous for employers. Likewise, the minimum wage increase pushed upward the basic wages of those contracts that were left below minimum wage levels. Hence, when the government adopts this type of wage policy, unions and businesspeople 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.⁵⁶ Moreover, Marshall and Perelman 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.⁵⁷ The resurgence of negotiations of basic wages per sector has, therefore, revitalized national unions and would arguably counter wage dispersion.

The prounion stance of the government returned political dividends. For instance, during 2006, the CGT openly supported the government in the advent of a rural business lockout. On May 25, 2006, when the president called for a large demonstration to celebrate his third anniversary in power, the CGT unions supplied the bulk of the lower-class support in the street demonstrations.

CONCLUSION: DILEMMAS OF WORKING-CLASS REPRESENTATION IN A POSTADJUSTMENT SOCIETY

It is well documented that market reforms and deindustrialization weakened the organized labor movement in Latin America. Yet the Argentine labor movement,

which had not escaped the negative impact and has been substantially downsized, has subsequently witnessed postreform resurgence in terms of its mobilizational power and has entered a new form of labor relations that might be called segmented neocorporatism. Segmented neocorporatism maintains a sharp distinction between the reduced number of insiders and the swelled ranks of the outsiders. The insiders are most formal-sector workers, constituted by both union members and nonmembers, who are covered by union-negotiated collective contracts. Rather like European neocorporatism, segmented corporatism involves tripartite bargaining that produces labor moderation within the framework of accepted (more than negotiated) macroeconomic policy and inflation targets in exchange for gains, backed by the mobilizational power of relatively autonomous unions. Unlike European neocorporatism, in the context of a highly segmented workforce, the gains are restricted to a smaller percentage of the overall workforce, and they involve union organizational inducements and formal-sector workers' wage benefits rather than more general social welfare programs that cover the employed workforce.

Segmented neocorporatism emerged in the last few years in Argentina in the context of a tightening of the labor market and the advent of a pronunion government that had the credibility with unions to institute an ongoing pattern of tripartite negotiation. Yet such an outcome depended in turn on longer term factors, 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 massive 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 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.⁵⁸ It further points to the importance of politics in intermediating the effects of economic reform on union power.

The modality of union resurgence that took place in Argentina after 2003 is a rare event in contemporary Latin American politics even in the context of the revival of the political left and the recent ideological backlash against neoliberalism in many countries of the region. In Chile, socialists have gained the upper hand in the governing coalition, but organized labor has remained a marginal actor. Similarly, in Brazil, the Workers' Party (PT) has won the presidency and a legislative plurality, but the CUT, the labor central that has been allied to the PT since its founding and holds important cabinet appointments, has not seen a comparable resurgence of unionism in the domains of mobilization and collective

bargaining. Venezuela illustrates the fact that the rise of the new left in Latin America may be particularly inimical rather than conducive to these developments: the mainstream union movement is aligned with the rightist opposition to Chávez, and the strong polarizing dynamic leaves no place for neocorporatist arrangements. Nor is prior experience predictive: in Mexico, where a type of tripartite negotiation was a notable and extended component of the reform process, this kind of peak bargaining has not continued in the postreform period.

Thus, segmented neocorporatism in Argentina is an atypical pattern in contemporary Latin America. Indeed, the interplay of longer term and immediate factors that we have highlighted for Argentina is hard to find elsewhere. In Chile, authoritarian neoliberalism in the 1970s and 1980s imposed a sweeping labor deregulation that seriously undermined the associational power of unions. The economic reforms triggered shifts in production to natural resource sectors, such as fruit, fish meal, and logging, which have traditionally been less unionized and are difficult to organize. Subsequently, the democratic governments of the Concertación had little incentive to seek the support of organized labor.⁵⁹ In Mexico, labor collective rights were largely preserved, but so was the longstanding practice by which many of them were substantially compromised in fact, undermining the activation of unions. This reality was reinforced by the shift to maquila production, bolstered by the North American Free Trade Agreement, a sector that is notoriously hard for establishing autonomous unions with mobilizational power. The rise of the probusiness party PAN did not impart to the government a credible role that could win union confidence and advance neocorporatist arrangements.⁶⁰ In Brazil, collective rights were substantially preserved under neoliberalism, and the economic shift to nonunion sectors was less pronounced than in Chile or Mexico. However, Lula's alliance with the financial sector and his option for a stringent monetary policy over growth have restricted the space to maneuver of both Lula and the allied union movement. Indeed, it could be argued that Lula has prioritized informal-sector constituencies rather than unionized workers through his strong initiatives and expanded social programs targeted to the poorest.⁶¹

