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# Protecting the "outsiders": trade unions' strategies and the expansionary turn in Argentina and Uruguay

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# Executive summary

This dissertation aims at disentangling the relationship between trade unions and "outsiders"; it investigates labour organizations' strategies with respect to the representation of this group of workers, challenging the mainstream theory that states how organized labour usually carries out insiders' interests and hinders outsiders' claims. More specifically, the thesis analyses the introduction of policies that targeted outsiders and explores whether labour organizations supported them or not. The starting point of this work is the "inclusive turn" that occurred in Latin America from the early 2000s: the Bismarckian welfare regime in place in the region – that, due to the high levels of informality, left large sectors of the population without access to social protection system - was modified by the introduction of non-contributory measures to include outsiders. While the existent literature considers the establishment of long-term democratic regimes and the advent of left parties in the cabinets as the main *explanans* of this paradigmatic turn, this dissertation contributes to enlarge the comprehension social policy expansion by looking at the role of trade unions in Argentina and Uruguay. The research questions thus concern whether and why labour organizations supported inclusive policies, while taken into consideration possible differences that may depend on unions' specific features and on the considered policy-fields (children allowances and pensions).

According to the existent literature, some arguments have been drawn. While the insider-outsider theory identifies membership and the composition of unions' rank-and file as the main element that defines trade unions' choice to support outsiders, other strands of literature pinpoint how labour organizations differentiate their strategies according to their ideologies and the eventual relationship with governments. In addition, external factors may blur the interests of insiders and outsiders, thus affecting labour organizations' actions. These arguments have been investigated by looking at the Argentinean and Uruguayan unions. The countries have been chosen because they both exhibit similar welfare state developments but they have extremely different trade union models: while in Argentina, it is impossible for more unions to coexist within the same sector or industry, in Uruguay this restriction does not exist. Despite this framework, in Argentina there are two unions – CGT, representing insiders and with an historical relationship with the Peronist Party, and CTA, a leftist organization representing also outsiders – while in Uruguay, only one organization represents all workers, the PIT-CNT, allied with the *Frente Amplio*.

Although the selected cases brought to different expectations, all unions expressed their support to outsiders-favourable measures. A common reason has been found in the diminishing gap between insiders and outsiders (especially in the field of pensions) that pushed trade unions to extend protection to workers well beyond their majoritarian membership. However, this factor was not enough to disentangle the empirical puzzle. Among the three, the Argentinean CTA was the only union without institutional resources. It therefore moved toward a strategy based on mobilization and coalition building with societal actors, culminated with the creation of a National Front against Poverty. When it comes to CGT, results show that it was strongly boosted by CTA's competition; this element, coupled with the deep corporatist relationship with the Peronist government, pushed CGT toward the support of pro-outsider policies. There was therefore a deviation with respect to the exclusive attention to insiders, as it would be legitimate to expect from the insider/outsider perspective. For what concerns Uruguay, PIT-CNT, is considered a supporter. The ideological affinity with government – they both shared a leftist ideology - and the possibility to state its porposals in the National Dialogue allowed PIT-CNT to promote inclusion of the most disadvantaged workers.

The analysis of trade unions' strategies in the Latin American context has an important relevance also from a theoretical perspective. As the empirical investigation reveals, membership has not emerged as the crucial element to undertake decisions concerning pro-outsider policies. Rather, the economic context seems to have negatively affected the condition of insiders: in fact, some of them were not employed in the formal labour market for their entire careers, generating also difficulties in the access to social protection system. This group, defined as "mid-siders", thus impacted on trade unions' willing to promote pro-outsider policies. Another contribution that the paper does to the literature is the partial denial of the revitalization theory and, more specifically, to the definition of institutional resources and on their effects on trade unions' strategies. The access to such resources from governments is not an obstacle to the support of inclusive policies. Garay (2016) helps to understand how the strict relationship between political actors, even if they are inserted in a corporatist model, does not necessarily exclude outsiders, if there exist a competition to grab their support. Finally, this work strongly confirms the importance of ideology: union with leftist ideologies have been demonstrated to conceive social protection as "human rights", implying that welfare state should provide universal coverage. In light of this findings, the insider/outsider theory is not confirmed: rather than the rank-and-file composition, other factors intervene in defining trade unions' strategies and their support for pro-outsider policies.

## List of abbreviations

| | |
|---|---|
| **AFJP** | Administradoras de Fondos de Jubilaciones y Pensiones |
| **AFAP** | Administradoras de Fondos de Ahorro Individual |
| **ANSES** | Admistracion Nacional de la Seguridad Social |
| **ASCPG** | Asociacion Sindical con Personeria Gremial |
| **ASSI** | Asociacion Sindical Simplemente Inscripta |
| **AUH** | Asignación Universal por Hijo |
| **BPS** | Banco de Prevision Social |
| **CCC** | Corriente Classista Combativa |
| **CIEPP** | Centro Interdisciplinario para el Estudio de Politicas Publicas |
| **CGT** | Confederación General del Trabajo |
| **CTA** | Central de Trabajadores de la Argentina |
| **CTDAV** | Coordinadora de Trabajadores Desocupados Anibal Veron |
| **CTEP** | Confederacion de Trabajadores de la Economia Popular |
| **CTERA** | Confederación de Trabajadores de la Educación de la República Argentina |
| **CONAYEC** | Consejo Nacional de Administracion, Ejecucion y Control |
| **EPL** | Employment protection legislation |
| **ERT** | Equipo de Representación de los Trabajadores |
| **EU** | European Union |
| **FA** | Frente Amplio |
| **FEEUU** | Federación Estudiantes Universitario del Uruguay |
| **FreNaPo** | Frente Nacional contra la Pobreza |
| **FTV** | Federacion Tierra y Vivienda |
| **FUCVAM** | Federación Uruguaya de Cooperativas de Vivienda por Ayuda Mutua |
| **FUTD** | Frente Unico de Trabajadores Desocupados |
| **ILO** | International Labour Organization |
| **IMF** | International Monetary Fund |
| **ISI** | Import Substitution Industrialization |
| **JO** | Jubilacion Ordinaria |
| **LA** | Latin America |
| **MERCOSUR** | Mercado Comun del Sur |
| **MIDES** | Ministerio de Desarrollo Social |
| **MTA** | Movimiento de los Trabajadores Argentinos |
| **MTD** | Movimiento de Trabajadores Desocupados |
| **MTL** | Movimiento Territorial de Liberacion |
| **ONAJPU** | Organización Nacional de Jubilados y Pensionistas del Uruguay |
| **PANES** | Plan de Atención Nacional de Asistencia Social |
| **PAP** | Prestacion Adicional Permanente |
| **PBU** | Prestacion Basica Universal |
| **PC** | Prestacion Compensatoria |
| **PC** | Partido Colorado |
| **PIT-CNT** | Plenario Intersindical de los Trabajadores – Convención Nacional de Trabajadores |
| **PJ** | Partido Justicialista (Partido Peronista) |
| **PJJHD** | Plan Jefas y Jefes de Hogares Desocupados |
| **PN** | Partido Nacional |

| | |
|---|---|
| **SIPA** | Sistema Integrado Provisional Argentino |
| **SIPROF** | Sistema Integrado de Proteccion a la Familia |
| **SIJP** | Sistema Integrado de Jubilaciones y Pensiones |
| **SUTD** | Sindicato Único de Trabajadoras Domesticas |
| **SMATA** | Sindicatos de Mecanicos y Afines del Transporte Automotor |
| **UCR** | Union Civica Radical |
| **UCRUS** | Unión de Clasificadores de Residuos Urbanos Sólidos |
| **UOCRA** | Union Obrera de la Construccion de la Republica Argentina |
| **UOM** | Union Obrera Metalurgica |
| **WB** | World Bank |

## Table of Contents

# Chapter 1. Introduction

From the early 2000s, Latin American countries experienced an "inclusive" turn with the introduction of non-contributory measures aimed at reducing poverty and social exclusion. In fact, welfare schemes in the region were previously based on occupational status, in accordance with the Bismarckian imprint, and anti-poverty measures were either absent or residual, while Latin American labour markets were traditionally characterized by high informality rates. In this context, the social protection system was not effective, leaving many people with no access to services and cash transfers. Only formal workers, what we call here the "insiders", were covered by social insurance schemes. The "inclusive" turn marked an important shift in Latin American welfare development: the "outsiders", here defined as informal workers and unemployed, were finally included in the fields of income support, pensions, health care, and education.

Such paradigmatic change was inspired by the so called "basic universalism", which had the merit to enlarge the coverage of social protection system after the neoliberal wave of the 1990s. In this period, governments had actually imposed the harsh dictates by the IMF and the WB to reduce debt, thus leading to the harmful combination of the growth of informality and unemployment on the one hand - due to the dismissal of industrialization plans and the sudden opening of the economy that damaged unprepared national firms – and welfare state retrenchment on the other - which left large room of *maneuvre* to the private sector – reducing welfare state coverage. Basic universalism "brought back" the state into social policies in order to reverse these trends: it involved the (mostly public) provision of high quality basic services, as well as cash transfers to reduce poverty and social exclusion. The introduction of these services and transfers aimed at including outsiders, so to reach "universalism" of social protection.

The inclusive turn was facilitated by favourable economic conditions: the "commodity boom" - that is the price growth of raw materials crucial for Latin American economies - enormously increased the amount of available financial resources, in a region where tax systems are ineffective, thus posing sound constraints on the implementation of redistributive policies.

Besides economic factors, some contributions have also emphasized the *political* dynamic underpinning the inclusive turn. Why were Latin American social protection regimes so deeply

modified? Long-term democracy and the "left turn" were identified as the main factors that prompted the paradigmatic turn. While the first refers to established democratic regimes, the second points at the predominance of left cabinets in the region. Haggard and Kauffman (2008) highlighted that democratic regimes – the most common regimes in Latin America from the mid-1980s – provided more incentives in terms of accountability and fostered mechanisms of competition previously absent from authoritarian regimes. Long-term democracies prompted these mechanisms which, in turn, led to the advent of left parties, committed to reduce poverty and inequality after a decade of neoliberalism. Left parties created government coalitions - or stood in opposition as strong rivals – and provided substantial inputs to achieve universalism (Huber and Stephens, 2012; Pribble, 2013). Moreover, Garay (2016) found that electoral competition for the vote of outsiders and social mobilization were the drivers of social policy expansion toward the outsiders.

The advent of left parties often benefitted labour organizations that were extremely weak - after dictatorships and neoliberal impositions – as well as marginal in the political arena. In most countries, they were given the opportunity to come back in both the political and economic arenas, for example through the revival of tripartite collective bargaining. Many strands of literature have either analysed union "revitalization" (Atzeni and Ghirigliani, 2007 among the others) or they have highlighted how unions may contribute to increase social spending playing a large role in shaping social protection systems (Niedwiecki, 2015). Nevertheless, an investigation of the possible connection between labour organizations and the support of pro-outsider measures in Latin America is still largely missing. The aim of this dissertation is to fill such gap in the literature, going beyond the studies on the left parties for what concerns pro-outsider reforms. Against such backdrop, a first key question emerges. Which was the role of trade unions in the inclusive turn? In fact, trade unions may lack of interest - or they may be even against - social policies which are not based on social insurance mechanisms because they usually represent formal workers who do not need non-contributory arrangements.

The question is thus interesting also from a theoretical point of view, as the existent literature is not univocal. In fact, the well-known insider/outsider theory brought back by Rueda (2007) states that labour organizations are usually composed by insiders; therefore, unions would be more likely to support insiders and to hinder outsiders. The membership is thus the only element that defines labour organizations' choices. On the contrary, other strands of literature demonstrate that many factors can positively affect trade unions' strategies with respect to their

support for outsiders-favourable policies. For example, the revitalization theory states that trade unions may decide to promote measures targeting outsiders with the purpose to revitalize the organization itself; it is therefore a rational strategy to gain strength through the enlargement of their representation. In addition, workers' representatives are affected by the presence – or the absence - of institutional resources, that is, the relationship with the government and the potential benefits they can gain from this connection. Furthermore, the most recent strands of literature, moving from the work of Hyman (2001), highlighted the ideology as a factor that affect trade union strategies.

This work focuses on two countries, Argentina and Uruguay, with fairly developed and similar welfare states, and traditionally strong labour organizations, although they developed different trade union models. Their labour organizations strongly supported pro-outsiders measures, despite showing different features both their unions' models and the characteristics of each trade union.

In the following sections, the research question and its relevance will be first highlighted; the second paragraph then presents the research design, explains the selection of cases and methodology, while the last paragraph outlines the structure of the dissertation.

## 1. Relevance of the subject and main research questions

The dissertation focuses on labour organization strategies with respect to pro-outsider policies. In the context of the "inclusive turn", it analyses the comeback of trade unions on the political scene in order to explain their role in policy making process.

As aforementioned, Argentina and Uruguay represent two countries of the Southern Cone with developed welfare regimes (compared to the rest of the region) and relatively strong labour organizations, though weakened by authoritarian and neoliberal phases. Due to the relevance of worker representatives and the important – and comparable – reforms in the analysed fields of cash transfers and pensions, it is worthy to disentangle trade unions' positioning in the support of policies mostly directed to informal workers and/or unemployed. However, trade union models in Argentina and in Uruguay are traditionally different: in the first country, a corporatist arrangement prevailed and the state exercised control over labour organizations. In Uruguay, on the contrary, the party was born thanks to the initiative of the main union with the

purpose to represent workers in the parliamentary arena; state control was limited, although there may be strong linkages between governments and the union. The presence of such different models against similar background conditions – with particular reference to welfare state development – makes the comparison stimulating. In particular, the research aims at understanding cross-country differences, by focusing on two key policy sectors: pensions and family policies. In both countries, expansion in the field of pensions occurred through the introduction of flexible parameters that allowed workers to retire and access social insurance schemes; for what concerns family allowances, non-contributory measures were preferred.

Understanding whether or not organized labour supported outsiders is relevant also from a theoretical point of view. As aforementioned, the most widely used literature, known as "insiders/outsiders theory" (Rueda, 2007), argues that unions tend to oppose to the expansion of outsider-favourable measures. Labour organizations' preferences may be oriented toward policies which benefit the insiders, rather than promoting measures targeted to the most disadvantaged groups – the outsiders - as they are more likely to represent the former than the latter. Therefore, trade unions are expected to support the adoption of contributory policies, instead of mean-tested or universal measures, because their rank-and-file would be the main beneficiary. However, if exogenous factors are able to shrink the gap between insiders and outsiders, labour organizations do consider to extend outsiders' protection.

However, other theories contend that worker organizations are not exclusively pro-insiders: supporting outsiders may also be an option, though as second best solution. In case organized labour has no access *organizational resources* – such as having a role in the process of policy-making or in the implementation of social policies - it may well move towards the support of most disadvantaged groups (Davidsson and Emmenegger, 2013). Moreover, the "revitalization theory" conceives coalition building – with the purpose to represent also excluded categories of workers through the alliance with organizations already committed to it – as one of the possible strategies that unions can pursue to react against deindustrialization (Frege and Kelly, 2003). This theory identifies *institutional resources*, defined as closeness to governments, as a factor that may also affect the choice to support workers beyond the unions' membership. If such resources are missing or lost, it is likely that the union would prefer to move toward other types of assets, such as an enlargement of its membership and the support of traditionally less represented groups. Finally, another strand of literature emphasizes how *identity and ideology* can affect labour organizations' representation strategies (Hyman, 2001). In case that the

organization shares a left ideology, it will be interested in goals that go beyond the collective bargaining of its members, including the establishment of objectives such as fight against poverty and social exclusion. In sum, the literature does not provide a unambiguous argument when it comes to whether or not trade unions support outsiders, while suggesting that several factors may affect their strategies. On the one hand, the insiders/outsiders theory detects membership as the main factor that affect unions' strategies, highlighting how they are most likely to be pro-insider; on the other hand, several strands of literature point out different factors that may encourage workers' representatives to support also outsiders.

Therefore, the dissertation aims at responding to different research questions, with empirical and theoretical relevance. What was the role of Argentinean and Uruguayan trade unions in the process of policy-making aimed to achieve universalism by pursuing outsider inclusion? Did labour organizations adopted similar strategies? Did they take similar decisions both in Argentina and Uruguay? Within each country, do we see difference between the two selected policy fields, i.e. family allowances and pensions? After having described the strategies that each union followed, the thesis disentangles the possible causes of organized labour' choices. Therefore, besides understanding *what* unions have done, the research also tackles *why* they adopted such strategies.

## 2. Research design, case selection and methodology

The dissertation analyses the main reforms that characterized the "inclusive turn" in Argentina and Uruguay. The periods under investigation were therefore selected in order to include the introduction or reinforcement of relevant outsider-favourable measures: in Argentina the years 2001-2015 are thus covered, while in the case of Uruguay pro-outsider measures taken into account were enacted from 2005 to 2010.

