LASA-Ford Foundation Grant Proposal, 6th Cycle: Poverty, Inequality and Economic Insecurity in Latin America: Deciphering the Political Economy of Precarious Employment

I. Introduction – Historical and Conceptual Background

Since the Debt Crisis of the 1980s, Latin America has undergone profound economic and political changes. The dual transitions of economic and political liberalization have transformed social organization and political opportunity structures in ways which have had significant impact on the quality of development and democracy in the region. Perhaps nowhere is this impact more apparent than in the realm of labor market organization and labor reform. Governments throughout the region adopted extensive structural reforms in response to the debt crisis of the 1980s, with the expectation that such reforms would stimulate economic growth and job creation and thereby enhance both economic and political stability. After more than two decades of structural reform, however, unemployment, job insecurity, informality and inequality remain persistent, if not growing, problems. Thus, Latin America’s labor movements and workers more generally have had to confront sometimes-conflicting forces. While democratization has provided workers once subjected to authoritarian repression with more openness to pursue their interests, global economic forces have subjected them to increasing levels of competition and economic insecurity. The persistence of economic insecurity and related problems of unemployment, informality, and inequality has, in turn, led to disenchantment with democracy across the region. Thus, Latin American leaders confront the challenge of addressing these economic problems both to alleviate the suffering of their citizens and to strengthen the legitimacy of their governments and democracy more broadly.

The predominant response to these problems, advocated by international financial institutions such as the World Bank, IMF and IADB and adopted by Latin American governments, has been twofold: (1) liberalization of trade and labor markets to stimulate growth and employment, and (2) adoption of targeted social assistance programs to address material deprivation and to facilitate the integration of disadvantaged populations into the market economy. Some fundamental assumptions underlie these interrelated policy approaches. First, proponents of these policies assume that market liberalization and labor flexibilization—which makes it easier to hire and fire workers—will generate increased employment. Second, they assume that economic exclusion or deprivation of disadvantaged segments of the population can be remedied through targeted social assistance policies, which promote human and social capital and thereby facilitate market inclusion of the economically excluded. In other words, this policy approach assumes that the problems of economic insecurity and deprivation originate not with the market economy but with the disadvantaged’s lack of access to it.

To date, this policy approach has been largely ineffective in addressing the problems of economic insecurity and inequality that plague Latin America. For example, in the Chilean case, touted as the most successful case of market reform in the region, there has been a high degree of trade and labor market liberalization and the implementation of sophisticated targeted social assistance programs. Nonetheless, significantly high rates of employment insecurity, informality and inequality persist. Therefore, we believe that consideration of an alternative analytic approach to understanding and addressing these problems is warranted.

II. Project Objectives and Process

Accordingly, this research project focuses attention on the structure of labor markets and labor organization (or lack thereof) to understand persistent problems of precarious employment, inequality and poverty. We intend to consider the proposition that economic insecurity and deprivation originate not from workers’ lack of access to liberalized markets but rather from the very structure of these markets. Our analytic approach is threefold: (1) to examine the structure of labor markets, (2) to assess the extent and form of labor organization, and (3) to evaluate the relative power and influence of business and labor organizations in the policy-making process. With respect to the analysis of labor markets, we intend to go beyond the formal/informal dichotomy given that employment in the formal sector is increasingly
characterized by insecurity, and inadequate wages and benefits. With respect to labor organization, we intend to consider the trade-offs between increased flexibility and enhanced labor organization through reform of laws governing unionization, worker protection and collective bargaining. And finally, with respect to the relative power of business and labor over the policy-making process, we will consider the political dimensions of labor market organization.

In pursuing this research agenda, we recognize the value of comparative case study analysis and the value of scholarly collaboration. We cannot identify patterns of causality or understand the interrelationship among key variables without examining multiple cases across the region. Thus, this research project will be transregional in scope. We will match scholars in Latin America with scholars in the U.S. and Canada with expertise on the same countries. This form of transregional collaboration is based on our recognition of the importance of facilitating communication among diverse academic communities. For example, scholars in Latin America have access to on-the-ground knowledge and empirical data that scholars in North America typically do not have access to on a regular basis. Conversely, scholars in North America are privileged to have access to published research from a broad spectrum of resources that scholars in Latin America often do not have. By joining forces, we hope to overcome the constraints each set of scholars faces and to reinforce their relative advantages.

Our proximate objective is to organize a workshop prior to LASA 2012 where we bring the scholars listed below together to discuss our respective contributions to this research project and to begin to delineate important similarities and dissimilarities among the case study investigations we are pursuing. Out of this collaborative process we expect to produce at least one edited volume on the political economy of precarious employment in Latin America.