In Argentina, the pattern of segmented neocorporatism that started to unfold after 2003 is continuing in 2007, as the Kirchner administration is overseeing a new wave of centralized collective wage bargaining, which has been successful in reaching significant sectoral agreements on the government's suggested wage cap. Kirchner's alliance with the CGT remains unscathed in an electoral year. The sustainability of segmented neocorporatism in the long run, though, remains a question. If inflation takes off and growth stalls or if unions perceive that moderation no longer pays or if future governments prioritize alternative sectors of the working class as a constituency, tripartite peak-level bargains may become increasingly difficult.

The new form of union insertion in an increasingly fragmented party and electoral arena also remains unclear. Bargaining from a "friendly" but more

autonomous position vis-à-vis a Peronist president, unions have won moderated wage gains but have been unable to regain the earlier pattern of insertion in the party arena in a central way. That is, they no longer have a place on the PJ (*Justicialista* or Peronist Party) electoral lists or campaign strategy at a national scale. The deunionization of the Peronist party described by Levitsky⁶² has been through 2007 scarcely reversed. Furthermore, the mainstream CGT unions have remained largely apart from the pro-Kirchner's anti-Peronist Party faction, the FV (Front for Victory), which is closer to the piquetero movement and the sectors of CTA. Yet mainstream unions are politically loyal to the Peronist president and in some districts, particularly in the city of Buenos Aires, organized labor has been quite active in supporting government-backed Peronist candidates. The result has been a particular combination of autonomy of a labor movement that retains partisan Peronist loyalty and of a government that can win the confidence and credibility of the unions necessary to neocorporatism. Furthermore, the relatively eclipsed political influence of mainstream unionism in the Peronist party may have helped induce its new moderate role in that unions are no longer central political actors but instead perform as agents that provide economic governability while they obtain access to state positions and resources.

In this new role as corporatist actor, mainstream unions simultaneously foster elements of both social equality and inequality—providing greater equality between the upper and more advantaged sectors of the lower classes and inequality within the lower classes. During the 1990s, mainstream union leaders managed to preserve associational power at the cost of permitting (if not endorsing) layoffs and downsizing. More recently, 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 in postreform Argentina, it is only a fraction of the working class that benefits from negotiations of segmented neocorporatism. Indeed, some union demands may contradict those of 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 policies targeted at the extremely poor or the informal sector.⁶³ Similarly, the union fight for expanded unemployment insurance or family allowances (which targets employed, registered workers) may be in contradiction with the demands of the unemployed for employment programs. In short, careful and balanced public policies that aim at preserving the associational power of unions to discuss benefits and help contain inflation but at the same time encourage the social inclusion of the marginalized informal sector are needed to improve levels of social equality in Argentina.