This work focuses on two Southern Cone countries, Argentina and Uruguay, which present similar background conditions. Both countries were ruled by authoritarian regimes between the 1970s and the 1980s; in democratic times, and especially during the 1990s, their governments imposed neoliberal economic arrangements. The combination of these two factors led to a substantial weakening of the unions, although worker organizations remained strong compared

to the other countries in the region. Argentina and Uruguay have traditionally followed similar economic paths, not least because the latter has traditionally been strongly affected by Argentinian trends due to the strong links between the two economies. In addition, they have similar labour market structures, characterized by the lowest levels of informality in the region: the rate of informal workers and unemployed, that increased disproportionally until the early 2000s, were strongly reduced from the mid-2000s. Moreover, also the two welfare states present many similarities: they are both quite "old", they already included some sort of last resort safety nets before the inclusive turn, though these measures were marginal, and their pension systems are among the most mature in the region.

Notwithstanding resemblances, the chosen countries present major differences for what concerns the model of trade unionism. In Argentina, the principle of unicity holds: only one union per sector is officially recognized and it has the so called *personeria gremial*, that is, the right to represent workers, while the others are considered as simple associations but not as workers' representatives. This mechanism thus constitutes a limit for the labour organizations that do not own the *personeria*. The labour organizations without the *personeria* are excluded from workers' representation in the working place nor they cannot participate to the definition of economic plans usually set up by governments with political and social actors. Despite these restrictions, in Argentina there are two unions. On the contrary, these constraints are not present in Uruguay: the principle of plurality allows the co-existence of more than one worker organization in the same sector, industry or firm, but only one union actually represents workers in Uruguay.

The selected cases thus coincide with the two Argentinean unions, CGT - *Confederación General del Trabajo* and CTA - *Central de Trabajadores de la Argentina*, and the Uruguayan PIT-CNT - *Plenario Intersindical de los Trabajadores – Convención Nacional de Trabajadores.*

The three labour organizations differ according to aspects that both the empirical and the theoretical literature deem as important: membership composition, institutional resources, and ideology. CGT in fact represents workers employed in core economic sectors (i.e. private and formal sector), thus its rank-and-file only includes insiders; it has the *personeria gremial*, and it is therefore officially recognized by the state; in addition, it is historically allied with the *Partido Peronista*, the main party in government in the analysed "inclusive turn" under investigation. CTA's membership, on the contrary, is made up of formal workers in the public sector along

with organizations of unemployed and other social movements, as well as by individual unionized workers who are mostly employed in the informal sector. Contrary to CGT, it does not have the *personeria* nor it has strong linkages with parties or any other political forces. At the same time, it is characterized by a leftist ideology. Finally, PIT-CNT is composed by both insiders and outsiders, i.e. it is a confederation characterized by unions which include mostly formal workers, but it also allows the affiliation of workers without a contract and it promotes the creation of *ad hoc* informal workers' unions. PIT-CNT is historically allied with *Frente Amplio*, the left party in cabinet that implemented social policies aimed at including outsiders. The two social and political forces also share left ideology.

For what concerns the choice of the policy fields, pensions and family allowances were preferred. On the one hand, the former is a sector that trade unions have always contributed to actively shape. It is worthy to note labour organizations in Argentina and Uruguay have been involved in the process of policy-making during the inclusive turn, after that they were excluded by any decision in the neoliberal period (with particular reference to Argentina). On the other hand, family allowances – a field where unions historically intervened with less intensity than pensions - represent the closest policy to minimum income, that is the most paradigmatic non-contributory measure to include outsiders. A minimum income (intended as a last safety net to reduce poverty) is, in fact, absent in Latin America. It is therefore interesting to highlight how policy fields have been reformed in different ways and if trade unions' positioning changed accordingly.

Once that the countries and the policy sectors are selected, the dissertation tries to answer to the questions concerning outsiders' representation. Did trade unions supported pro-outsider policies? And what are the reasons behind these strategies? The theory provides some hypotheses that are helpful to draw expectations when dealing with CGT, CTA and CGT.
As already highlighted, the theory developed by Rueda (2007) argues that trade unions are likely to support pro-insider policies since their rank-and-files are mostly composed by insiders. However, this is not always the case as unions may be composed also by outsiders, for example in case of large unionization rates. If the rank-and-file is considered as the only criteria that established organized labour's strategy, then the first hypothesis is: *"If a trade union includes outsiders within its membership, it will be more likely to support outsider-favorable policies"*.

However, other theories highlighted that trade unions may also represent outsiders and support policies targeting the most disadvantaged groups *regardless* of their membership.

This literature points out that different types of unions represent a variety of interests. More specifically, labour organizations resulting from the radical left experience (contraposed to social democracy) are more likely to go beyond the traditional claims concerning collective bargaining and to carried out actions directed towards different sectors and categories of workers like unemployed and retirees (Hyman, 2001). The achievement of social inclusion and fight against poverty constitutes therefore a goal for this type of union. Thus, the second hypothesis is *"If a trade union has a leftist ideology, it will be more likely to support pro-outsider policies"*.

Third, institutional resources – identified with a privileged relationship with the government – affect trade unions' strategies. When unions have solid ties with the government, they aim at further institutionalizing their position in order to keep access to the political arena. On the contrary, when unions' strength primarily derives from their rank-and-files, they prefer to both reinforce it and enlarge representation to new groups (Baccaro, Haman and Turner, 2003). The third hypothesis is thus the following: "*If a trade union cannot access institutional resources, it is more likely to be pro-outsider"*.

Finally, exogenous factors may also impact on trade unions' strategies. When insiders are afraid that they may lose their position in the labour market and become outsiders, then they are likely be in favour of the promotion of outsider-favourable policies. Therefore, the fourth hypothesis is as follows *"When the gap between insiders and outsiders is shrinking, trade unions tend to be pro-outsiders*" represents the last hypothesis.

With these hypotheses provided by the existent literature, we can draw some expectations. CGT's rank-and-file excludes outsiders, it has a Peronist ideology - which is difficult to place on the left-right political spectrum but it is undoubtedly "right" of CTA - and it does have institutional resources. This labour organization is therefore expected to be clearly pro-insiders. On the contrary, CTA is likely to be pro-outsiders. By looking at its features, they are diametrically opposed to CGT's: it is mainly constituted by outsiders, it does not have institutional resources and it has a leftist ideology. Finally, PIT-CNT shares some features with CGT and others with CTA: both insiders and outsiders are part of its membership, it has institutional resources but it also shares left ideology with the government. The expectations for what concern PIT-CNT are therefore ambiguous. When it comes to external factors, we can

expect that the persistency of informality in the labour market plays a role in the definition of organized labour's strategies by reducing the gap between insiders and outsiders and, thus, promoting the support of outsider-favourable policies.

In this dissertation, process-tracing has been chosen as methodology. The qualitative analysis has been useful both to understand trade unions' strategies and to tackle the reasons behind them. Process-tracing has been defined as "an analytic tool for drawing descriptive and causal inferences from diagnostic pieces of evidence — often understood as part of a temporal sequence of events or phenomena" (Collier, 2011). In this sense, it focuses on causal explanations, that is, it identifies the mechanisms that link the causes and the outcomes. For the purpose of this work, it is used to highlight which are the mechanisms that lead trade unions to the support of each pro-outsider policy.

The research has been conducted through a 6-months fieldwork period in Latin America – four months in Argentina, two in Uruguay. Semi-structured interviews were conducted with key informants such as the relevant political and social actors that played a role during the "inclusive turn". In total, 28 interviews were conducted, 18 for the case of Argentina and 10 for Uruguay. For what concerns the Argentinean case, seven interviews were conducted with CGT, five with CTA, five at the Ministry of Work, Employment and Social Protection and one to the Ministry of Social Development. In Uruguay, six interviews were conducted with PIT-CNT, two from BPS – *Banco de Prevision Social* (the institution responsible for the implementation of most of social policies in the country), one from the Ministry of Social Development and one from the Ministry of Labour. Some of them have been used for exploratory purposes, that is in order to understand trade unions position with respect to a certain policy and to identify key informants; other investigated in depth the process of policy-making and the reasons behind unions' strategies. Relevant documents also provided an important help to reconstruct the causes that drove labour organizations' strategies. The analysed documents are different. Among others, official reports concerning social dialogues, pamphlets, weekly or monthly unions' press, background documents, speeches and other documents produced by labour organizations were included. Moreover, in the case of Argentina, also national newspapers were used with the aim of increasing the accuracy of the results.

## 3. Overview of the work

The thesis is organized in the following way. The second chapter provides an overview of Latin American demographic, economic, and political trends. In addition, also a picture of poverty and inequality is outlined, due to their relevance in the Latin American region and for the aims of this work. With the simple purpose to inform the reader about the general context in which the "story" developed, graphs and tables are used. Particular attention is devoted to Southern Cone countries (Argentina, Brazil, Chile and Uruguay) and to the period from 1990 to 2015 (when data were available). The third chapter aims to explain the three core points of the work: welfare states, labour market and trade unions. Social protection systems are studied in relation to their historical development; then, various welfare regime classifications elaborated by scholars are presented. Contrary to the European case, there is no agreement on a single typology *a la* Esping Andersen. Next, major labour market trends are described, with particular attention to the definition of insiders and outsiders. A third category, the "mid-siders", is introduced to grasp the complex labour market structure in a context of informality. In fact, workers may have move out from formal labour market just for some periods, a peculiar condition with respect to both registered workers (insiders) and informal workers alongside unemployed (outsiders). Finally, important details concerning trade unions in Latin America are provided: the way they face neoliberalism and the revitalization of the 2000s are a useful introduction for the comprehension of their strategies in the two country considered. Chapter four finally introduces a theoretical and analytical framework. After a short recap of the main theories on welfare state change – where organized labour is conceived as one of the possible explanatory factor - a paragraph is devoted to point out the possible arguments behind trade unions' strategies and the support of outsiders that the literature has highlighted so far. Then, a rational choice framework is sketched and hypotheses are drawn grounded on the theory. Chapters five and six comprehend the Argentinean and the Uruguayan case studies, respectively. For each of them, detailed summaries of economic and political trends are retraced, before shifting the attention to the policies implemented in the inclusive turn and to trade unions' main features. Then, an in-depth description of organized labour in policy-making process is provided; with the purpose to explain why and how trade unions has chosen some strategies instead of others, a deep analysis follows. Finally, chapter seven draws some conclusions: by comparing the two countries, it illustrates how all labour organizations ended

up in supporting outsiders, highlighting the variety of factors that brought different unions to enlarge their representation also to most disadvantaged groups.

# Chapter 2. Demography, economy and politics in Latin America

## 1. Introduction

The purpose of this chapter is to provide some key information concerning the demographic, economic and institutional-political background in Latin American countries. Although these factors do not affect trade union strategies directly, they should be briefly analysed because of their potential impact on both labour market structures and welfare state development in the region. Most likely, these factors contribute to define the room of *manoeuvre* for social actors in social policymaking.

On the one hand, demography, along with economic and financial trends, may put pressure on both welfare state and social actors. As far as the former is concerned, different cohorts have in fact different needs, and it is thus crucial to understand population composition because it contributes to the definition of both the magnitude of potential interventions and the problems of financial sustainability that may arise. Economic and financial developments obviously affect fund availability for reforms which, in turn, strongly conditions political and social actors' strategies. The same holds to poverty and inequality which affect those people who tend to be excluded from good labour market positions and/or from an effective social protection.

It is then crucial to focus on the actors who have the power to increase/restrain social expenditure by acting on the political scene. Consequently, dealing with institutional frameworks and political representation, this chapter addresses the alternation of periods of democratic and non-democratic rule as well as the peculiar features of party systems in Latin America, that is, factors which strongly influenced the consolidation and the configuration of the region's welfare systems.

The chapter is organized as follows. The next paragraph provides a brief overview of demographic trends in Latin America, particularly focusing on life expectancy, fertility and dependency rates. The third section deals with economy and finance. The fourth paragraph addresses income distribution, using the classical indicators pointed out by previous studies, namely poverty rates and the Gini index. Finally, politics is analyzed taking into account political regimes and party systems. Labour market structures, welfare regimes and trade

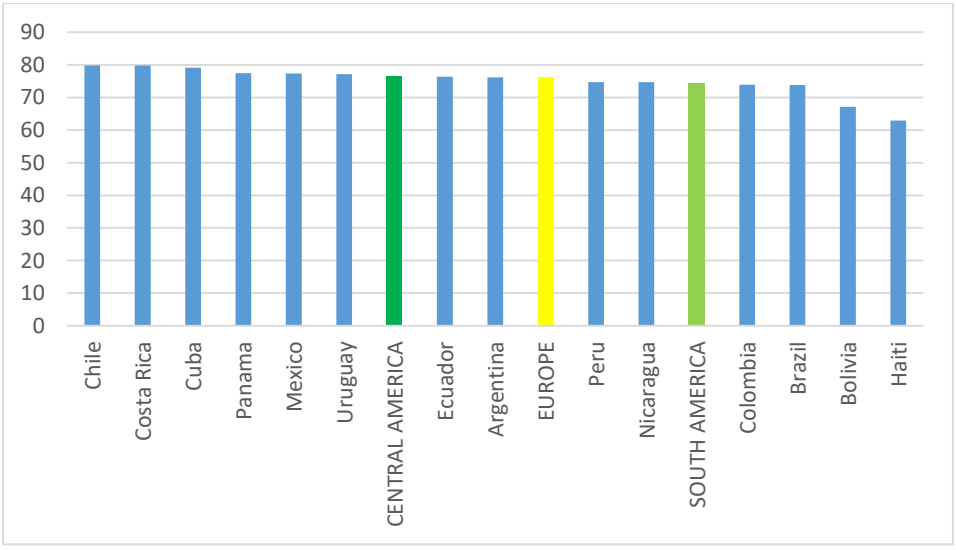
unions in Latin America, which get closer to the object of this research, will be then illustrated in the next chapter.

## 2. Demography

This paragraph describes demographic trends in Latin America, with particular attention to Southern Cone countries. Life expectancy at birth, fertility rate and dependency rate (with a focus on both children and elderly) are presented with the purpose to highlight intraregional variation and trends as well as to show off similarities and differences with Europe.
It is essential to provide a general overview of demography as it may affect welfare states, in particular with regard to pensions and health care systems, family allowances and services targeted at children. Indeed, the pressure a particular problem makes depends, *inter alia*, on population composition.

One of the most common indicator identified by existent research is *life expectancy at birth*. Amongst Latin American countries, Chile, Costa Rica and Cuba almost reach 79 years in terms of longevity, followed by Panama, Mexico and Uruguay (77 years). Interestingly, these countries are all above the European average of 76, which in turn is perfectly in line with the Argentinian value. Bolivia and Haiti lag behind, having 67 and almost 63 years respectively.

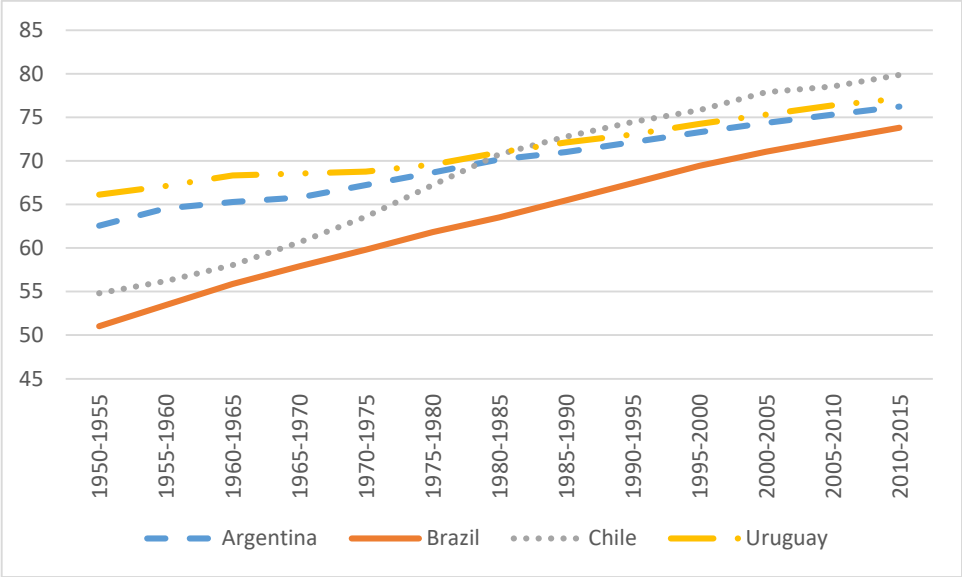
Figure 2.1 Life expectancy at birth in Latin America (years), 2010-2015 (average)




Source: United Nations online database.