Our longer term objective is to facilitate transregional collaboration on the study of labor in the Americas by creating an institute for this purpose, the Institute for the Study of Labor in the Americas, or ISLAS. Initially we expect this institute to be exclusively virtual in nature by creating a website that will serve as a medium through which scholars who are geographically dispersed can share their research, exchange ideas and collaborate. The availability of information technology such as Skype will facilitate this kind of exchange by allowing virtual face-to-face communication. One possibility for leveraging the power of this kind of information technology is to develop various nodes of the institute at different loci across the Americas so that researchers who are geographically distant can keep in close contact and share ideas and feedback on a regular basis. Administrative responsibility for maintaining the institute would rotate among the scholars situated at the various nodes. We will pursue additional grant funding to support these endeavors.

III. Project Participants and Contributions

A. Argentina

Viviana Patroni is an associate professor in the Department of Social Science at York University (Toronto, Canada). Between 2000/2003 and 2004/2007 she was the director of the Centre for Research on Latin America and the Caribbean, also at York. Her work has focused on the experience of development in Latin American, the changing nature of state-labour relations under neoliberalism, the emergence of new forms of workers’ organization in Argentina during the 1990s and the post-2002 transformation of labour markets in this country. Her most recent work includes also an interest on the impact of Canadian investment in the Latin American mining sector. Her articles have appeared in Capital and Class, Research in Political Economy, LABOUR, Capital and Society among other journals and she is one of the co-editors of Community Rights and Corporate Responsibility: Canadian Mining and Oil Companies in Latin America (2006). Until 2010 she also co-directed a six-year Canadian-funded project of activities aimed at supporting the development of a Latin American network for human rights education and research.

Proposed Contribution: “The Limits to Change: Precarious Work in Argentina”

Few aspects in the political, economic, and social life of Argentina have been untouched by the momentous transformation the country has undergone over the last 30 years. Changes in labour policy
stand as an unequivocal illustration of the scope and depth of this transformation. For most Argentines, these transformations implied substantial losses expressed in terms of high rates of unemployment, growing informality and a general decline in working conditions. However, since 2003 the country has experienced a process of economic growth that, together with a number of active policies in the labour market, have resulted in both rising levels of employment and considerable salary gains for some sectors of the working class. However, for a sizeable portion of workers precarious and informal work continues to be their daily reality. In this paper I will explore the problem of precarious work in Argentina since 2003. While I identify new trends starting in that year, the general argument in this paper is that even under a more progressive political context, reforms in the area of labour policy in the country remain conditioned by the depth of the economic transformation experienced during the 1990s and by the demands of sustaining economic growth while containing inflation.

**Ruth Felder** is lecturer in Administration and Public Policies in the Faculty of Social Sciences at the University of Buenos Aires (Argentina) and Phd. Candidate in Political Science at York University. Her work has focused on the neoliberal restructuring and the role of the state under neoliberalism and its crisis in Argentina. She has also worked on the role of the international financial institutions in shaping the economic, legal and institutional conditions for neoliberalism. Her recent work includes an interest in the changes in labour markets and labour regulations after the 2001 crisis in Argentina and post neoliberalism in Latin America. She has directed, coordinated and participated in several research projects and has published to co-authored books, several refereed articles, book chapters and working papers in Latin American and Canada.

**Proposed Contribution: “Labour policies after neoliberalism in Argentina”**

This work will analyze labour policies in the period of economic recovery initiated in Argentina in 2003. The assumption is that events, tensions, shifts and contradictions that characterize these policies are expressions of agreements and disputes between stakeholders. During the 1990s, the main goal of labour policies in Argentina was to adapt the domestic labour force to the requirements of competitiveness and austerity created by the combination of the overvaluation of the currency and external openness. These policies were supplemented by workfare and other assistance programs that targeted specific groups of the working and unemployed poor. Together, they helped to create large contingents of informal and precarious workers and an unprecedented number of unemployed. Since 2003, the purchasing power of wages, unemployment and informal labour became main concerns of economic and labour policies. I will argue that the constrains associated with the previous structural transformation of the economy and the disputes and tensions associated with labour policymaking explain the current combination of old and new policy goals, legal frameworks and institutional arrangements, which that have had partial effects in reversing the effects of the process of neoliberal reforms on workers.