NOTES

1. See *Página 12* (February 11, 2005).
2. See *El Cronista Comercial* (May 11, 2006).

3. Interview with a high-ranking official at the Ministry of Labor, Argentina, May 2006.

4. The literature on (neo)corporatism is vast, and definitions are not always uniform. However, most approaches converge on a concept of neocorporatism as a mode of interest group structuration and policy formulation in which (1) union and business associations tend to be monopolistic and quite centralized and (2) wage and other policies are formulated in peak-level tripartite concertation between the state and social actors, largely bypassing legislative institutions and territorial representation. The presence of prolabor or labor-based parties in government was often seen as increasing the likelihood of neocorporatist arrangements since labor would get state rewards for its cooperation. State corporatism was distinguished from the Northern European type of societal corporatism or neocorporatism. Whereas in Northern Europe, societal corporatism developed from unions and their affiliated parties and was more compatible with labor autonomy and democracy, in Latin America and Southern Europe, state corporatism was the product of state initiative and resulted in substantial regulation and control of unions if occasionally in their empowerment. Seminal works are Philippe Schmitter, "Interest Intermediation and Regime Governability in Contemporary Western Europe and North America," in S. Berger, ed., *Organizing Interests in Western Europe* (Cambridge, UK: Cambridge University Press, 1982); Peter Lange and Geoffrey Garrett, "The Politics of Growth," *The Journal of Politics* 47, no. 3 (1986): 792–827; and Ruth Berins Collier and David Collier, "Inducements Versus Constraints: Disaggregating 'Corporatism,'" *American Political Science Review* 73, no. 4 (1979): 967–86; on the distinction between state and societal corporatism and the different dimensions of the concept, see David Collier, "Trajectory of a Concept: 'Corporatism' in the Study of Latin American Politics," in P. Smith, ed., *Latin America in Comparative Perspective* (Boulder: Westview Press, 1994). Neocorporatism, in particular confederate-level wage bargaining, has been increasingly challenged by economic internationalization; yet an abundant literature, including the current debate on "varieties of capitalism" points out the resilience (and even the resurgence) of sectorally coordinated wage-bargaining and social pacts in various parts of Europe since the late 1990s; see, for example, Mario Regini, "Between Deregulation and Social Pacts: The Responses of European Economies to Globalization," *Politics and Society* 28, no. 1 (2000): 5–33; and Martin Rhodes and Oscar Molina, "Corporatism: Past, Present and Future of a Concept," *Annual Review of Political Science* 5, (2002): 305–31. For a more recent revision of the trajectory of the concept and practice, see "The Study of Organized Interests: Before 'The Century' and After" in C. Crouch and W. Streeck, eds. *The Diversity of Democracy* (Cheltenham: Edward Elgar, 2006).

5. According to data from the EPH (Permanent Household Survey), which covers the urban population, by 2006, Argentina had an economically active population (EAP) of 15.9 million. Of those, 14.3 million are employed. Among the employed, 11.6 million are private-sector workers (3.5 million nonwage earners, i.e., self-employed/family workers/owners; 4.03 million registered workers; 4.1 million nonregistered workers), 2.3 million are public sector workers, and 0.4 million are workers under state-funded employment programs. Institutional forms of collective bargaining broadly cover private registered workers and most state workers, that is, 6.3 million workers or 40 percent of the EAP and 60 percent of wage earners (including state workers). Data from EPH survey in *Boletín de Estadísticas Laborales*, Ministry of Employment, Labor and Social Security (MTESS), <http://www.trabajo.gov.ar/left/estadisticas/bel/index.asp> (accessed on April 14, 2007).

6. Of course, this social policy component was not homogeneous across the neocorporatist political economies, being more universalistic in the Scandinavian countries than in the rest of Continental Europe.

7. Eric Olin Wright, "Working-Class Power, Capitalist-Class Interests and Class Compromise," *American Journal of Sociology* 4, no. 4 (2000): 957–1002.

8. Beverly Silver, *Forces of Labor* (Cambridge, UK: Cambridge University Press, 2003); Nitra Rudra, "Are Workers in the Developing World Winners or Losers in the Current Era of Globalization?" *Studies in Comparative International Development* 40, no. 3 (2005): 29–64.

9. Chris Howell and Anthony Daley, "The Transformation of the Political Exchange," *International Journal of Political Economy* 22, no. 4 (1992): 3–16.

10. For a more recent view in this "pessimistic" vein, see Michael Wallerstein and Bruce Western, "Unions in Decline? What Has Changed and Why?" *Annual Review of Political Science* 3 (2000): 355–77.

11. Stephen Frenkel and David Peetz, "Globalization and Industrial Relations in East Asia: A Three Country Comparison," *Industrial Relations* 37, no. 3 (1998): 282–310.

12. Christopher Candland and Rudra Sil, eds., *The Politics of Labor in a Global Age: Continuity and Change in Late Industrializing and Post Socialist Economies* (New York: Oxford University Press, 2001); Graciela Bensusán and Maria Cook, "Political Transition and Labor Revitalization in Mexico," *Research in the Sociology of Work* 11 (2003): 229–67; Teri Caraway, "Legacy Unions in New Democracies," paper presented at the American Political Science Association (APSA) meeting, Philadelphia, PA, August 31–September 3, 2006.