In all "Southern Cone" countries - Argentina, Brazil, Chile and Uruguay - it is possible to observe a general increase from 1950 to 2015, with a sharp growth in the cases of Brazil and Chile. In Brazil, life expectancy passed from 51 to 73.8 years in the considered period, while in Chile the net increase was 25 years. Uruguay was the country with the highest figure in 1950 (66,1 years), and it recently reached 77,1 years. Argentina followed an identical trend, passing from 64.6 to 77.1 years.

Figure 2.2 Life expectancy at birth in the Southern Cone (years), 1950-2015

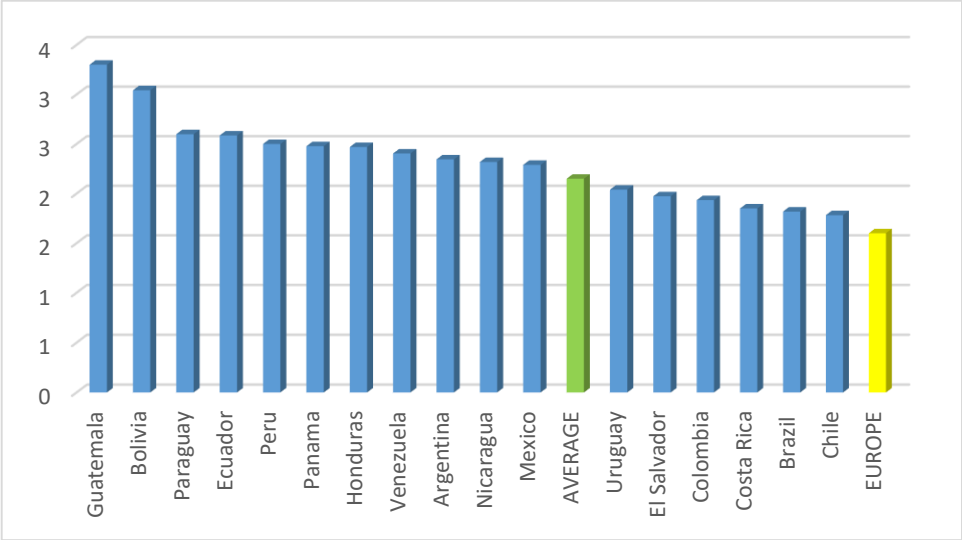



Source: United Nations online database.

Besides life expectancy, also the *fertility rate* - calculated as a number of children per woman – is relevant to the description of demographic trends. The number of children per woman decreased in Central and Latin America from 1950 to 2015, which is in tune with what happened in most world areas. However, the decreasing trend differs across the countries. Whilst the regional average is 2.15, such states as Guatemala and Bolivia show 3 or more than 3 children per woman, with a large set of countries being between 2,6 and 2,3. Finally, Chile leads the group of countries with the lowest fertility rate, such as Brazil, Costa Rica, Colombia, El Salvador, and Uruguay (2.04). Argentina, with 2.35 children per woman, is the sole state of the Southern Cone that is slightly above the regional average. Overall, it seems fair to conclude that Latin American countries' fertility rates did not reach extremely low values, especially in comparison with those of their European counterparts. Indeed, the average of European

countries is almost 0,2 percentage points below Chile and more than half a point lower than the average of Latin American and Caribbean countries.

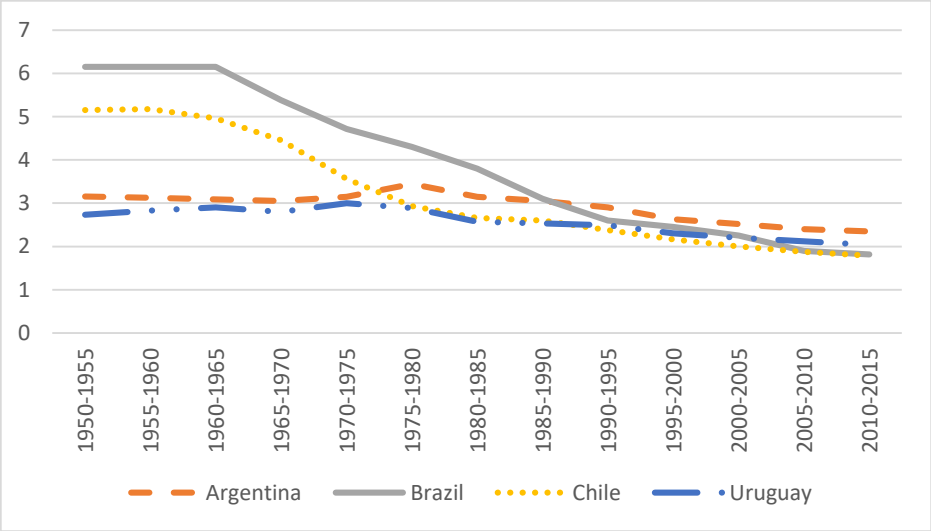
Figure 2.3 Fertility rate in Latin America (children per woman), 2010-2015 (average)




Source: United Nations online database.

Figure 2.4 below demonstrates a constant and, in some cases, dramatic decrease of fertility rates in Southern Cone countries. Indeed, Brazil and Chile exhibit extremely high fertility rates at the beginning of the series, respectively around 6 and 5 children per woman with the values dropping up to 1.8 and 1.7 for the period 2010-15, the lowest levels among Southern Cone countries. On the contrary, Argentinian and Uruguayan women used to have "only" 3 children on average in the period 1950-55, with a slightly increasing rate in the 1970s (the latter) and in the 1980s (the former). In 2015, both countries had higher fertility rates than Brazil and Chile.

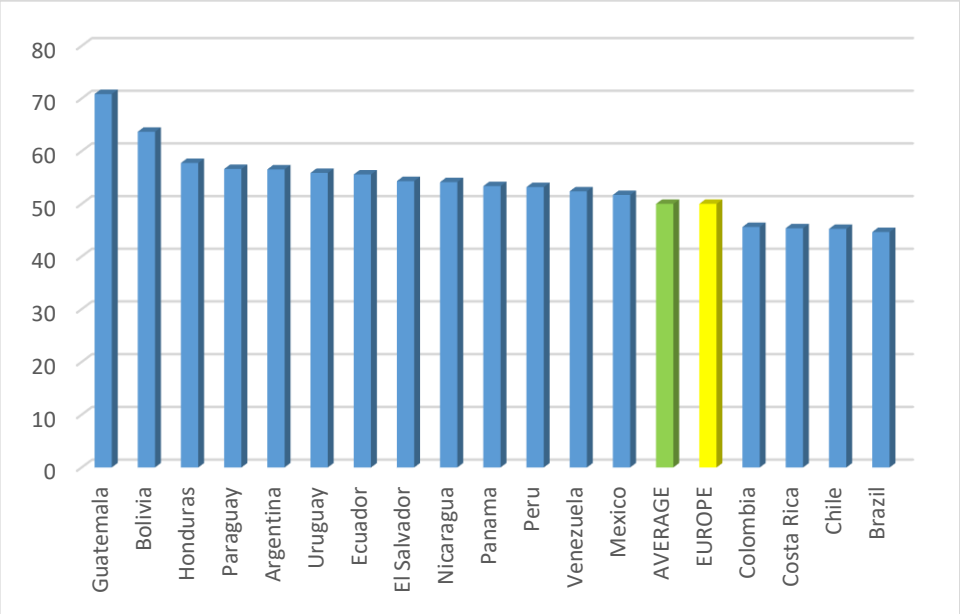
Figure 2.4 Fertility in the Southern Cone (children per woman), 1950-2015




Source: United Nations online database.

Data in Figure 2.5 provide precious insights on how demography can affect labour market structure, which in turn may have important consequences on welfare state organization. When dealing with demography, it is also crucial to consider the *dependency rate*. This indicator is calculated by dividing people who are not in the labour force (from 0 to 14 and above 65 years old) by those who are in the labour force (from 15 to 64 years old) in order to consider the (potentially) "dependent" part of the population as the nominator and the (potentially) "productive" one as the denominator. Including all countries in the region, it can be noticed that Guatemala and Bolivia stand out with the highest dependency ratios; Colombia, Costa Rica, Chile and Brazil are the only ones showing below average values. All the others stand between the highest values and the average – ranging from 57.8% of Honduras to 51.7% of Mexico. Argentina and Uruguay, respectively, display a rate of 56,5% and 55,9%.

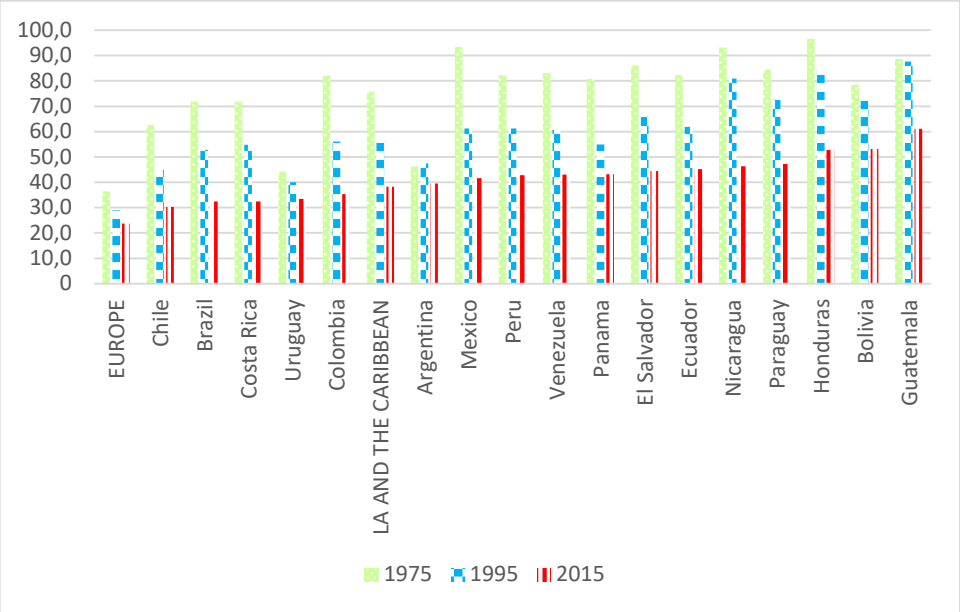
Figure 2.5 Dependency rate in Latin America (%), 2015




Source: United Nations online database.

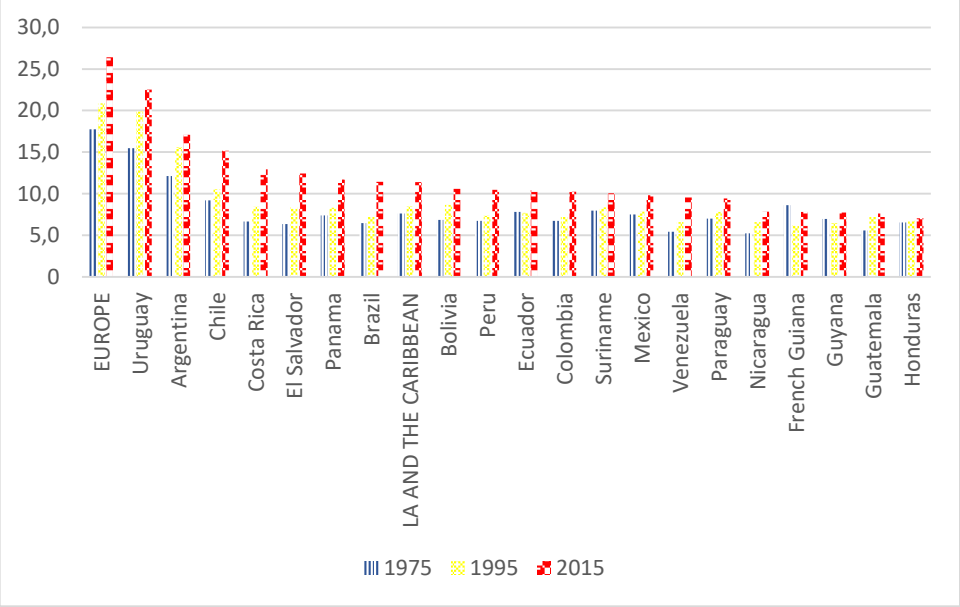
When it comes to this indicator, European and Latin American averages coincide, albeit population compositions are extremely different. The *child dependency rate* – *i.e.*, the rate of dependent population younger than 15 years old over the working age population - is 38.3% in Latin America and the Caribbean vs 23.7% in Europe. On the contrary, the *elderly dependency rate* – the classical indicator of population ageing, calculated as the rate between 65 years old and over and the population aged between 15 and 64 years old – is 11.4% in LA vs 26,4% in Europe. This difference is determined by the composition of the population, with the "Old Continent" experiencing a sharp phenomenon of population ageing and Latin America being still characterized by a relatively young population.

Figure 2.6 Child Dependency rate in Latin America (%),1975, 1995, 2015




Source: United Nations online database.

Figure 2.7 Elderly Dependency rate in Latin America (%), 1975, 1995, 2015

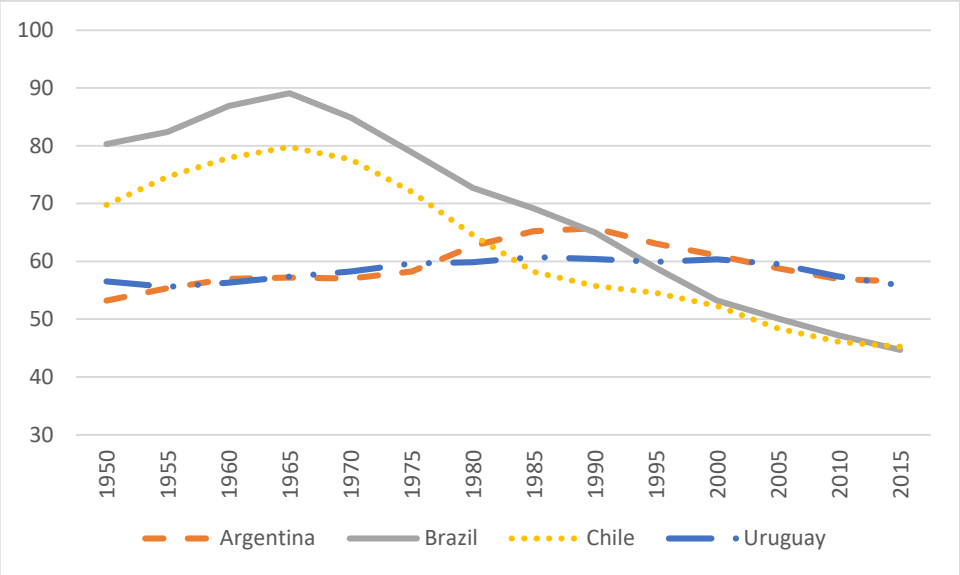



Source: United Nations online database.

Trends concerning dependency rates – calculated by using those who are not in the labour force because either from from 0 to 14 or above 65 years old - in the Southern Cone are interesting: Brazil and Chile, after reaching peaks in 1965 (around 90% and 80% respectively), experienced constant and similar declines down to around 45% in 2015. On the contrary, Argentina and

Uruguay displayed lower dependency levels in 1950 (53.2% and 56.5% respectively) which remained constant for the whole considered period – although Argentina experienced a net increase from 1980 to 2000, before returning to its previous levels.

Figure 2.8 Dependency rate in the Southern Cone (%), 1950-2015




Source: United Nations online database.

To summarize, data show that Latin American countries share similar demographic trends with respect to Europe, although there are still gaps between the two regions in terms of current values. For example, while life expectancy is in line with European average (although with differences between Central and South America), fertility rate is still higher in Latin American countries, despite the trend is decreasing both in EU and LA. The most interesting data deal with dependency rate. Uruguay and Argentina – although they have a relatively young population - present the closest values to the European average concerning elderly dependency rate. These data highlight how problem pressure can emerge and impact on social and political actors' choices concerning pension and health care system for old people at the same manner that it happened in European countries.

## 3. Economy and state finance

Economic and financial trends are relevant for the understanding of the room of *manoeuvre* for expanding social policies or the need for their retrenchment. *Ceteris paribus*, in periods of expansion, constraints are likely to be looser than in periods of retrenchment. In fact, actors' choices are substantially affected by such factors as economic development (measured in terms of a country's GDP level) and financial conditions (counted mainly as the percentage of a country's public debt out of its GDP).

Latin America went through diverse economic phases with their timing being different from European economic development. After a period when economies were export-based, Latin American countries fostered state-driven industrialization – the so called ISI model - starting from the 1940s, which had important positive consequences on economic advancement and labour market. Yet, from the 1980s, such a model was dismantled through neoliberal policies. During this period, also known as the "lost decade", international actors, especially the International Monetary Fund and the World Bank, played a predominant role. The trend was eventually reversed in the early 2000s, when a commodity boom allowed the region to rely on a growth mostly based on the sale of primary goods such as agricultural products and oil. These phases are summarized below, with the main focus on Southern Cone countries.