**B. Brazil**

**Jean Francois Mayer** is Associate Professor of Political Science at Concordia University (Montreal, Canada). He researches and has published on matters related to state-society relations, social movements (especially labor organizations), processes of democratization, and socio-economic policy reforms in Brazil and Mexico. Mayer’s work has been published in journals such as The Bulletin of Latin American Research, the Journal of Social Policy, the Canadian Journal of Latin American and Caribbean Studies, and The Latin Americanist, among others.
Proposed Contribution: “Desafinados? The Determinants of State-Labor Relations in Post-Transition Brazil” This paper analyzes the principal determinants of state-labor relations in Brazil since 1985. It emphasizes four causal factors: the democratic transition; economic crises and liberalization; the emergence of rival labor umbrella organizations; and the nature of the political coalition in power at the federal level. My research identifies three time periods. From 1985 to 1990, labor—especially the “New Unionism” movement led by CUT—benefitted from heightened organizational capabilities and a considerable legitimacy inherited from its activities supporting the country’s democratic transition. This resulted in significant gains for the labor movement—particularly reflected in the 1988 Constitution—despite the economic crisis affecting Brazil at the time. From 1991 to 2002, CUT faced a much more hostile political and economic environment. The coalitions of forces in power proceeded with the implementation of a restructuring program that sought to liberalize the Brazilian economy, and included austerity and privatization measures. The Collor and Cardoso governments allowed little space for negotiations with labor, seemingly privileging a confrontational strategy. Organized labor suffered important losses during that period, in terms of membership size, organizational capabilities, and political influence. From 2003 until 2010, organized labor reemerged as a significant political actor and made considerable gains, despite a general continuation of the economic policies that had afflicted it in the past decade. This appears to have resulted from the change in governing coalition, as president Lula (an ex-CUT leader) championed legislations that strengthened labor organizations, and “taught” labor leaders the political and economic advantages of labor unity.

Salvador Sandoval is full professor at the Pontificia Universidade Catolica de Sao Paulo and Universidade Estadual de Campina in Brazil. He has researched extensively topics of labor and social movements in Brazil covering the period between 1945 to the present. He is author of Labor Unrest and Social Change in Brazil since 1945 (Westview Press) as well as published in the International Journal of Labor and Working Class History (Cambridge University Press), Estudios Sociologicos and Revista Mexicana de Sociologia, Educacao e Sociedade, Psicologia e Sociedade, Pesquisa Economica and Psicologia Politica (Brazil) as well as chapters in anthologies published in the USA and Brazil on labor relations and social movements in Brazil. He has been a visiting professor at Concordia University, Federal University of Minas Gerais, University of Sao Paulo, State University of Sao Paulo, FLACSO-Buenos Aires, Universidade Autonoma Metropolitana de Mexico. He was also a J. P. Leman Visiting Scholar at the David Rockefeller Center for Latin American Studies at Harvard University.

Proposed Contribution: “Global Crisis, Domestic Response: Brazil’s Policy Response to the Financial Crisis and its Impact on Labor Markets and Class-based Organizations” This work will examine how the Lula government’s policy response to the global financial crisis affected each of the three foci of this project: (1) the structure of labor markets, (2) forms of labor organization, and (3) the relative power of business and labor organizations in the policy-making process. In response to the global financial crisis, Lula’s government raised the minimum wage substantially, facilitated workers interest representation by granting labor centrals access to state-derived resources (“impost sindical”) and legal status (before 2007 these centrals were not legally recognized and thus could not represent workers in the negotiation process), and allowed informal workers and the peasantry to gain access to the public pension system. The increased minimum wage and the legalization of the labor centrals are widely credited with enhancing labor’s political influence and profile and of reshaping the labor market in a more worker-friendly manner. Under Lula, labor was seen as having a stronger position for negotiating with employers, generally as a result of labor’s access to the Lula government. Finally, the labor market under Lula has become somewhat less informal, and has continued to evolve away from the traditional agrarian base to a stronger and more diversified industrial and service base. Thus the policies by federal and state governments aimed at attenuating the negative impact on Brazilian society of the world economic crisis appear to have altered significantly the conditions and dynamics of the labor market, the traditional
structures of the market, the bases of labor and social movement mobilization and the relative power and influence of class-based organizations.

C. Venezuela

Froilan Barrios Nieves es Docente en la Cátedra de Relaciones Obrero Patronales de la Escuela de Relaciones Industriales de la Universidad Católica Andrés Bello (UCAB), Secretario Ejecutivo de la CTV, Coordinador del Departamento de Cooperativas y Cajas de Ahorro de la CTV, Profesor del Postgrado de Derecho Laboral de LUZ en Negociación Colectiva y cursante del Doctorado de Estudios del Desarrollo CENDES-UCV, Integrante de la Junta directiva de SIPUCAB y de la Plataforma Solidaridad Laboral- FADES y forma parte de la Unión Iberoamericana de Municipalistas (UIM) Nro. De Socio 2187