13. Paul Krugman and Anthony Venables, "Globalization and the Inequality of Nations," *Quarterly Journal of Economics* 110, no. 4 (1995): 857–80.

14. Gay Seidman, *Manufacturing Militance* (Berkeley: University of California Press, 1994); Kim Moody, "Towards an International Social Movement Unionism," *New Left Review* 27, 225 (1997): 52–72; Jay Mazur, "Labor's New Internationalism," *Foreign Affairs*, January-February (2000): 79–93; Peter Evans, "Counter-Hegemonic Globalization: Transnational Social Movements in the Contemporary Global Political Economy" in T. Janoski, A. Hicks, and Mildred Schwartz, eds., *Handbook of Political Sociology* (Cambridge, UK: Cambridge University Press, 2005).

15. Moody, "Towards an International Social Movement Unionism," 19.

16. Héctor Palomino, "Los Efectos de la Apertura Comercial sobre las Relaciones Laborales en las Empresas" in E. De la Garza and Carlos Salas, eds., *Nafta y Mercosur: Procesos de Apertura Económica y Trabajo* (Buenos Aires: CLACSO, 2003).

17. In fact, recent research shows that the relation of Congress of Argentine Workers (CTA) and its associated unions of teachers and state workers to popular sector and neighborhood organizations remains important. See Candelaria Garay, "Popular Associations, Labor Unions, and Political Parties in Argentina, Chile, Peru, and Venezuela," prepared for delivery at the 2006 annual meeting of the American Political Science Association, Philadelphia, PA, August 31-September 3.

18. Maristella Svampa, "Profunda Ruptura de las Lealtades," *Le Monde Diplomatique*, Argentine Edition, January 2007, 6–7.

19. Steven Levitsky, *Transforming Labor-Based Parties in Latin America* (Cambridge, UK: Cambridge University Press, 2003).

20. Juan Carlos Torre, "Prólogo" in *El Gigante Invertebrado: Los Sindicatos en el Gobierno, 1973–76* (Buenos Aires: SXXI, 2004).

21. Independent Social Research Consulting (CISI) 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 devoted to

union-related news). Although 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, *Forces of Labor*.

22. For different accounts of the surge of the unemployed movement in Argentina, see Candelaria Garay, "Social Policy and Collective Action: Unemployed Workers, Community Associations and Protest in Argentina," *Politics and Society*, forthcoming; Maristella Svampa and Sebastián Pereyra, *Entre la Ruta y el Barrio. La Experiencia de las Organizaciones Piqueteros* (Buenos Aires: Biblos, 2003); Gabriela Delamata, *Los Barrios Desbordados* (Buenos Aires: Libros del Rojas, 2004).

23. The source is the newspaper-based CISI database cited in note 21. In the database, episodes of union-led conflict or labor conflict involve (1) strikes, (2) union street demonstrations, (3) union formal "alert" declarations, (4) workplace seizures, (5) union-led road or street blocking or workplace assembly, and (6) other forms of protest such as factory access blocking or workers chaining themselves to facilities. Nonunion 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, and so on.

24. Data from the National Institute for Statistics, Ministry of the Economy, Argentina, www.indec.mecon.ar (accessed on April 10, 2007).

25. A recent survey by the Ministry of Labor of Argentina still yields more labor conflict in the state sector in 2006. This is due to the fact that the CISI database covers only national newspapers whereas the Ministry of Labor database, which starts in 2006, considers a number of local and municipal newspapers. In any case, the increase of private sector-led labor conflict relative to state-led conflict since 2002 is clear. See Ministry of Employment, Labor and Social Security (MTESS) "Estadísticas de Conflictos Laborales 2006" manuscript, 2006.

26. In April 2007, the CTA called a national strike, which was joined by a General Confederation of Workers (CGT) one-hour national stoppage in response to the police killing of a demonstrator in the context of a teacher's strike in the province of Neuquén. However, the strike was aimed at the right-wing provincial governor of Neuquén rather than at the government.

