Labor Unions, Partisan Coalitions, and Market Reforms in Latin America

Why do labor unions resist economic restructuring and adjustment policies in some countries and in some economic sectors while they submit in other cases? And why do some labor leaders fashion more creative and effective roles for labor unions? This book addresses these critical questions in an in-depth elegant comparative study of Argentina, Mexico, and Venezuela in the 1990s. In each case, this book studies the role of both national confederations and individual unions in specific economic sectors in each country. It demonstrates the importance of the presence and nature of alliances between political parties and labor unions and the significance of competition between labor unions for the representation of the same set of workers. This work opens new horizons for appreciating the intellectual and practical importance of the variation in the interactions between workers, unions, political parties, and economic policies.

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Presidents leading populist labor-based parties came to power almost simultaneously in Argentina, Mexico, and Venezuela in the late 1980s. Although their respective parties promoted protectionism and state intervention in the postwar period, once in office all three presidents advanced trade liberalization and state retrenchment. The parallel convergence of labor-based parties into neoliberalism challenged the policies on which their long-term alliance with labor unions had been built. Despite the strong partisan loyalties between labor and governing parties in all three countries, labor reactions to this common challenge were diverse and so was the permeability of governments to labor demands. Moreover, the patterns of union-government interactions in Argentina, Mexico, and Venezuela varied not only across the three countries, but also across economic sectors within each country. Some unions endorsed market-oriented reforms whereas others rejected these policies. Sometimes unions were able to exercise policy input and other times the government ignored labor demands.

Political dynamics are crucial to understand the interaction between unions and labor-based governments implementing market reforms. First, in a context of economic uncertainty, partisan loyalties made unions more likely to restrain their militancy when partisan allies were in the government. Secondly, leadership or partisan competition for the control of unions increased the incentives for militancy. Even loyal union leaders who believed that workers’ discontent about their collaboration with the government would lead to their own replacement become more militant. Additionally, interunion competition for membership created incentives for labor unions to break their own coordination efforts in their bids for affiliates, thus weakening all of them and reducing government’s incentives
to yield to labor demands. The combination of these three variables explains four patterns of union-government interaction: effective restraint (cooperation), ineffective restraint (subordination), effective militancy (opposition), and ineffective militancy (resistance). In sum, partisan loyalties, leadership, and interunion competition influenced the shape and pace of market reform implemented by labor-based parties, thus demonstrating how political forces redefined economic interests in the construction of policy coalitions.
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List of Acronyms

AD: Democratic Action
AMET: Association of Vocational Teachers
ANECP: National Agreement for the Promotion of Quality and Productivity
ATE: Association of State Employees
CADAFF: Company for the Administration and Development of Electricity
CADE: Argentine Company of Electricity
CAMMESA: Company for the Administration of the Wholesale Electricity Market
CANTV: Venezuelan National Company of Telephones
CFE: Federal Commission of Electricity
CGT: General Confederation of Labor
CIAE: Italian-Argentine Company of Electricity
CLFC: Light and Power Company of Center Mexico
CNETE: Coordinating Committee of Education Workers
CONASUPO: National Company for the Provision of Basic Staples
COPARMEX: Employers Confederation of Mexico
COPEI: Independent Committee for Political Organization
COPRE: Commission for the Reform of the State
COR: Revolutionary Labor Confederation
CROC: Revolutionary Confederation of Workers and Peasants
CROM: Mexican Regional Labor Confederation
CRT: Revolutionary Workers’ Confederation
CT: Congress of Labor
CTA: Congress of Argentine Workers
CTERA: Teachers’ Confederation of the Argentine Republic
CTM: Mexican Workers’ Confederation
CTV: Venezuelan Workers’ Confederation
List of Acronyms

CVF: Venezuelan Corporation of Development
ECLAC: Economic Committee for Latin America and the Caribbean
EMASA: Company of Environmental Issues, Inc.
ENTEL: National Company of Telecommunications
EVARSA: Resource Evaluation, Inc.
FATLyF: Argentine Federation of Light and Power Workers
FEB: Federation of Buenos Aires’ Teachers
FEDEPETROL: Federation of Oil Workers
FENATEV: Venezuelan National Federation of Education Workers
FESEBES: Federation of Goods and Services Unions
FETEN: Federation of Workers of the National Education
FETRAELEC: Federation of Electricity Workers
FETRAMETAL: Federation of Metal Workers
FETRATEL: Federation of Telephone Workers
FETRAUTOMOTRIZ: Federation of Automobile Workers
FOETRA: Federation of Telephone Workers and Employees of the Argentine Republic
FONACOT: National Fund for the Development of Workers’ Consumption
FREPASO: Front for a Country with Solidarity
FSTSE: Federation of Public Service Workers’ Unions
GATT: General Agreement on Trade and Tariffs
GDP: Gross Domestic Product
IADB: Inter-American Development Bank
ILO: International Labor Office
IMF: International Monetary Fund
IMSS: Mexican Institute for Social Security
INFONAVIT: Institute for the Worker Housing National Fund
INP: National Port Institute
IVSS: Venezuelan Institute of Social Security
LFT: Federal Labor Law
MAS: Movement Towards Socialism
MEM: Wholesale Electricity Market
MEP: People’s Electoral Movement
MTA: Movement of Argentine Workers
NAFTA: North American Free Trade Agreement
OECD: Organization for Economic Cooperation and Development
OSTEL: Telephone Workers’ Welfare Fund
PAN: National Action Party
List of Acronyms

- PARM: Authentic Party of the Mexican Revolution
- PCV: Communist Party of Venezuela
- PDVSA: Venezuelan Oil, Inc.
- PEMEX: Mexican Oil
- PLM: Labor Party of Mexico
- PNR: Revolutionary National Party
- PRD: Party of the Democratic Revolution
- PRI: Institutional Revolutionary Party
- PRM: Mexican Revolutionary Party
- PROHINSA: Engineering Projects, Inc.
- PRONASOL: National Program of Solidarity
- PSE: Pact of Economic Solidarity
- PST: Socialist Workers' Party
- PURN: Single Party of the National Revolution
- SAR: System of Savings for Retirement
- SEGBA: Electricity Services of the Great Buenos Aires
- SEP: Public Education Secretariat
- SITRAFORD: National Union of the Ford Motor Company
- SMATA: Related Trades of the Automobile Industry
- SME: Mexican Union of Electricity Workers
- SNTE: National Union of Education Workers
- STPRM: Oil Workers’ Union of the Mexican Republic
- STRM: Telephone Workers’ Union of the Mexican Republic
- SUPE: Union of State-Owned Oil Workers
- SUTERM: Single Union of Electricity Workers of the Mexican Republic
- TELMEX: Mexican Telephones
- TRANELSA: Electricity Transmission, Inc.
- UCEDE: Union of the Democratic Center
- UCR: Radical Civic Union
- UDA: Union of Argentine Teachers
- UIA: Industrial Union of Argentina
- UNT: National Union of Workers
- UOM: Union of Metal Workers
- URD: Republican Democratic Union
- UT: Telephonic Union
- VIASA: Venezuelan International Airlines, Inc.
- YPF: Fiscal Oil Reserves