### 3.1. From the export phase (1920s-1940s) to the ISI model (1940s-1970s)

Economic expansion in Latin America was based on export to European and Northern American countries: the percentage of primary goods deriving from agriculture and mining prevailed. In such a context, Latin American economies were highly dependent on foreign demand and its fluctuations (Skidmore and Smith, 2005). Thus, after 1945, the export model was abandoned and the Import Substitution Industrialization (ISI) phase began. It consisted of "establishing domestic production facilities to manufacture goods which were formally imported" (Baer, 1972, 95). Consequently, the system of production shifted from the export of agricultural goods and minerals to industrialization. The ISI aimed at making Latin America more independent from export and from possible financial or economic crises.

This choice was made after the Great Depression, when Latin America suffered from the repercussion of the North American and European recessions by strongly decreasing raw

material exports. Latin American governments therefore started to promote a sort of controlled industrialization characterized by huge direct intervention of the state, that started to invest in core industrial sectors, provided huge loans and imposed tariffs and import quotas. Industrialization was carried out by political elites as a top-down strategy (Huber and Stephens, 2012: 74). The development during the ISI phase was state centralized and directed. Indeed, "…the countries of the South must protect their economy from imports from the North and concentrate on putting in place new activities that will produce an array of manufactured products currently imported" (Bruton, 1998).

Differences among countries hinged in particular on the production chain and how industrialization – rather than export – affected it. Argentinian and Chilean governments, for instance, paid special attention to final good industries, while Brazil experienced a sort of *tout court* industrialization, also including intermediate goods (Baer, 1972). Moreover, Latin American countries continued to be massively present on the market of raw materials, although ISI managed to establish industry as the pre-eminent sector.

### 3.2. The lost decade and the Washington Consensus (1980s-1990s)

Dictatorships in Latin America ended in the 1980s, leading to the phase of transition to democracy. Concurrently, the 1980s marked the definitive end of the ISI period, soon substituted by a neoliberal agenda. The new paradigm was launched under the so-called "Washington Consensus" which provided guidelines and directives for developing countries, to be followed in the context of economic crises and increased "conditionality" [1]. Chile was the most affected country in the region, already during the 1980s, while the others went through the neoliberal wave in the 1990s (Haggard and Kauffman, 2008). International organizations, in particular the IMF and the WB, were strongly arguing for the design and the implementation of neoliberal policies. Fiscally, the Washington Consensus rested on sustainability and efficiency principles which, according to their supporters, could only be achieved through a complete openness of markets for goods and finance coupled with a strict control on public deficit. Increasing competition and attracting investments became the mantra for technocrats who acted on behalf of politicians and implemented reforms in the 1980-90s. The tools used to increase

[1] The term "conditionality" clusters all the requirements that a state has to fulfil in exchange of a loan or other economic aid. The conditionality attached to IMF and WB aid to Latin American countries in the 1970s and 1980s involved, among the others, the retrenchment of public spending through privatization of national firms and welfare provisions.

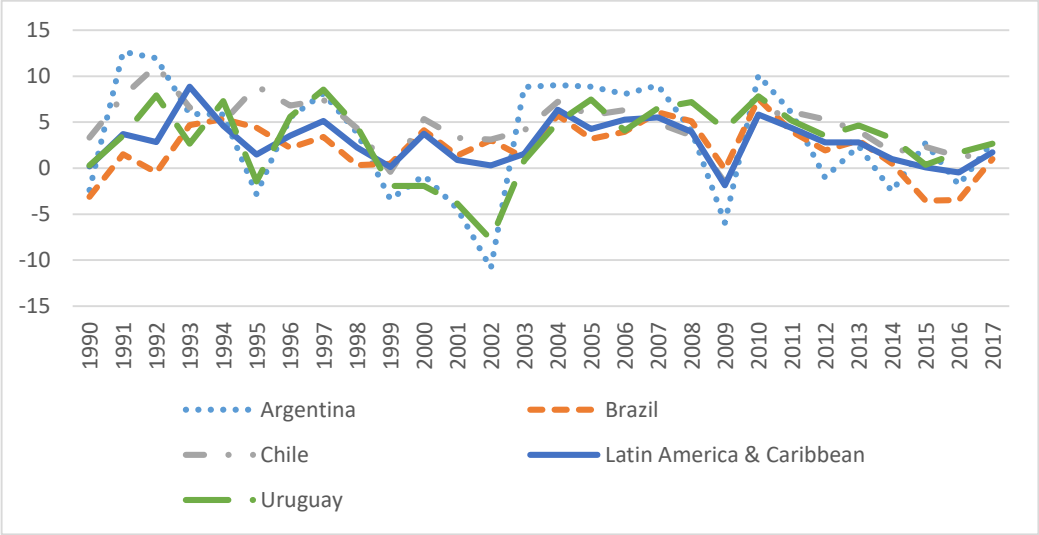
competition were a mix of austerity measures and liberalization of goods coupled with import quotas and deregulation in the fields of finance and markets. A strong imbalance between the public and the private sector was promoted also in welfare system, with the market gaining ground in the field of pensions, health care and schooling policies (Cruz Saco and Mesa-Lago, 1998; Madrid, 2003). This provoked many transformations, resulting in a shift of power from public to private providers. Following the same logic, business was given more power than labour in order to favor efficiency and improve competitiveness. This model ended in the late 1990s. Indeed, neoliberal recipes caused large trade imbalances as a result of de-industrialization and the fall of exported goods prices as well as high levels of debt and inflation. A financial crisis hit the region - mainly Mexico and Brazil during the second half of the 1990s, and Argentina in the early 2000s - as a result of currency overestimation.

### 3.3. The commodity boom and the 2000s

After 2003, the Latin American economy recovered. "Strong commodity prices (more so for hydrocarbons and mining products than for agricultural commodities) and exceptional external financing conditions (i.e. influx of capital in the financial market)" (Ocampo, 2007, 17) were the two main factors which pushed regional economies toward a lively expansion. The commodity boom and good financial conditions mostly depended on Chinese demand (*ibidem*). Although the commodity price boom was then hindered by the world crisis started in 2008, the region was invested limitedly; it managed to contain its impact because of the improvements in trade balance and the adoption of counter-cyclical monetary policies. The fall of international demand diminished both commodity prices and the quantity of exported goods (Ocampo, 2009). Latin American economies recovered as soon as commodity prices grew again, although they never peaked as in the period 2003-07.

Some data may allow better understanding the evolution of economy and finance from the neoliberal period to the commodity boom. GDP trends are highlighted in Figure 2.9 below, which illustrates annual GDP growth. It is possible to observe how Argentina and Uruguay experienced remarkable peaks, including both a decrease and an increase of GDP, while for Chile and Brazil it not possible to trace a clear trend. Chilean GDP dropped in 1999 due to the Asian crisis and the reduction of export; in the case of Argentina and Uruguay, a decrease in the mid-1990s, in the early 2000s and in 2009 is visible, corresponding to strong fiscal imbalances and huge inflation, default, and the effects of the European crisis respectively.

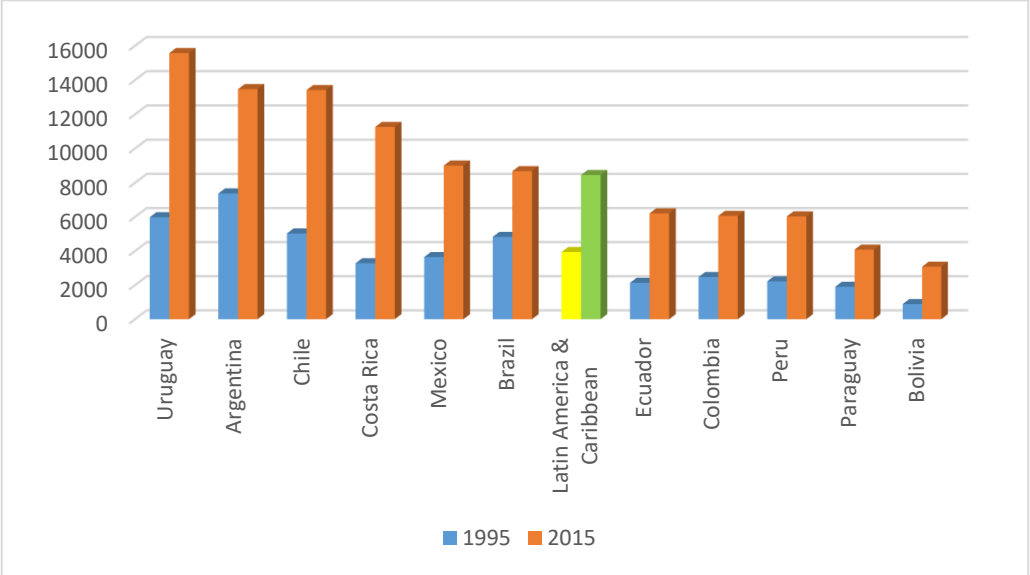
Figure 2.9 GDP growth (% change), 1990-2017




Source: International Monetary Fund, World Economic Outlook Database

The figure below shows per capita GDP levels for the region after the commodity boom: the countries of the Southern Cone present the highest values, although also Costa Rica and Mexico show high GDP per capita and they are slightly above Brazil. In comparison with 1995, it possible to observe how countries such as Argentina and Brazil grew less than Uruguay, Chile and Costa Rica. While the former group did not even double their 1995 value, the latter almost tripled it.

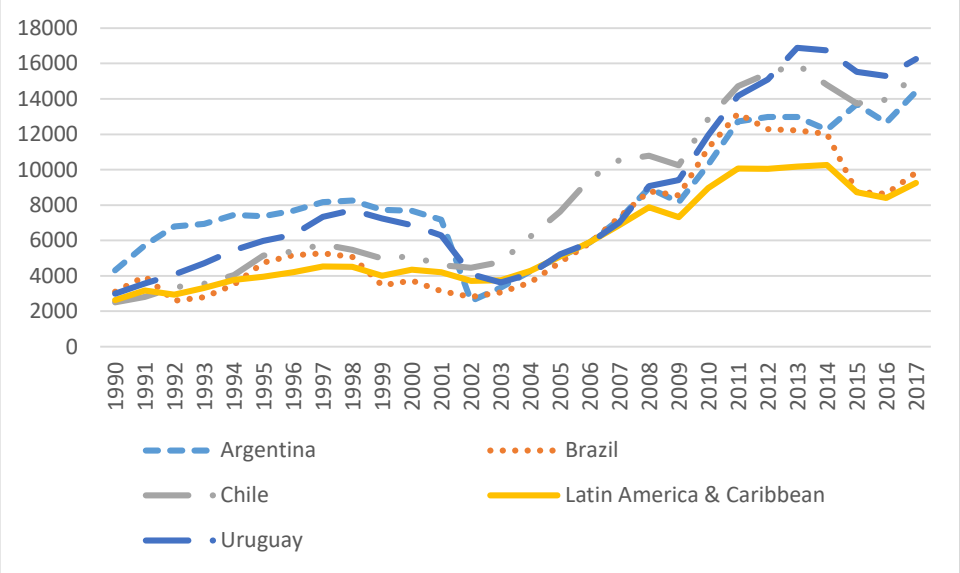
Figure 2.10 GDP per capita in Latin America at constant prices (million US $), 1995, 2015




Source: The World Bank online database.

The figures below illustrate that, after 2002-03, Southern Cone countries went through an exceptionally good conjuncture due to the commodity boom. A non-enthusiastic decade, the 1990s, characterized by uncertain growth, gave the way to a new era, the 2000s. After a drop in Argentina and Uruguay at the beginning of the century, *per capita GDP* increased, although there were breaks in the expansionary path caused by the world crisis in 2008-09 which slowed down economic development. This trend occurred in all Southern Cone countries except for Uruguay, which continued to grow, although at a modest rate. All the considered countries have far higher values than the rest of regional average.

Figure 2.11 GDP per capita in the Southern Cone at constant prices (million US$), 1990-2015

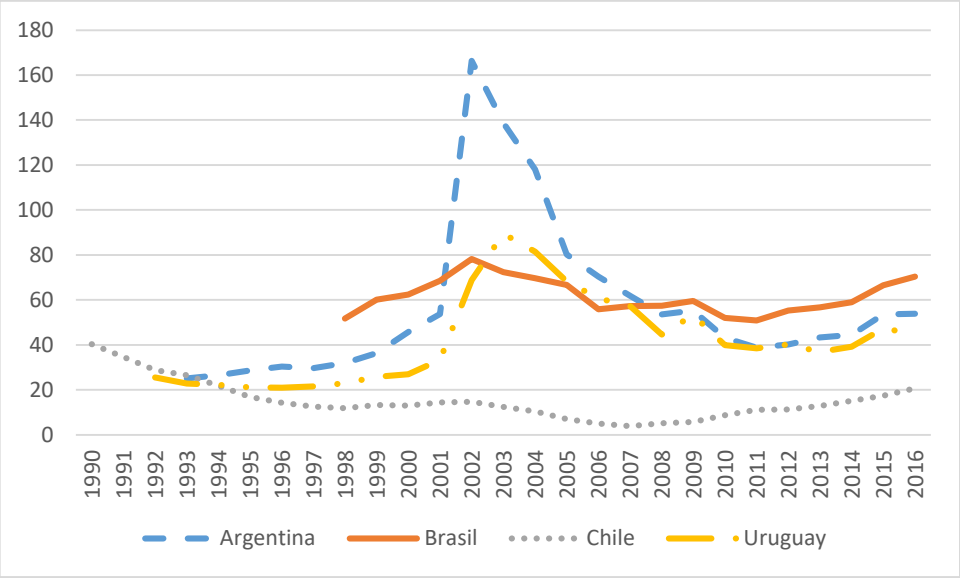



Source: The World Bank online database.

The possibility to increase social expenditure does not only depend on economic growth, but also on public finance: public debt is thus key in this respect. Keeping the focus on Southern Cone countries, it appears that on average public debt did not constitute a major problem, especially compared with some (Southern) European countries, but different trends can be observed in the region. The Argentinian debt clearly peaked in 2002, skyrocketing to 166,4%, after a decade of constant increase. From 2001 to 2002, the debt tripled, but it then decreased to 38,7% in 2011. Uruguay followed a similar path, although overall values were lower than in Argentina: public debt as a percentage of GDP was 33,3% in 2001, reached 89,4% in 2003, with a decrease in the following years at a quite slow pace. Brazilian debt also peaked in 2002, almost reaching 78%; it then witnessed small drops to 70% in 2015. Finally, the Chilean debt is the

smallest in the region, constantly diminishing from the 1990s – with the exclusion of 2001-02 – touching only 3,9% in 2007, then overcoming 20% in 2015, following the same increasing dynamic of the region.

Figure 2.12 Public debt (as a percentage of the GDP) in Latin America (1990-2015).




Source: Cepalstat online database.

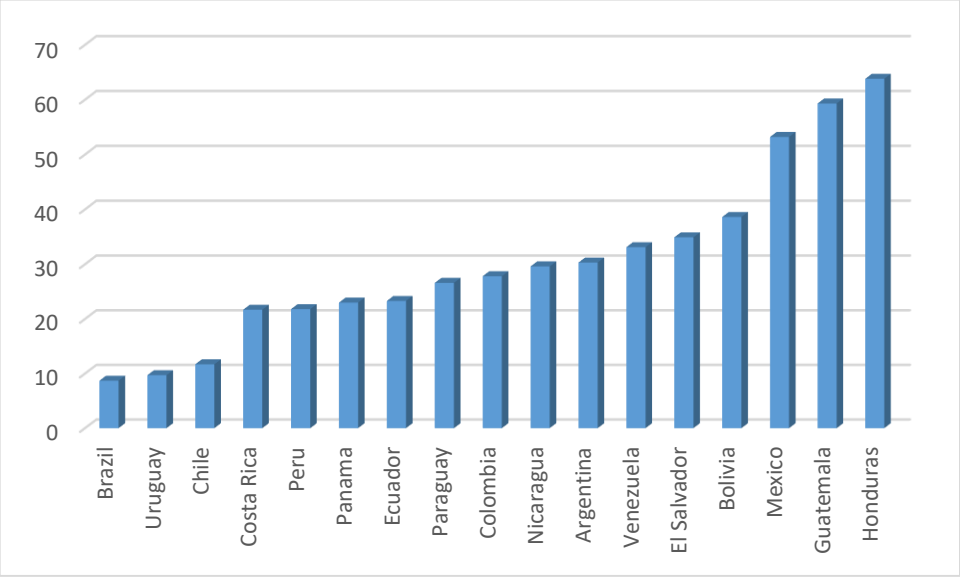
Describing the different economic phases that Latin American countries experienced and showing some basic data concerning GDP growth and public debt is useful for a variety of reasons. First of all, different economic models impact on the structure of labour market, as it will be explained in detail in chapter 3. For example, the imposition of the neoliberal model brought to a large increase of unemployment and informality. Secondly, a rational re-organization of the economy may affect welfare system. Not only it defines the amount of economic resources available to policy-makers, but it may also influence the design of social policies whenever a particular economic model is in place. Data show that public debt is not a matter of concern, as it was well below 80% of the GDP in the Southern Cone countries in 2016. In the aftermath of the huge economic crises that invested these countries in the early 2000s, commodity boom drove GDP growth for more than 10 years. The periods investigated in this dissertation thus involve large economic crises – especially in the two selected countries, Argentina and Uruguay – followed by a period of recovery and a stable growth.