Tema de la Ponencia: “Políticas de Flexibilización Laboral en el Sector Petrolero en Venezuela” Las relaciones de trabajo de Venezuela han tenido una marcada influencia del sector petrolero, por ser la primera actividad industrial de dimensiones nacionales, desarrollada en nuestro país desde 1930. Ella agrupó por primera vez a miles de trabajadores en torno a la explotación petrolera en diferentes áreas de producción. Desde 1945 hasta el presente año 2010 se han firmado 21 contratos colectivos, la cifra más alta lograda por cualquier sector sindical del país, público o privado. Es fundamental destacar que el desarrollo de la contratación colectiva en el sector mencionado, estableció la conformación de un sólido sistema de relaciones de trabajo, Integrado por: El contrato Colectivo Petrolero (CCP), la Ley Orgánica del Trabajo, la Ley Orgánica de Hidrocarburos, La Constitución de la República Bolivariana de Venezuela (CRBV) y los convenios laborales firmados por nuestro país en el contexto de la Organización Internacional del Trabajo (OIT). Específicamente incluye a trabajadores de la nómina obrera y administrativa de PDVSA y de empresas contratistas, Este sector laboral protegido por diferentes legislaciones ha comenzado a conocer modificaciones sustanciales en la organización del trabajo, la estabilidad laboral a través de estos modelos asociativos: Cooperativas de Trabajo Asociado (CTA) y Empresas de Producción Social (EPS). Se analizan procesos de flexibilización laboral a través de Cooperativas, (EPS); los cambios cualitativos de los sistemas de RT y la existencia de políticas públicas de este género orientadas al resto de sectores de la economía nacional.

Paul W. Posner is Associate Professor in the Department of Political Science at Clark University (Worcester, Massachusetts). His current research focuses on democratization and political participation in Latin America. He is also interested in the impact of economic globalization and related labor and social welfare reforms on social organization and collective action in Latin America. He has published in the Journal of Interamerican Studies and World Affairs, Democratization, Latin American Politics and Society, Political Power and Social Theory and the International Journal of Urban and Regional Research. His book, State, Market and Democracy in Chile: The Constraint of Popular Participation (2008), assesses the impact neoliberal reform has had on the ability of Chile’s urban poor to organize and represent their interests in the political arena. He is currently researching labor reform and organization under the Chávez government in Venezuela.

Proposed Contribution: “What’s Socialism Got to Do with It? Labor Repression and Flexibility under Chávez” Chávez's self-proclaimed socialist government has promised workers greater protection from market forces and the development of a strong, autonomous labor movement that can advocate effectively for workers' rights and interests. However, close examination of labor policies and conditions under the Chávez government reflect a reality at odds with this promise. Workers in social cooperatives, the entities the Chávez government has touted as an antidote to capitalist labor relations, are not covered
by prevailing labor law, much like workers in the informal sector. Thus, they suffer precarious employment and no legal right to collective bargaining. Similarly, the Chávez government has thwarted the autonomous organization of workers in expropriated industries and attempted to co-opt organized labor through the establishment of a new labor confederation, the National Union of Venezuelan Workers (UNT). The UNT was to supplant the CVT, whose legitimacy is suspect in the eyes of many Venezuela workers given its complicity in the adoption of neoliberal reforms. Thus, the establishment of the rival UNT and the government’s avowed commitment to state-worker co-management offered the prospect of a substantially strengthened labor movement and significantly improved conditions for workers. However, evidence suggests that the Chavez government has impeded the labor movement’s autonomy, contravened essential labor rights such as free union elections, collective bargaining and the right to strike, and engaged in reprisals against unions and workers who it perceives as threats. Therefore, this paper concludes that there is a significant contradiction between the Chávez government’s avowed socialist ideals and the treatment of workers in practice.

IV. Work Plan
The members of this research team request funds to convene a three day workshop that will involve: (1) an in depth discussion of our respective research findings; (2) identification of common themes and important differences; (3) development of the theoretical, conceptual and empirical elements of our work; (4) formulation of the structure of our edited volume and publication strategy; (5) discussion of the development of the proposed labor institute, ISLAS, and identification of additional participants and contributors (including grantors) to support the creation of the institute.

V. Budget
Grant funding will be used to cover the travel, lodging and food expenses, particularly for Latin American participants, whose home institutions do not provide sufficient funding (if any at all) for travel of this sort. We would also like to use grant resources to hire two rapporteurs who will be responsible for transcribing and disseminating notes from workshop sessions.

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<th>Expenses</th>
<th>Cost per Participant</th>
<th># of Participants</th>
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<tr>
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Rapporteurs will be graduate students hired at the host institution. Facilities will be utilized at the home institution of the host participant to defray costs. The site of the workshop will be determined on the basis of relative cost and accessibility. Paul Posner will assume the responsibility of principal investigator for purposes of administering the grant.