27. Marta Novick, "Reconversión Segmentada en la Argentina: Empresas, Mercado de trabajo y Relaciones Laborales a fines de los 90," in E. De la Garza, ed., *Reestructuración Productiva, Mercado de Trabajo y Sindicatos en América Latina* (Buenos Aires: CLACSO, 2000); Adriana Marshall and Laura Perelman, "Estructura de la negociación colectiva en la Argentina: ¿Avanzó la descentralización en los años noventa?" *Estudios del Trabajo*, no. 23 (2002): 3–30.

28. Wallerstein and Western, "Unions in Decline?"

29. The contracts by "economic activity" are essentially those signed between business chambers (rather than firms) and unions. Their relatively high number (e.g., 203 in 1995) in spite of being sectoral contracts is because of the fact that according to the classification of the Ministry of Labor in Argentina, economic activity includes not only the "general sectors" (commerce, construction, metals, etc.) but also subsectors with state-recognized unions that negotiate on their own (e.g., plastics within chemicals, beverages within food, etc.), and regional agreements, (e.g., a contract signed between the chemical workers and business chamber of the province of Buenos Aires), though this type is less common. In addition, the data of Figures 3, 4, and 5 and Table 4 include nonwage contracts (i.e., on work conditions, bonuses, etc.). In other words, the collective contracts by economic activity include the general wage/sectoral agreements that we analyze in the next section as evidence of the neocorporatist trend but also other types of agreements.

30. To our knowledge, this is the first time that decentralization on the labor side has been measured in Argentina.

31. Ministry of Labor Social Security and Employment, Argentina (MTSEE), "Las Relaciones Laborales en las Empresas," *Trabajo, Ocupación y Empleo*, no 3, 2006: 51–75.

32. The data refer to the "base wage" or *salario conformado* of each contract, as constructed by the technical staff of the Ministry of Labor, Argentina. It consists of the average fixed "wage base" of each work category (i.e., a contract wage not affected by variations in hours worked or productivity); see Ministry of Employment, Labor and Social Security of Argentina (MTESS), "Evolución y Estado de los Salarios de Convenio" unpublished report, Undersecretary of Technical Programming and Labor Studies, 2006; and Héctor Palomino and David Trajtemberg, "El Auge Contemporáneo de la Negociación Colectiva en Argentina" unpublished manuscript, Ministry of Employment, Labor and Social Security (METSS), Argentina, 2007.

33. In practice, through special bonuses and fixed sums, the wage increase in many sectors (often those associated to the export economy) exceeded the 19 percent cap.

34. While virtually all the contracts respected the patterned bargain of the 16 percent guideline in 2007 (and the 19 percent in 2006), in a few sectors, supplementary benefits were included, especially in those where the unions were more powerful but also where productivity was higher and the firms may have more leeway to absorb these payments without passing them on to costs.

35. The case of the Teamsters' union is telling. In March 2007, at the same time the Teamsters and CGT leader, Hugo Moyano, was meeting with government officials to jointly announce an increase in family allowances, the union was actively supporting a transport business lockout against the grain traders in demand for higher transport tariffs, which threatened the supply of flour and grain to the main Argentine cities.

36. Robert Kaufman, "Stabilization and Adjustment in Argentina, Brazil and Mexico" in J. Nelson, ed., *Economic Crises and Policy Choice* (Princeton, NJ: Princeton University Press, 1990), 102–3.

37. Some negotiations are paradigmatic of these dynamics. For example, in the sectoral agreement reached in 2006 by two of the largest unions, the Commerce Federation, representing about 700,000 workers and the metal workers union, representing 200,000 workers, initially asked for a 29 percent and 32 percent increase, respectively, while the business associations offered 11 percent. An agreement to a 19 percent increase was finally reached. In the peak negotiations for state workers and for the minimum wage, the CTA demanded wage increases significantly higher than what the government concluded with the CGT, evincing the role played by the traditional Peronist unions in moderating wages and its alignment with the government.