## 4. Poverty and inequality

In a region sadly famous for the high level of poverty and inequality such as Latin America, it is essential to deepen the analysis of these aspects: indicators such as poverty rate, the Gini index and income distribution by quintiles are presented here. Indeed, income and wealth distribution may affect life opportunities for individuals, although they can be ultimately tempered by social policies.

First, figure concerning poverty rates[2] are presented. Data provide information about the magnitude of disadvantaged people who are more likely to rely on public policies for their survival. Interestingly, in 2016, countries displaying the lowest poverty rates were Brazil[3], Uruguay and Chile, with values between less than 9% and 12%. Unsurprisingly, in Mexico, Guatemala and Honduras poverty is widespread, reaching almost two thirds of the population. Poverty levels in Argentina are relatively high (around 30%) and the gap with Uruguay (below 10%) is remarkable.

Figure 2.13 Poverty rate in Latin America (%), 2015



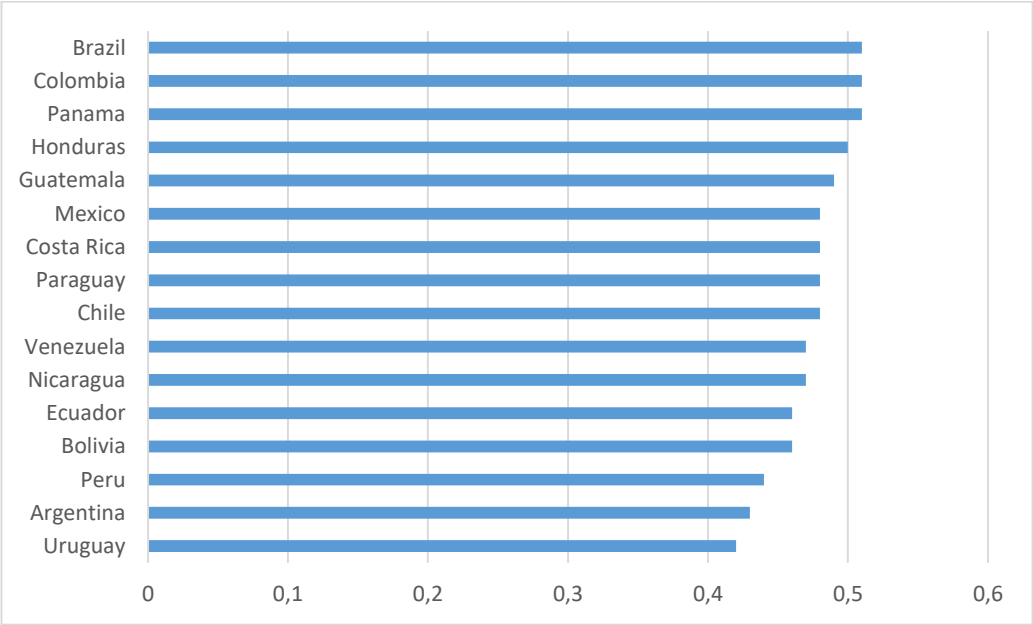

Source: The World Bank (Poverty and Equity DataPortal)

[2] National poverty headcount ratio is the percentage of the population living below the national poverty lines. National estimates are based on population-weighted subgroups' estimates from household surveys. Due to limitations in the data availability, there may be a limited comparability with some countries. For Argentina, data from 2016 are considered, while in the cases of Guatemala, Mexico and Nicaragua values are from 2014.

[3] In the case of Brazil some underestimations are likely to occur as data are mostly relative to urban context only.

Turning to inequality, the figure below shows Gini index in Latin American countries. The closer the coefficient is to 0, the lowest the inequality. Unsurprisingly Uruguay presents the lowest value, indicating the most equal income distribution in the region. It is also interesting to observe that Chile – despite having a very low poverty rate – stands in the middle of the chart because of its relatively high level of inequality. The same is true for Costa Rica. On the other hand, Honduras and Guatemala show high poverty rates and they are also unequal countries for what concerns income distribution. Although cases like Chile demonstrate that poverty and inequality are not necessarily correlated, in many countries a high level of the former goes hand in hand with and high level of the latter. Argentina has the second lowest Gini index, right after Uruguay, despite the large sectors of the population living in poverty. All Latin American countries display extremely higher values than the European Union's average which is 0.31.

Figure 2.14 Gini index in Latin America, 2016

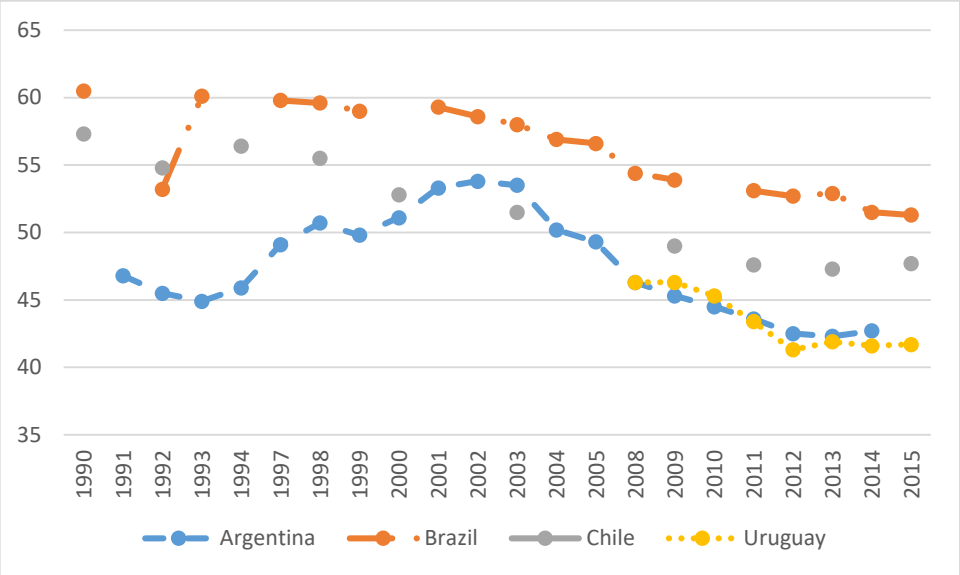



Source: The World Bank (Poverty and Equity DataPortal)

Historical data present several breaks in the series. However, it is possible to notice a neat decline in the Gini index starting from the early 2000s. As explained by Huber and Stephens (2012), the economic conjuncture linked to the commodity boom and the renewed attention of left parties - which expanded social assistance measures (see chapter 6) - contributed to reduction of total inequality in the region. Although data are fragmented, it is also possible to

confirm the reduction looking at the figure below, which show the evolution of the Gini index in the Southern Cone.

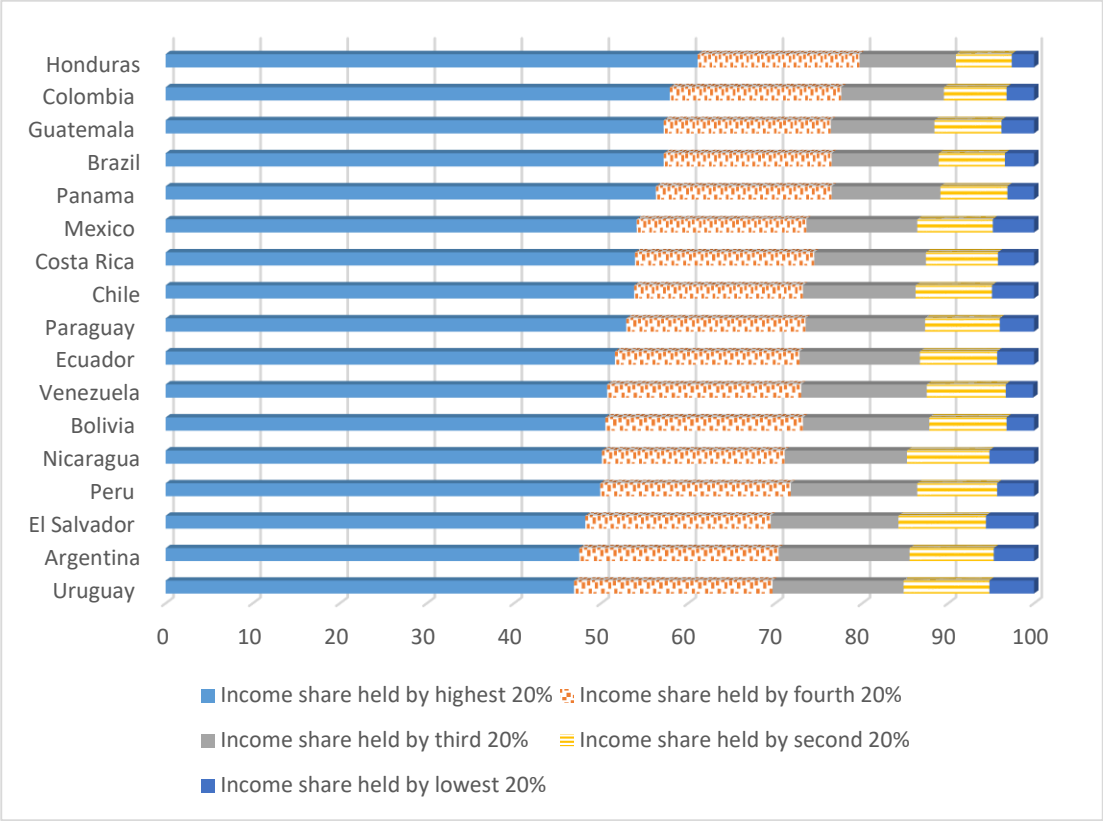
Figure 2.15 Gini index evolution in Southern Cone countries, 1990-2015




Source: The World Bank (Poverty and Equity DataPortal)

Inequality can also be observed by using *income share distribution*. Again Uruguay and Argentina emerge as the most equal countries. The highest quintile holds between 40% and 50% of the total income share, the smallest percentage of the region. On the other side of the spectrum, Honduras, Colombia, Guatemala, Brazil and Panama present a very high level of inequality. Besides Guatemala, they also represent cases in which the lowest 20% holds the smallest income share.

Figure 2.16 Income share in Latin America (quintiles), 2016




Source: The World Bank (Poverty and Equity DataPortal)

As aforementioned, Latin America is a region sadly famous for its high levels of poverty and inequality. Data concerning these two indicators are helpful to understand whether strong or mild (state) interventions are necessary and which should be the magnitude of such actions. Looking at the figures, one might note that poverty and inequality are not necessary connected. For example, Argentina and Uruguay do not show important inequalities; however, Uruguay also displays low poverty levels while Argentina is well above its neighbour country in terms of poverty. Chile, on the contrary, is an unequal country despite only a relatively small part of its population lives in poverty. In general, Latin American countries show large levels of inequality with respect to Europe, although the trend is decreasing.

## 5. Latina American politics: regimes, parties, representation

After exploring the economic framework, this section investigates Latin American politics.

Indeed, regimes and party systems contribute shaping welfare state and labour market arrangements, while significantly affecting trade unions' strategies, which are at the core is this study.

Parties, in particular, may have a privileged relationship with labour organisations, and they can elaborate and implement different ideas for what concerns how both the labour market and social protection systems should be structured.

Moreover, many authors found out that long-term democracies make parties accountable, they facilitate turnover and the emergence of left parties (Haggard and Kauffman, 2008; Huber and Stephens, 2012 among the others). In turn, the relationship between left parties and inclusive (social) policies has been widely demonstrated (Huber and Stephens, 2012; Pribble, 2013). Therefore, the first part of this section will be devoted to political regimes, especially concerning the alternation between democracy and authoritarianism, while the second will focus on party systems and political representation in Latin America.

### 5.1. Political regimes: from authoritarianism to democracies

The history of Latin America is dotted with strong dictatorships throughout the entire XX century. Compared to Europe, authoritarian periods were more frequent and persistent, also in relatively recent times. Though democracy is currently prevailing, there are still important examples of non full democratic governments (Colombia, Ecuador, Paraguay and Venezuela are still considered as semi-democracy). As Mainwaring (1989) states, from the 1980s authoritarianism has been "short interregnum", despite it is hard to trace a common path for all countries.

In the tables below a selection of Latin American countries is considered. The periods have been chosen to show regime change, thus highlighting the last alternations between democracy and non-democracy that each country experienced. While the first table includes countries which have been characterised by military regimes, the second presents the only three cases in the region in which democracy or semi-democracy have always prevailed[4].

[4] This classification is a personal elaboration of the one presented by Daniel Brinks and Anibal Perez Linan (2008) and Mainwaring and Perez Linan (2013). It is based on Polity IV scale. Authors have used the following criteria to define democracy: i) elections must occur in a context of open and fair competition; ii) suffrage must be universal; iii) civil rights are protected; iv) elected authorities must exercise a real governing power (i.e. not overshadowed by other forces such as the army). If government does not commit significant violations of the aforementioned four criteria, then the regime is democratic; if

Table 2.1 Countries with authoritarian periods

| Country | Authoritarianism | Transition to full democracy | Semi-democracy |
|---|---|---|---|
| **Argentina** | 1976-1982 | 1983 | - |
| **Bolivia** | 1964-1981 | 1982 | 1979 |
| **Brazil** | 1964-1984 | 1985 | - |
| **Chile** | 1973-1989 | 1990 | - |
| **Ecuador** | 1970-1978 | 1979 | 2000 |
| | | | 2004-2007 |
| **Mexico** | 1913-1987 | 2000 | 1988-1999 |
| **Paraguay** | 1932-1988 | - | 1988-2007 |
| **Peru** | 1968-1979 | 1980 | 1983-1984 |
| | 1992-1994 | 1985 | 1988-1991 |
| | | 2001 | 1995-2000 |
| **Uruguay** | 1973-1984 | 1985 | - |

Source: Author's elaboration from Brinks and Perez Linan (2008) and Mainwaring and Perez Linan (2013).

Table 2.2 Countries with no authoritarian periods

| Country | Democracy | Semi-democracy |
|---|---|---|
| **Costa Rica** | 1953-2007 | 1949-1952 |
| **Colombia** | 1974-1989 | 1958-1973 |
| | | 1990-2007 |
| **Venezuela** | 1958-1998 | 1999 |
| | 2000-2001 | 2002-2007 |

Source: Author's elaboration from Brinks and Perez Linan (2008) and Mainwaring and Perez Linan (2013).

The Southern Cone countries, together with Bolivia, experienced hard authoritarianism during the 1970s and the 1980s. Notably, Chile implemented the economic principles dictated by the Washington Consensus (Skidmore and Smith, 2005; Haggard and Kauffman, 2008 among the others). Often, left-leaning parties were declared illegal, along with trade unions. Political opposition representatives were imprisoned, exiled or murdered. Authoritarian governments in the Southern Cone were mainly "right authoritarian", and they had the purpose of eliminating Socialism and Communism in the context of the "Cold War" (Haggard and Kaufman, 2008). Moreover, they all enjoyed support from some sectors of civil society (with particular reference

violations are partial but not flagrant, it can be defined as semi-democratic; finally, if one or more flagrant violations occur, the regime is said to be authoritarian.

to financial elites); thus they are formally labelled as "civic-military" authoritarian regimes (Davila, 2013 in respect to Argentina, Chile and Brazil).

By the end of the 1980s, most of the Latin American countries shifted to democratic arrangements. Huntington (1991) defines this passage as the "third wave of democratisation". The countries interested in the Third Wave included Peru (1980), Argentina (1983), Uruguay (1984), Brazil (1985) and Chile (1989).

As mentioned above, three countries were not touched by any kind of dictatorship: Costa Rica, Colombia and Venezuela. Costa Rica went through a period of semi-democracy between 1949 and 1952 only and is classified as full democracy for the rest of its recent history. Colombia and Venezuela, on the contrary, lost their status of full democracies in recent times, during the 1990s and the 2000s; moreover, the former was a semi-democracy in the period 1958-73.

When it comes to political regimes, all Latin American countries are characterized by presidential regimes. The president is both the head of the state and of the government. The only exceptions are Suriname (which adopts a parliamentary system) and French Guyana (semi-presidentialism). As Garay (2016) highlights, the president has a stronger power than a Prime Minister and she is also directly accountable to her voters, thus reducing the probability to disregard electoral promises.

### 5.2. Party systems and political representation in Latin America

When dealing with party systems in Latin America, on the one hand, scholars cannot forget the extensive European and North American comparative literature in this field. On the other hand, it is not possible to directly translate the analytical and theoretical frameworks developed by this literature into a region which substantially differs from Western European countries. The main differences regard the timing and modes of state formation, due to the absence of long-term democracies until recent periods.

The comparative literature highlights three main points when studying party system: 1. The presence of a structured system; 2. the configuration of this system (i.e. its main features, such as the number of parties, polarisation, etc.); 3. The origins of parties through cleavages and the type of representation (that is, parties as "channel of expression", cf. Sartori, 2005, 24). This section presents important results that scholars have also achieved in relations to such literature.

***A structured party-system?***

The first point makes an explicit reference to institutionalisation. Sartori (1976) considers the existence of "fluid polities", and introduces the concept of "structural consolidation": a party system is "structured" when mass parties are included in it. Most European literature does not focus on this aspect since institutionalised party system is expected in each country, mostly due to the presence of long-term democratic regimes. This condition, however, does not hold in Latin America: thus an in-depth analysis is necessary.

According to Mainwaring and Scully (1995), the institutionalisation of a party system consists of "a process by which a practice or an organisation becomes well established and widely known, if not universally accepted". Four conditions contribute to defining a party system as institutionalized: 1. rules and interparty competition must be stable (but not "frozen"); 2. parties must have stable roots in the society and they are usually identifiable through labels which correspond to coherent ideologies; 3. electoral processes and parties are legitimized; 4. party organization and practice is routinized, and they are not submitted to party leaders.

According to these criteria, a classification is set up by the two authors. By the early 1990s, Costa Rica, Chile, and Uruguay displayed the highest level of institutionalisation, followed by Venezuela and Colombia in medium-high positions, and Argentina lagging behind. These countries were characterised by "institutionalised" party systems, although Argentina was a borderline case, due to the peculiarity of *Partido Peronista* whose strength derives from the alliance with trade unions and strong leaders rather than by its internal structure and organisation (Levitsky and Murillo, 2005 among the others). In spite of this limit, within the party, legislators were loyal, and party discipline was high. Bolivia, Brazil, Ecuador and Peru were characterised by extremely weak party organisation and were then classified as "inchoate" party system, while Mexico and Paraguay lie between institutionalised and inchoate party systems. The system of these two countries was called "hegemonic party system in transition" as – during the 1990s - they were moving from authoritarian regimes to democratic arrangements, they presented a single-party system (although other smaller political organisations existed), and the electoral competition was not institutionalised yet.

When institutionalisation is weak, patronage prevails. Politicians mobilise in accordance with direct incentives and exchanges with small groups (Mainwaring, 1999). Indeed, in such a context, party's weakness may be substituted by leaders' strength, which in turn prompts an elitist relationship undermining party representativeness and accountability. In young democracies, this problem is even higher than in well-established democracies. In Latin

America, only Chile and Uruguay show stable party systems in their democratic rules (Kitschelt et al. 2010).

Following a comparison with European studies, fundamental concepts as the number of parties and the intensity of ideological polarisation are less relevant in a context where party system is not strongly institutionalised (Mainwaring and Scully, 1995; Saenz, 2001; Kitchelt, 2010).

***Party-system configuration in democratic period***

For what concerns the second aspect – i.e. party system configuration, concerning the number of parties and ideological distance – Sartori (1976) is one of the milestones. The author points out how parties compete and interact with each other. One of the most crucial aspects is the number of parties. Sartori contributes to this literature by stating that the number is not to be calculated by pure mathematics, rather it essential to count the strategic weight of each party, i.e. a small party may be determinant in building a government majority. Moreover, the author stresses the importance of ideology and ideological polarisation – that is how parties are positioned on the left-right spectrum. A more articulated classification stands out as result of the combination of the number of parties and the ideological polarisation: single party, hegemonic party, predominant party, two-party system, moderate multi-party system (or pluralism) and polarised-pluralist multi-party systems.

Latin American scholars have also developed important studies on party-system configuration. In this paragraph, the attention will be focused on the evolution of party-system after dicatorships. Freidenberg (2016) sketches how party systems are set up from the Third Wave of democratisation to the mid-2010s in Latin America. The author aims at understanding why party systems in the region underwent changes after democratisation (resulting in the collapse, or in the increase of the number of parties, etc.) and why they followed different paths. Freidenberg highlights how all regimes in Latin American are presidential; thus differences among countries are first to be found in relation to democratisation and pluralism levels, party systems, nature and severity of economic and social crisis – thus with impact on unemployment, inequality and poverty) that hit each country. Not all the party systems were able to evolve and adapt to post-authoritarianism. She divides between party systems which radically changed or collapsed (Venezuela 1998-, Perú II 1992-2000, Bolivia II 2005-, Ecuador II 2002-); party systems which went through gradual modifications in terms of political offer but they did not change dynamics of competition (Ecuador I 1978-1996, Dominican Republic, Honduras, El Salvador, Chile, Paraguay, Perú I 1980-1990, México); and party systems which

changed gradually both the political offer and the competition among parties without transforming themselves in a whole new party system (Costa Rica, Panamá, Uruguay, Nicaragua, Brazil and Argentina). While the political offer is measured with the emergence of new parties, competition dynamics refers to the transformation of the party system, that is how these parties cooperate or compete among each other and which kind of party system they create. The first cluster expresses the collapse of party system after that the reintroduction of democracy, and the set up an entirely new system, mirroring the lack of legitimacy and distrust of the electorate with respect to the entire system of political representation. Such a context favours the emergence of outsiders. With an empty centre - and none of the parties able to occupy it - party system collapse could have been foreseeing, paving the way for completely new actors in the political scene. The second group did not undergo significant changes. Competition dynamics were stable, along with the level of pluralism and volatility during elections. In these cases, there is no emergence of outsiders nor abrupt modifications: despite the presence of new ideologies (or old ones, with changed labels) and new space for representation, continuity prevailed over change. Finally, the third cluster gradually changed both the number of parties and competition dynamics, sometimes even displacing traditional parties. Contrary to the first cluster, this occurred gradually, thus changing in the party system did not include any collapse phase. More specifically, in countries with bipartisan party systems, a limited pluralism either to incorporate new actors (e.g. deriving from guerrilla, as in Colombia) or to respond to different social demands that traditional parties failed to address (e.g. *Frente Amplio* in Uruguay) prevailed.

***Type of representation***

The first concept outlined by the European literature is the emergence of "cleavages" and the resulting competition among parties along with those cleavages. Cleavages are defined as deep "divisions" within the society leading to the emergence of parties with different political orientations. Political cleavages are "durable alignment that link political parties to electoral constituencies characterized by specific traits (attributes, policy preferences, associational practices)" (Kitschelt et all., 2010: 18). Therefore, cleavages identify both party origins and the nature of competition. Rokkan (1970) – who first forged the term – points out four relevant cleavages. The first two, "centre-periphery" and "State-Church", originated from the development of nation states, while "city-countryside" and "capital-labour" are the product of the industrial and capitalist society. Also, the latter defines the left-right dimension.

Freidenberg (2016) argues that, when dealing with Latin American countries, it is crucial to understand how discontinuities in democratic regimes did play a role in shaping interests and divides. For this reason, fluid "conflict lines" would be a better substitute to address dynamism in Latin American contexts, this in contrast to the European "frozen landscapes" created in a context of long-term democracy (Lipset and Rokkan, 1967). Indeed, both the construction of the state and the development of capitalism followed different paths in the two regions. State formation experienced different timing and modes compared to Europe, and cleavages developed accordingly. Importantly, the quick change of both democratic and non-democratic regimes and economic development models did not allow cleavages to take deep roots.

Kitschelt et al. (2010) demonstrate that the economic and distribution divide (identified with concerns about economic policies and social protection systems) is the most relevant cleavage in LA for the birth and the type of competition among parties. Within this cleavage, the preference for the private or the public sector is crucial. Thus, coalitions struggle to favor, or to avoid, state or market presence in the regulation of economy and welfare regimes. The main issues around which resources are mobilised may be the control of inflation, trade openness, privatisation of public firms, services management, etc.

The left-right dimension is then articulated mainly around economic issues, rather than political – concerning how citizens support democratic values or not, and how the rule-of-law is diffused within society (i.e. the principle of legality based on democratic regulation) – or religious ones. Indeed, although divisions exist, they are not able to produce a competitive behaviour in this sense. The political regime divide and the religious divide are not likely to determine the birth of new parties nor competition dynamics. This implies that, for example, a party considered to stand on the "left" will consider crucial the state presence in the economy and the management of protection system, but still this same party can be conservative with regard to religious values, as instead it would be expected from the right.

Further debates concerning representation deal with the concept of "left" since, by the turn of the century, left parties have been dominating the political arena in LA. Scholars define this phenomenon as the "left turn" (Huber and Stephens 2012; Castañeda, 2006 and 2009, among others). The experience of the left has been, however, heterogeneous. Levitsky and Roberts (2011) admit the existence of at least "two left(s)": Brazil, Chile and Uruguay exhibited left parties which were respectful of democratic institutions and followed heterodox economic and social policies with respect to the neoliberal model, while Venezuela adopted statist macroeconomic policies (i.e. completely controlled by the state), with a strong redistributive

nature, but eluding political freedom. Argentina, Bolivia, Ecuador and Nicaragua stood in the middle between these two poles. The presence of two left(s) is at the centre of another important work by Weyland, Madrid and Hunter (2010) who distinguish between a moderate and a contestatory left. While the former prefers a prudential approach through bargaining rather than opposition, the second is more radical, trying to abandon neoliberal policies and creating "public enemies" to justify eventual failures, in a process of blame shifting. Chile and Brazil are said to be part of the first cluster, while Venezuela and Bolivia belong to the second. According to this classification, Argentina and Peru are intermediate cases. Authors do not consider Uruguay.

To conclude, Latin American *politics* shows some peculiarities which may be interesting when dealing with trade unions. Beside the institutionalization of party system – which is present in Uruguay and, partially, also in Argentina - other features are also to take into account. For example, the type of competition between parties have been proven to be relevant for the inclusion of outsiders (Pribble, 2013; Garay, 2016). For what concern political cleavages and the discussions on the different conception of the "left", it is interesting to note that the recent studies have explored how parties are placed on the left side of the political space (i.e. extreme or mild) according to their choices in economic and political speres. This placing may undoubtedly affect the connection between parties and workers' organizations, bringing to a series of different outcomes, from strong alliances to the exclusion of organized labour from parties' choices.

# Chapter 3. Welfare, labour market and trade unions in Latin America

## 1. Introduction

This chapter addresses three different topics: welfare state, labour market and trade unions. Understanding their relationships and mutual interdependence is indeed key since they are at the core of this dissertation. For instance, when economic development was based on industrialization, the urban working class tended to expand while agricultural workers were likely to decline. Such huge changes in the labour market had direct effects on workers'representation. Also, when high employment levels were guaranteed by economic growth based on industrialization, organized labour had the opportunity to expand its membership and institutionalize its activities, something that was not possible in a framework where agriculture predominated.

When both the economic model and labour market change, social protection regimes are also likely to be modified, and trade unions may play an important role in this process: they may actually be able to determine income and wealth distribution through bargaining both with employers for salary increase and with the state for what concerns welfare state arrangements.

This section is therefore devoted to review the main aspects the literature deems as essential to study welfare state, labour market and trade unions, respectively.

The chapter is organized as follows. The first paragraph deals with the welfare state: after the presentation of the three phases of development and the attempts to classify social protection regimes in Latin America, a section is dedicated to the description of the concept of "basic universalism", the policy paradigm underpinning the recent expansion of non-contributory measures in the region. Subsequently, the analysis of labour market is presented, focussing on its structure and main trends. Definitions of insiders and outsiders are provided, while a third category is added. The last part of the chapter is devoted to trade unions. After illustrating the birth and development of industrial relations, with particular attention to the role played in the democratization processes, the last section analyzes trade unions during the neoliberal wave and their revitalization after the early 2000s.

## 2. Welfare regimes in Latin America

This paragraph is focused on the presentation of social protection system in Latin America. The first section is devoted to explain the development of welfare state in Latin America, from its historical legacies until the 1990s. Subsequently, various classifications of welfare state are provided. Finally, the concept of "basic universalism" is explored in the last section.

### 2.1. Development phases of Latin American welfare states

Latin American welfare regimes experienced a substantial paradigmatic turn at the beginning of the 2000s. As mentioned in chapter 2, during the XX century the export model was adopted to favour commercial exchanges with Europe. In such a context, it was crucial to ensure the "loyalty" of categories such as military and public employees, followed by the need to control the core sectors of the economy. The first policies were therefore top-down and mostly implemented in a context of political authoritarianism. Pioneer countries - Argentina, Chile and Uruguay – introduced pensions and health care measures since the 1920s while latecomers followed in the 1940s (Mesa-Lago, 1978). The architecture of the social protection system was originally inspired by the Bismarckian, occupational model, thus covering workers in the formal sector, both public and private.

Social protection reached a considerable level of inclusiveness during the Import Substitution Industrialization (ISI) period, when industrialisation and modernisation allowed for the development of welfare programs which guaranteed high coverage, at least in the Southern Cone countries. However, due to the occupational imprint, coverage was fragmented, and stratification among social classes avoided an equal distribution of resources (Huber and Stephens, 2012). Moreover, a considerable amount of workers was employed outside the formal labour market and, thus, excluded from any form of social protection.

By the end of the 1970s, the ISI model was exhausted. The International Monetary Fund and the World Bank introduced neoliberal reforms through conditionality and technocratic networks. The 1980s and 1990s marked a radical shift in the economic paradigm for Latin American countries, which also invested the welfare state structure. Health care was privatised, entirely or partially, while the field of education underwent less dramatic reforms. Pension systems were often radically modified, with the introduction of private pillars; in some cases, privatisation was total while in others it occurred only partially. Chile was the country where neoliberalism

was implemented earlier than the rest of the region, and it was harsher for what concerns the social protection system, also because of the long-lasting dictatorship established by Pinochet (Huber and Stephens, 2012). Despite significant differences across countries, the sudden opening of the economy and de-industrialisation – coupled with the privatisation of firms and welfare - had the effect of eliminating several categories of jobs (mostly manual jobs) which lead to the increase of both unemployment and informal employment. The structure of labour market changed indeed: as a result, the percentage of workers who were able to contribute to the welfare system - and consequently entitled to receive social protection - dramatically fell (*ibidem*).

By the early 2000s – and already during the 1990s in some countries – inclusive measures were enacted in the attempt to increase coverage. As the percentage of workers who contributed to the system of social protection was low, non-contributory measures were preferred over social insurance mechanisms. Besides access to health care and education, the most important reforms concerned the introduction of "conditional cash transfers" and non-contributory pension. Whenever social assistance was already present, it was reinforced, while access to contributory schemes was simplified due to loosening requirements.

The table below summarises the main phases concerning Latin American welfare state development. The rest of the paragraph is devoted to a detailed explanation of the first three periods while a specific section will be dedicated to the description of the so-called inclusive turn since the early 2000s.

Table 3.1 Welfare state phases in the Southern Cone

| **Welfare state phases** | **Timing** | **Economic development phase** | **Included categories** |
|---|---|---|---|
| **Emergence** | 1870s-1930s | Export toward Europe and US | Only elites |
| **Expansion** | 1940s-1970s | Creation of national industrial sector (ISI) | All workers in the formal economy – very inclusive |
| **Retrenchment** | 1980s-1990s | Trade and services liberalization (Washington Consensus) | Only workers in the formal economy (who have enough contributions/enough money to invest on private social protection) |
| **Inclusive Turn** | 2000s-2015 | Promotion of industry in a global and open economy | Workers in the formal and in the informal economy |

Source: Author' elaboration.

***The introduction of the first social insurance schemes***

In terms of timing, welfare state development in Latin America differs substantially from its European counterpart. This delay is due to a late modernization process that occurred at the end of the XIX century in Europe and only after the 1920s-1930s in Latin America - although, systematically, it was only after the second World War that governments established industrialization as economic strategy of development - especially thanks to immigration (Kauffman, 2004).