38. Juan Carlos Torre, "El Movimiento Obrero y el Último Gobierno Peronista (1973–1976)," *Crítica y Utopía*, no 6 (1982); Marcelo Cavarozzi, Liliana de Riz, and Jorge Feldman, "Concertación, Estado y Sindicatos en la Argentina Contemporánea," working paper, CEDES (Buenos Aires: CEDES, 1987); and Andrés Thompson, *Sindicatos y Concertación Social en la Argentina, 1983–1990* (Santiago: CLACSO, 1990).

39. Daniel Funes de Rioja, lawyer in charge of labor affairs in the peak-level industrial business association (UIA), considered by many to be a hardliner in the business world, somewhat praised the wage agreements of April 2007: "It was crucial to anchor wage expectations, because since January many projected wage increases with few real basis, which could contribute to fuel deep conflicts." See *La Nación* (April 21, 2007). Funes de Rioja also praised the negotiations in the context of the Minimum Wage Council of 2006 and argued that "it was a very difficult negotiation, the most complex that took place in the Wage Council." See *Clarín* (July 29, 2006).

40. David Cameron, "The Expansion of the Public Economy: A Comparative Analysis" *American Political Science Review* 72, no. 4 (1978): 1243–61; Peter Katzenstein, *Small States in World Markets* (Ithaca: Cornell University Press, 1985).

41. In 2006, the Committee, headed by a CGT lawyer, pushed forward a series of favorable bills that were opposed by the most important business associations (*La Nación*, May 18, 2006). One bill that was passed severely restricts the ability of employers to change working conditions without employees' consent. A second bill, passed in March, enhances workers' rights in firms undergoing bankruptcy trials. Other initiatives raise once again severance payments, extend from two to ten years the maximum litigation period in labor trials, enhance litigation power of workers that suffer work-related accidents, and ban wage earners from working on Sundays.

42. According to recent research conducted by the Social Law Observatory of the CTA union confederation, 21 percent of the collective agreements closed between 2002 and 2006 include monetary contributions to the unions on the part of business and/or workers (mandatory for union members and nonmembers alike). The CTA denounces the fact that, through this mechanism, many workers not aligned with the dominant CGT unions are forced to contribute to their finances. See "Modelo Sindical y Aportes Obligatorios," Social Law Observatory, CTA, 2007.

43. Ruth Berins Collier and David Collier, "Inducements Versus Constraints: Disaggregating 'Corporatism,'" *American Political Science Review* 73, no. 4 (1979): 967–86.

44. Sebastián Etchemendy, "Repression, Exclusion and Inclusion: Government-Union Relations and Patterns of Labor Reform in Liberalizing Economies," *Comparative Politics* 36, no. 3 (2004): 273–90.

45. M. Victoria Murillo, "Union Politics, Market-Oriented Reforms and the Re-Shaping of Argentine Corporatism," in Douglas A. Chalmers, Carlos M. Vilas, Katherine Hite, Scott B. Martin, Kerianne Piester, and Monique Segarra, eds., *The New Politics of Inequality in Latin America: Rethinking Participation and Representation* (Oxford, UK: Oxford University Press, 1997); Sebastián Etchemendy, "Models of Economic Liberalization: Compensating the Losers in Argentina, Spain and Chile," doctoral dissertation, Department of Political Science, University of California, Berkeley, 2004; see also M. Victoria Murillo and Andrew Schrank, "With a little Help from My Friends. Partisan Politics, Transnational Alliances and Labor Rights in Latin America," *Comparative Political Studies* 38, no. 8 (2005): 971–99.

46. In Argentina, sectoral and subsectoral unions control the administration of the health system for all the workers (union members and nonmembers alike) through a mandatory payroll tax by which revenue is granted to organized labor by law. The quality of the service varies, but in general, unions have used those resources to enhance their organizational and political goals.

47. Gabriel Yoguel, "El Tránsito de la Sustitución de Importaciones a la Economía Abierta: Los Principales Cambios en la Estructura Industrial Argentina entre los 70 y los 90," in B. Kosacoff, ed., *El Desempeño Industrial Argentino* (Buenos Aires: CEPAL, 2000); Nicolás Gadano, "Determinantes de la Inversión en el Sector Petróleo y Gas en la Argentina," in Daniel Heyman and Bernardo Kosacoff, eds., *La Argentina de los Noventa* (Buenos Aires: CEPAL-EUDEBA, 2000).