The first forms of social protection were based on the Bismarckian-corporatist model, inspired by European countries like Germany, Austria and Italy. Social insurance schemes prevailed and only workers from core economic sectors were included while large part of the population – mainly rural and informal workers – could not access the social protection system. Coverage was by definition low since it was directly linked to employment status and limited to some sectors; segmentation and fragmentation were peculiar in that type of welfare regime. Social insurance was expanded gradually and, during the 1920s-1930s, military, civil servants, and judiciary constituted the main targeted groups. The will to protect and create loyalty with national country elites was the driver for the introduction of the first forms of social protection (Mesa-Lago, 1978; Filgueira, 1998).

Chile, Argentina, Uruguay and, slightly later, Brazil, were pioneers and they are still among the most developed countries for what concerns social protection. Costa Rica, although it was not among the pioneers (according to the definition by Mesa-Lago, 1978), is currently one of the most developed country in the region in terms of welfare system. Scholars attributed the success of this cluster of countries to the presence of early industrialization, followed by incorporation of mass demand through mobilization or co-optation (Filgueira, 2005; Pribble, 2011). This means that either worker strikes and protests or government ability to cope with changing socio-economic conditions are the main reasons why these countries developed social protection systems earlier than others where agriculture was still predominant. Indeed, where repression prevailed, especially in contexts characterized by rural economy, social protection found it hard to take off. Efforts to introduce welfare schemes responded to mass mobilization in a paternalistic way, also to avoid social conflicts, especially in the case of Brazil (Huber and Stephens, 2012, 95). Industrialization and incorporation of the masses are therefore the two key elements to explain the birth of the first welfare states in Latin America.

*Welfare state expansion in the ISI period*

The expansion of welfare regimes in Latin America began around 1945, after the II World War, coinciding with a change in the economic paradigm, which abandoned the export model. In its place, the Import Substitution Industrialization (ISI) was implemented.

The promotion of the ISI was a driver to finance public spending without affecting core groups, thus, without the creation of a strong tax system which would be the basis for further reforms (Huber and Stephens, 2012). The weakness of the tax system in Latin America still represents one the main Achilles' heel of its political economy.

Significant efforts were made in the fields of pensions and health care. Coverage expanded slowly, but it reached high levels in the 1970s when Argentina, Brazil and Chile managed to cover from 70% to 85% of their population, and Uruguay touched 90% (Mesa-Lago, 1998). However, since the system was based on the Bismarckian model, informal and rural sectors were excluded because their employment status did not allow these groups to be included in social insurance schemes. As Haggard and Kaufman (2008: 9) argue "ISI allowed state enterprises and private firms in the import-substituting sectors to accommodate welfare entitlements for the organised urban working class. However, such policies contributed to labour market dualism".

Nevertheless, some countries like Argentina and Brazil already implemented social schemes for rural workers - and eventually for self-employed in Argentina – whose coverage was increased. Also, Uruguay established some sort of social protection for rural workers and unemployed, while the first social assistance pension scheme had already been set up in 1919, thus well before the ISI (Huber and Stephens, 2012).

In general, coverage followed a gradual path of expansion, from elite groups such as the military to workers employed in national strategic sectors, up to include middle and working class (journalists, bank clerks, teachers, workers in railroad and ports) (Segura-Ubiergo 2007).

*Retrenchment and privatization in the "lost decade"*

The 1980s marked the definitive end of the ISI period, soon substituted with a neoliberal agenda. A relevant imbalance between the public and the private sector was promoted, with the latter prevailing in pensions, health care and schooling policies. Neoliberal policies included targeted interventions only to the very poor and promoted private insurance for the middle class, thus leaving a large part of the population uncovered. The most radical reforms were adopted in the field of pensions where all countries but Brazil introduced at least a private

component in their systems, while Chile underwent the harsher privatisation in the region. According to Mesa-Lago (2008), among the countries that enacted structural reforms, it is possible to distinguish the three clusters. Chile, Bolivia, Mexico, El Salvador and the Dominican Republic dropped out the public sector in the administration and management of the pension system to substitute it with the private one. Peru and Colombia introduced competition among public and private sectors with the creation of a new private system parallel to the already existent public one. Also in the mixed-model enacted in Argentina, Uruguay and Costa Rica, the public system was not shut down: indeed, the state remained responsible of the first pillar with the provision of a basic pension, while supplementary pensions (second pillar) depended on the private system. Brazil, Cuba, Ecuador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, Venezuela only implemented parametric reforms of their public pension systems.
The level of social security coverage decreased dramatically as economic openness had the effect of highly reducing the level of industrialisation and, consequently, employment in the industrial sector dropped. Indeed, the traditional male breadwinner model, typical of Bismarckian systems, was no longer effective in a framework of precariousness and low level of (formal) employment. Therefore, many groups were excluded from any form of social protection (Huber and Stephens, 2012).

### 2.2. Welfare regimes' typologies and classifications in Latin America

The literature on welfare regimes in Latin America is not as abundant as for European countries, but it is rapidly growing. However, there is no consensus in defining typologies of welfare regimes *à la* Esping-Andersen (1990). Indeed, while in Europe it is relatively easy to identify and cluster a limited number of welfare regimes[5], for what concerns Latin America an agreement between scholars is still missing. In fact, despite some commonalities, most of the classifications involve different criterias.

One of the main distinction with the European literature is the inclusion of education in welfare studies. The reasons behind this choice are multiple. Indeed, in Latin America education

[5]Esping-Andersen (1990) identifies three main welfare regimes: liberal, conservative-corporatist and social-democratic. Ferrera (1996) added the "fourth social Europe", known as the "Southern European model". The Southern European model is often considered very close to the Latin American social protection systems. Moreover, with the entrance of former soviet republics in the European Unions, scholars started to identify a "Fifth Europe", as common trait of Eastern European countries.

continues to be a major issue for welfare, since many children – especially those living in the most remote areas of the region – do not have access to schooling services. Therefore, even in the 2000s there exist many disparities between children who can attend classes and others who cannot afford it. On the contrary, in Europe access to education is taken for granted, at least concerning primary and secondary schools and the focus of welfare state scholars is more likely to be on early childcare rather than on advanced education.

Recently, education also becomes crucial in conditional cash transfer programmes, where income support is given in exchange for some conditionality, among which class attendance.

Other differences concern the attention paid to the private sector. In Latin American, after the Washington Consensus period, private sector penetrated almost all policy fields. The magnitude of market's substitution with respect to the state in the provision of income support and services is thus crucial to differentiate among countries.

Besides, the state can also be substituted by families in Latin America: as it is not uncommon for the state to display "weak" institutions - especially in the implementation phase - families end up as "clearinghouses", thus providing social protection and redistributing income among its members.

Finally, the presence of measures for farmers and agricultural workers may be crucial in the Latin American region rather than in Europe. Indeed, many of these workers are likely to be informal, and thus, excluded from social protection system. As the agricultural sector is more significant in LA than in EU, providing welfare schemes to farmers can be a factor when clustering different countries. More in general, the impact of informal workers in the formation of welfare regimes is recognised by scholars. Among others, Barrientos (2004) and Wood and Gough (2006) highlight how welfare provisions in Latin America are often informal, i.e. obtained through clientelistic relationships.

As aforementioned, scholars do not always agree on a single classification. However, some countries seem to stand out because of their effective welfare systems with respect to the others. These countries are Argentina, Brazil, Chile, Uruguay and Costa Rica. Most of the literature agrees on including these countries – but not always Brazil – in a single cluster due to their excellent coverage and high level of expenditure. Moreover, apart from Costa Rica, all these countries share quite an "old" social protection system.

Filgueira (1998) proposed a classification referred to the end of ISI period, considering coverage, total expenditure and distribution of spending across policy fields as well as the level and the quality of the social services provided. He focused on pension, health care and education. The clusters show countries' inclusiveness, and – through the third identified criteria concerning the policy field in which expenditure is concentrated and the level of services provided – also their ability in terms of de-commodification and stratification. Costa Rica, Uruguay, Argentina and Chile are in the group of so-called "stratified universalism". At the end of the 1970s, most of the population was covered by social insurance schemes, and primary education was universally guaranteed. Though in this context de-commodification was possible, stratification was a crucial issue. State and urban workers gained access to the social protection system when other groups such as self-employed, rural workers and informal employees were excluded for long periods. These countries resembled to some extent the corporatist model by Esping-Andersen (1990) both because of their structure and the distribution of social expenditure; however, they did lack unemployment insurance, a crucial program in Europe. At the other side of the spectrum, Guatemala, Honduras, El Salvador, Nicaragua and Bolivia are displayed, with a low and residual level of social protection, hence the denomination "exclusionary regimes". Finally, "dual countries" – Brazil and Mexico - are the ones that combined the former regimes depending on the area: stratified universalism for urban areas and exclusionary for rural ones. Indeed, a substantial territorial heterogeneity prevented any attempt toward universal inclusion of the population.

This classification was subject to revisions since the 1980s due to dramatic economic and political changes. With the advent of the neoliberalist doctrine, Filgueira identifies a convergence of the most developed countries, which replaced stratified universalism. Two new models are identified: the first is more state-oriented, and it includes Costa Rica and Uruguay, still stratified but egalitarian and inclusive. The second is market-oriented, and it is more stratified and unequal (Filgueira and Martinez Franzoni, 2002). This new classification does not take into account the recently universalistic measures adopted by Latin American governments. Indeed, despite differences, all these countries are moving toward a universal direction.

Other aspects should be taken into account when dealing with welfare regimes in Latin America. Similar to the European literature, some scholars considered the level of "familism". Martinez Franzoni (2007, 2008) developed a classification of welfare regimes in Latin America according to the relationships among labour, markets, families and public policies. She

considers the degree of commodification, de-commodification and the level of familism. Due to the extremely high level of female unpaid work on which households rely, she concentrates on the relationship between social structures and social policy. Considering 18 countries, Martinez Franzoni distinguishes between "state" and "non-state" welfare regimes. Productivist and protectionist models belong to the first cluster, while familiarist can be classified as a non-state model. Argentina and Chile represent the "productivist" model: social policy plays an important role in shaping the relationship between state and families, there is a good coverage and the welfare system is likely to be targeted to the poor. However, those who are not poor, mostly rely entirely on the market. Indeed, social protection is individually funded. Costa Rica, Brazil, Mexico and Uruguay are defined as protectionist, stressing the role of state-driven policies, even though they are less targeted to the poor. There is more stratification than in productivist models, although social security is collectively funded. On the contrary, the last cluster, which includes among the others, Ecuador, Peru and Paraguay, is permeated by informality and familism in a context of substantial lack of state intervention. People mostly rely on the informal market and families, in particular on female unpaid work. Social programs are residual, and access to services is scarce. In general, social policies are non-existent or inadequate. Both commodification and de-commodification are most likely to occur in the productivist and protectionist models with respect to the familiarist cluster, although there is a lot of heterogeneity in each group. Moreover, as regimes become more informal, policies aimed at de-familization should be more common to contrast heavy reliance on families. Stratification characterises protectionist countries, but income distribution is unequal in all countries.

Pribble (2011) also elaborated a classification based on welfare state capacity to both prevent (risk prevention) and address risk (risk coping). As she contends, the classification focuses on de-commodification. She also explored the historical paths of economic and political development of the region to determine which countries are more likely to develop different kind of welfare measures according to their historical trajectories. She finds that industrialization level and political incorporation can be considered the main determinants of Latin American welfare regimes. Argentina, Chile, Costa Rica and Uruguay therefore belong to the cluster of the so-called "mobilizing incorporation – industrialist"; Brazil, Mexico and Panama can be defined as "corporatist incorporation-industrialist"; Peru, Colombia, Ecuador and Paraguay represent the cluster of the "interrupted incorporation-agrarian" and, finally, the Dominican Republic, El Salvador, Guatemala and Nicaragua are in the cluster "exclusionary-

agrarian". The first cluster is characterized by high risk prevention and high risk coping; the second shows intermediate level of risk prevention and high level of risk coping; the third is not efficient in risk coping but it is able to prevent risk at an intermediate level; the fourth cluster cannot efficiently prevent risk nor it can cope with it. These regimes are the results of industrialization, which occurred in very different periods, and subsequent political incorporation. Where industrialization was advanced, urbanization reached a considerable level and the working class started its mobilization to gain more rights. In this case, elite incorporated the working class, therefore transferring conflict in the decision-making arena. In the first cluster – including Argentina, Chile, Costa Rica and Uruguay – industrialization was advanced and the working class mobilized to gain benefits. In these countries – because of the pressures for incorporation - policies successfully aim at both risk coping and preventing. In countries such as Brazil, Mexico and Panama, incorporation occurred through corporatist organization rather than through mobilization. Although the level of industrialization was high, ethnic and racial diversity contributed to hinder mobilization. In this context, the welfare regime shows high ability to cope with risks, as setting up by corporatists model, but only medium risk prevention. In countries where industrialization was limited and mass incorporation was partial, it was possible to set up some mechanisms of risk prevention through the partial development of school and health care system, while risk copying programs are weak because of the lack of mobilization of a strong working class. This is the case of Peru, Ecuador, Colombia and Paraguay. Exclusionary agrarian regimes were born in context of no industrialization. When agriculture prevailed and authoritarian regimes rose, no incorporation occurred. This regime is not able to provide neither risk prevention nor risk coping welfare schemes. Pribble developed this classification by looking at period before the 1980s, thus excluding liberalization and globalization pushes as responsible for further changes.

Table 3.2 Welfare regimes classifications

| Author | Considered criteria | Clusters |
|---|---|---|
| Filgueira | Coverage (how money is spent)<br>Expenditure (how much money is spent)<br>Policy field and quality of services provided (how money it is spent) | During 1970s:<br>Stratified universalism (Uruguay Argentina, Chile); Dual regimes (Brazil, Mexico); Exclusionary regimes (Guatemala, Honduras, El Salvador, Nicaragua, Bolivia).<br>After the neoliberal period:<br>Market-oriented welfare regimes (Argentina and Chile); State-oriented (Costa Rica, Brazil; partly, Uruguay) |
| Martinez Franzoni | 32 indicators to measures three dimensions: commodification, de-commodification and de-familiarization | State welfare state: productivist (Chile and Argentina) and protectionist (Costa Rica, Brazil, Mexico, Uruguay); Non-state welfare regimes (Ecuador, Peru, Paraguay, etc.) |
| Pribble | Risk coping (subsidies and provision of other services) and risk prevention (investment in human capital) | "Mobilizing incorporation – industrialist" (Argentina, Chile, Costa Rica and Uruguay); Corporatist incorporation-industrialist (Brazil, Mexico and Panama); Interrupted incorporation-agrarian (Peru, Colombia, Ecuador and Paraguay); Exclusionary-agrarian (Dominican Republic, El Salvador, Guatemala and Nicaragua) |

Source: Author's elaboration

### 2.3 Basic universalism

Basic universalism is the paradigm that shaped the expansion of non-contributory policies in Latin America in recent decades. The term focuses on the universal provision of basic services and income support. "Universalism" however is a multifaceted concept: in the European meaning, it is used to describe inclusive social protection schemes for all citizens, without specifically targeting towards social groups or being mean-tested. By contrast, in Latin America, it has been used to highlight what should be the main purpose of social protection system: enlarging coverage to traditionally excluded groups. It is therefore a definition of an "outcome", i.e. full coverage, rather than of an "output", that is welfare provision to all *regardless* of

occupational status, established solely on the basis of citizenship, as Van Parijs claims. Basic universalism aims at achieving universality by combining social insurance schemes with the adoption of non-contributory measures. Social assistance was indeed either absent or residual in the Latin America region because of the prevalence of Bismarckian schemes. In accordance with this paradigm, non-contributory measures should have a large breath of targeting, contrary to the neoliberal period when just narrow parts of the population could access mean-tested benefits. From a financial point of view, coverage should not depend on resource availability, but it should be based on "social rights" (Huber and Stephens, 2012) and, thus, be guaranteed to all.

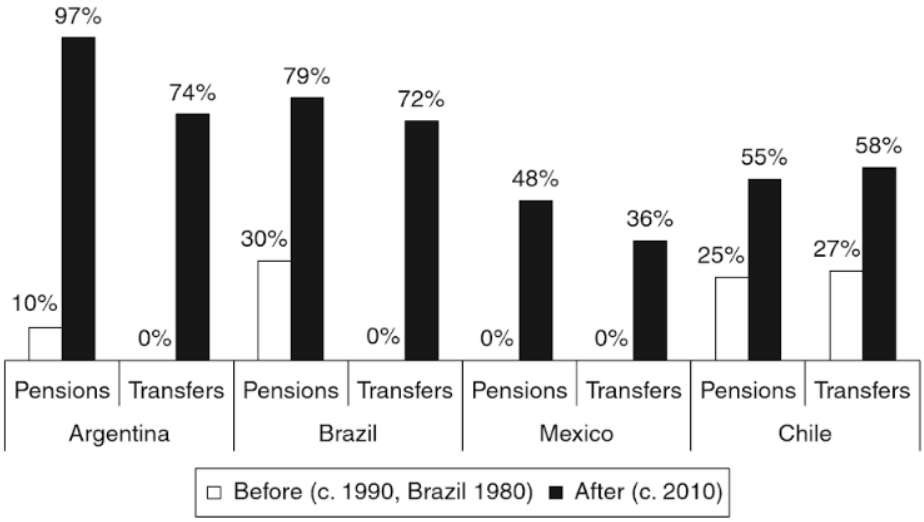
The inspiring principles of basic universalism are: universal coverage, provision of high-quality services, guaranteed access to services - which is a state responsibility - and offer of basic services to respond to essential needs. This paradigm shifted the attention towards aspects which lacked of consideration in the previous period: emphasis on citizenship, the concept of equity, the use of public policies as tools to both reduce poverty and promote social development and, finally, the comeback of the state which must guarantee basic services and benefits (Molina, 2006). Basic universalism aims at guaranteeing social inclusion, tries to tackle intergenerational poverty and promotes equality of opportunities along the life cycle. The state must manage policies fields that were left to the market during the 1990s (Sposati, 2006).