48. The new militancy of the fishing sector in Argentina underlines the importance of institutional preservation and its interaction with sectoral shifts: even a sector that is difficult to organize may build on established labor inducements (labor law, state-granted resources) to promote industrial action. Yet the fact that the shift to cheap labor sectors in Argentina was not as massive as in Chile or Mexico arguably made labor resurgence easier.

49. The Argentine manufacturing industry was and is less dependent on natural resources exploitation than its Chilean counterpart. In addition, the Argentine neoliberal experiment, developed unlike in Chile under a democracy, granted important political protections to traditional import-substitution industrialization (ISI) sectors such as petrochemicals, autos, oil, and steel, which helped them preserve their role in the postreform economy; see Etchemendy, "Models of Economic Liberalization."

50. Luis Beccaria, Valeria Esquivel, and Roxana Mauricio, "Empleo, Salarios y Equidad Durante la Recuperación Reciente en la Argentina," *Desarrollo Económico* 45, no. 178 (2005): 235–62.

51. Poverty reached its peak in Argentina in the aftermath of the financial crises in 2002, when 57 percent of the population fell below the line of poverty and 24 percent below the line of indigence. In 2005, the numbers were 33.8 percent and 12.2 percent, respectively. Data from the National Institute of Statistics and Census (INDEC), www.indec.gov.ar (accessed on April 10, 2007).

52. Data from the Permanent Household Survey (EPH), National Institute of Statistics and Census (INDEC), www.indec.gov.ar (accessed on April 10, 2007). Furthermore, stories about bottlenecks caused by the scarcity of trained workers in the fields of metals and welders, electronic systems, and autos in the context of high growth are common in the media; see, for example, *Clarín*, April 15, 2007.

53. Rosalía Cortés, Fernando Groisman, and Augusto Hosowszki, "Transiciones Ocupacionales: El Plan Jefas y Jefes," *Realidad Económica*, no. 202 (2002): 11–28.

54. The government established a 130-, 150-, and 200-peso increase during 2003 and passed two additional increases of 50 and 100 pesos in 2004 and 2005, respectively. It also sponsored minimum wage increases, through both unilateral decrees in 2003 and through tripartite bargains in the context of the Minimum Wage Council between 2004 and 2006.

55. This basic wage (*básico de convenio*) is the minimum wage for each sectoral agreement and should not be confused with the base wage (*salario conformado*) for sectoral agreements constructed by the staff of the Ministry of Labor and presented in Figure 6.

56. Daniel Funes de Rioja, main advisor on labor issues for the industrial peak-level business association (UIA) reported, "When Kirchner ordered that the administrative wage increases of a fixed sum had to be passed to the collective agreements, he drove us mad." Interview with Daniel Funes de Rioja, UIA, Buenos Aires, June 2007.

57. Adriana Marshall and Laura Perelman, "Cambios en los Patrones de Negociación Colectiva en Argentina y sus Factores Explicativos," *Estudios Sociológicos* 65 (2004): 409–34.

58. Silver, *Forces of Labor*.

59. Louise Haagh, "The Emperor's New Clothes: Labor Reform and Social Democratization in Chile," *Studies in International and Comparative Development* 37, no. 1 (2002): 86–115; Volker Frank, "Politics without Policy: The Failure of Social Concertation in Democratic Chile," in P. Winn, ed., *Victims of the Chilean Miracle* (Durham, NC: Duke University Press, 2004).

60. Bensusán and Cook, "Political Transition."

61. Wendy Hunter and Timothy Power, "Rewarding Lula: Executive Power, Social Policy and the Brazilian Elections of 2006," *Latin American Politics and Society* 49, no. 1 (2007): 1–30.

62. Levitsky, *Transforming Labor-Based Parties*.

63. 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

Ruth Berins Collier and Samuel P. Handlin, "Shifting Interest Regimes of the Working Classes in Latin America," *Institute of Industrial Relations Working Paper Series*, paper iirwps-122-05 (University of California, Berkeley, 2005).

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