Huber (2006) states that stable democracy is a necessary element to reach high levels of inclusiveness and – recalling chapter two – it must be coupled with parties engaged in the reduction of poverty. Parties must be accountable to be seriously committed to the purpose to fight against poverty and social exclusion.

Some scholars, however, have been critical of the adoption of this paradigm. Narbondo (2006), in particular, states that basic universalism *per se* is not enough to reach complete universalisation. Moreover, the focus on basic services and benefits could bring to dualization between the poor, who receive public and basic services, and the rich, who benefit from private – and potentially better – services. Moreover, both the quality and quantity of services will tend to follow a market logic, thus recreating major differences in the access. Another weak spot of this paradigm is its sustainability, given the weak tax base in LA countries.

The increased coverage of the so-called outsiders (informal workers, unemployed and other categories previously excluded) in the fields of pensions and transfers resulting from the basic universalism paradigm have been calculated by Garay (2016) as shown in the table below.

Figure 3.1 Share of outsiders included in the system of social protection before and after the phase of expansion




Source: Garay, 2016

The inclusion of outsiders was particularly relevant in the cases of Argentina and Brazil, while in Mexico and Chile they were only partially covered, despite the latter displayed measures able to reach one out of four outsiders already in the 1990s.

Among the policies developed in accordance with basic universalism, conditional cash transfers and social pensions stand out. They both can be defined as social assistance measures contributing to building inclusive social protection systems and aimed to achieve universal coverage.

***Conditional cash transfers***

Conditional cash transfer programmes are extremely popular in South America. From the early experience of *Bolsa Familia* in Brazil and *Progresa/Oportunidades* in Mexico, they quickly spread in throughout the region, as well as in other parts of the world such as Nigeria, Kenya, India and Indonesia. While in Brazil and Mexico some pilot projects were already present in 1997 - though at the local level - in most countries implementation occurred later and mostly through national programmes.

Conditional cash transfers are composed of income support and service provision for people living in poverty or extreme poverty. However, they are "conditioned" to some requirements, which usually coincide with obligations concerning nutrition, health care and schooling. They

target two objectives at the same time: first, with the cash transfer and the provision of non-monetary benefits, they aim to reduce poverty and increase household consumption; second, with conditionality, they want to improve human capital. Therefore, conditional cash transfers have both a short and a long-term scope: if the impact on household wealth is evident, the formation of human capital takes a long time (Cecchini and Madariaga 2011).

The need to correct market imbalances justifies conditional cash transfers. Indeed, economic growth *per se* is not enough to reduce poverty; rather governments must re-distribute resources. Since conditional cash transfers require the respect of some conditionality, there is a "co-responsibility" in (attempted) poverty reduction: the state provides direct income support and services (in cash and in kind such as food supplements and school bags) and households demonstrate that they put effort into improving their living conditions, both current and future (Fiszbein and Shady 2011). Usually, transfers are made to the mothers, who are considered to be more responsible for family's wealth than men, and they take up the task of checking whether the requirements are fulfilled or not.

Conditional cash transfers in Latin America and the Caribbean interest 18 countries, covering 25 million households (113 million people) constituting 19% of the entire population in the area, and they cost 0,4% of the regional GDP (Cecchini and Madariaga 2011). However, there are many cross-country differences. First, targeting can include only families living in a situation of extreme poverty (which is the case of Honduras, Paraguay and Colombia) or it can also consider the non-indigent (such as in Brazil and in Ecuador). Moreover, if the household represents the core of the conditional cash transfer, some countries such as Jamaica target individuals instead of families. Indeed, one of the main critics to the conditional cash transfers is the almost exclusive target on households with poor consideration to single individuals. In addition, a household can be selected for the programme because of its components: usually, pre-school and school-age children, as well as pregnant or breastfeeding women, are targeted. Also the disabled and the elderly can be included: in some cases, more cohorts receive assistance within the same programme. In theory, also migrants resident in a country for a while can access the benefit. Nonetheless, in practice, many of them do not have a regular position within the country, therefore even if the required documentation is limited, many of them are not able to show it and to obtain the income support.

For what concerns coverage, the country which includes the highest percentage of the population is Ecuador (44%), while Brazilian, Mexican and Colombian programmes are the

ones which guarantee the highest coverage of the population in absolute terms. *Bolsa Familia* and *Oportunidades* also show the highest expenditure, but Ecuador with 1,17% of GDP is the country which uses more budget in relation to GDP. In Argentina, Brazil, Chile, Uruguay, Mexico, Colombia and Ecuador the coverage is even higher than the number of indigents (Cecchini and Madariaga, 2011).

Table 3.3 Conditional cash transfers in Latin America (current programmes). Data refer to 2009.

| **Country** | **Name of the programme** | **Year** | **% of coverage / total population** | **% social expenditure / PIL** |
|---|---|---|---|---|
| **Argentina** | *Asignacion Universal por Hijo* (Universal Child Allowance) | 2009 | 8.3% | 0,20% |
| **Bolivia** | *Juancito Pinto Grant* | 2006 | 17.5% | 0.33% |
| | *Juana Azurduy de Padilla* (Mother and Child grant) | 2009 | 3.5% | 0.22% |
| **Brazil** | *Bolsa Familia* | 2003 | 26.4% | 0.47% |
| **Chile** | *Chile Solidiario* | 2002 | 6.8% | 0.11% |
| **Colombia** | *Familias en Accion* | 2001 | 25.2% | 0.39% |
| | Conditional Subsidies for School Attendance | 2005 | 0.6% | 0.02% |
| **Costa Rica** | *Avancemos* | 2006 | 3.3% | 0.39% |
| **Ecuador** | *Bono de Desarrollo Humano* (Human Development grant) | 2003 | 44.3% | 1.17% |
| **Mexico** | *Progresa/Oportunidades* | 1997/2003 | 24.6% | 0.51% |
| **Paraguay** | *Tekopora* | 2005 | 8.6% | 0.36% |
| | *Abrazos* | 2005 | 0.03% | 0.02% |
| **Peru** | *Juntos* | 2005 | 22.6% | 0.14% |
| **Uruguay** | Famly allowances | 2008 | 11.6% | 0.45% |
| **Venezuela** | No CCT implemented | - | | |

Source: Cecchini and Madariaga (2011).

Table 3.4 Conditional cash transfers in Latin America (exhausted programmes)

| Country | Name of the programme | Years | % of coverage / total population | % social expenditure / PIL |
|---|---|---|---|---|
| **Argentina** | *Jefas y Jefes de Hogares Desocupados* | 2002-2005 | 24% (2002) | 0.68% (2002) [6] |
| **Brazil** | *Bolsa Escola* | 2001-2003 | 7.3% (2004) | 0.04% (2004) |
| | *Bolsa Alimentacao* | 2001-2003 | 0.4% (2004) | 0.01% (2004) |
| **Costa Rica** | *Superemonos* | 2000-2006 | 0.3% (2003) | 0.02 (2002) |
| **Ecuador** | *Bono Solidario* | 1998-2002 | 32.7% (2000) | 0.58% (2002) |
| **Uruguay** | PANES (*Plan Nacional de Emergencia Social*) | 2002-2005 | 9.6 (2007) | 0.47 % (2007) |

Source: Author's elaboration from Cecchini and Madariaga (2011) and CEPAL online database [7].

Conditionality can be either strong, medium or light (*Ibidem*). Where strong conditionality prevails, the concept of "one condition one benefit" defines both benefits' provision and the recipients' monitoring. The procedures to check the fulfilment of requirements as well as sanctioning are usually stringent. Mexico, Colombia, Nicaragua programmes belong to this model. If verification and sanctioning are less frequent, conditionality is moderate. This usually occurs when programmes are flat rates. Another model is represented by the case of Chile that implemented a programme based on direct agreements with single families. In this case, the mechanism of control and sanctioning is not at work, but co-responsibility and fiduciary relationship shape policy implementation.

For what concerns the targeting procedure, different techniques assist the legislator to target the needy and to avoid waste of resources. Many programmes establish a first way of targeting through geographical criteria: the construction of maps to highlight the areas where poverty is concentrated is often used to determine the inclusion of the households. Other measures also distinguish between rural and urban areas. Income and expenditure data are of course strongly taken into account, and they can be collected through various means such as census, household surveys or *ad hoc* register. Some programmes also include a final step by the community or a local responsible who must confirm the living conditions of families. Since they have a better knowledge of the effective situation, they can act as responsible, thus increasing transparency.

Benefits usually depend on the number of children, but there also exists programmes which are flat rate. Moreover, differentiation may also occur according to the grade of school: children

[6] Data from https://dds.cepal.org/bdptc/en/program/?id=2. 0.68% represents the available budget rather than the effective expenditure.

[7] See also http://dds.cepal.org/bdptc/en/.

enrolled in secondary school are usually paid more than children enrolled in primary school since the opportunity costs for older children is higher (Fiszbein and Shady 2011).

Conditional cash transfers may also be linked to labour market inclusion. More specifically, they can also include technical and vocational training, remedial education, support for independent work, labour intermediation services, direct job and indirect job creation (ECLAC/ILO 2014). Training aims at including unemployed who are already targeted by some forms of conditional cash transfer. It is particularly relevant for programmes in Brazil and Colombia. On the contrary, the creation of direct and indirect job is not always present in the implementation of conditional cash transfers. For what concerns the former, they are usually thought for an emergency period and therefore they are short-term jobs. This tool has been used in Argentina and Brazil by mid-2000s to face the crisis while avoiding the high level of unemployment. Indirect job creation consists of limited subsidisation to private firms when hiring beneficiaries of a conditional cash transfer programme. Chile developed a particular project to subsidise youth and women employment.

***Non-contributory pensions***

Beside conditional cash transfers, also non-contributory pensions were the objects of several reforms in Latin America from the 2000s. Indeed, the need to avoid poverty among the elderly was a priority for many governments in the area. The poverty rate of elderly is a consequence of the low coverage of (contributory) pension systems although there exist significant cross-country differences. The "pioneer" countries – according to the definition of Mesa-Lago (2008) – are the ones who show the highest levels of coverage, despite being also characterized by financial sustainability problems and a more severe population ageing with respect to the countries who introduced pension systems later. One of the main limitations of pension systems in Latin America is the presence of informal workers, which affects both coverage and financing. In 2010, only 45 out of 100 workers have contributed to any pension schemes[8], with the percentage being extremely low in the Caribbean and Andean countries (less than 20%) and between 20 and 30% in countries such as Mexico and Colombia (OECD/IDB/The World Bank, 2014). Only in Argentina, Brazil, Bolivia, Chile, Costa Rica and Uruguay the rate of elderly coverage (65 years old and above) overcome 60% (Roffman, Lucchetti and Ourens, 2008). Even

[8] Between the early 1990s and early 2000s, active coverage fell as a result of privatisation of public services, trade liberalisation and financial crisis both at regional and at world level.

the pioneer countries show levels of contributions which not comparable to those in Western European countries

These rates are the result of reforms implemented during the 1980s and 1990s in interplay with the predominant social insurance approach, which not sufficient to cover neither the large informal sector nor unemployed. Neoliberal policies allowed cost containment through retrenchment measures and the introduction of private management, but they gave little attention to poverty prevention. International organisations also elaborated suggestions for structural reforms in the field of pensions both concerning sustainability and inclusiveness. The World Bank prompted the diffusion of the well know multi-pillar model (The World Bank, 1994). The IMF, in 2001, gave recommendations to extend coverage to workers and their families that were excluded from social protection. It indicated two alternative models: the expansion of contributory schemes and the development of non-contributory programs (Rofman, Apella and Vezza, 2013). Again, the World Bank in 2005 issued some publications – "Old age income support in the 21st century" among the others – suggesting that universal coverage would be useful to respond to elderly needs. The Economic Commission for Latin America and Caribe, in 2006, affirmed that "citizenship rights" must be considered as the main criterion to guarantee social protection both for what concerns the elderly and the transfer to families with children. With this aim, ILO (2011) promoted the "social protection floor" aimed at creating a system which included both contributory and non-contributory instruments to expand coverage in the fields of pension and healthcare. Contrary to the period of the Washington Consensus, international organisations supported investments and inclusion of large groups of workers, highlighting the limited coverage as the main problem of pension systems.

Only Argentina, Chile, Costa Rica, Uruguay, Brazil and Cuba had some forms of social assistance measures for the elderly before the 2000s. The nature of these benefits was means-tested, and they were limited in coverage and subject to financial constraints. However, they strongly contributed to poverty reduction (Mesa-Lago, 2008).

By taking into account both contributory and non-contributory pensions, there are both similarities and cross-country differences. For example, informal employment is an issue in the entire region. Where the agricultural sector is strong, this phenomenon is particularly emphasised, as coverage of urban contexts is indeed higher. Among the countries with a

remarkable rural sector, Brazil is an exception since it managed to keep the gap between rural and urban coverage shallow, thanks to a quasi-non-contributory benefit which targets rural workers.

Regional differences are visible also in the targeting and, consequently, protection against poverty. Indeed, all systems tend to favour the richer against the poorest, but there exist heterogeneity among the coverage of the latter. For example, Honduras, Guatemala, Dominican Republic, El Salvador, Paraguay, and Mexico cover only 40% of the elderly population, thus leaving behind a large part of them. Colombia, Peru, Venezuela and Panama offer a medium coverage to the richer but leave the poorest only with a minimum level of protection. Finally, Argentina, Brazil, Costa Rica, Chile, Uruguay and Bolivia show reasonable high level of coverage for various segments of the population, thus also social protection for the elderly poor is ensured, despite stratification (Rofman, Lucchetti and Ourens, 2008).

For what concerns costs, they tend to vary according to population ageing. In more mature systems, such as Argentina, Brazil and Uruguay, sustainability is an issue, while Costa Rica, Colombia, Mexico, Panama, Peru and El Salvador manage to keep the cost of their pension system relatively low. Chile, Ecuador, Bolivia and Paraguay stand in the middle.

The tables below recap the adoption and the evolution of non-contributory pensions in the region.

Table 3.5 Non-contributory pensions in Latin America (current programmes). Data refer to 2012

| Country | Name of the programme | Year | Beneficiaries / population 65+ | Total exp. / PIL |
|---|---|---|---|---|
| **Argentina** | *Programas de Pensiones No Contributiva* (Non-contributory pensions programme) | 1948 | N.A. [9] | N.A. |
| **Argentina** | *Moratoria* | 2005 | 41% | 2,5% |
| **Bolivia** | *Renta Dignidad* (Dignity Grant) | 2008 | 90% | 1% |
| **Brazil** | *Beneficio de Prestacao Continuada* (Continous Benefit Programme) | 1996 | N.A. [10] | N.A. |
| **Brazil** | *Previdencia Rural* | 1993 | 48% | 1,9% |
| **Chile** | *Pension Basica Solidaria* (Basic SolidarietyPension) | 2008 | 27% | 0,2% |
| **Colombia** | *Programa Colombia Mayor* (Colombia Elderly Programme) | 2013 | 21% | 0,1% |
| **Costa Rica** | *Regime No Contributivo de Pensiones con Monto Basico* | 1973 | 18% | 0,2% |
| **Ecuador** | Pensions for the Elderly and for Persons with Disabilities (Human Development Grant) | 2003 | 32% | 0,4% |
| **Mexico** | Pension for the Elderly | 2013 | N.A. [11] | N.A. |
| **Paraguay** | Food pensions for the elderly | 2009 | 13% | 0,2% |
| **Peru** | Pension 65 | 2011 | 15% | 0,1% |
| **Uruguay** | *Pensiones non contributiva por viejez y invalidez* | 1919 | 6% | 0,5% |
| **Venezuela** | Great Mission in Old Love | 2011 | N.A. | N.A. |

Source: Author's elaboration from Rofman, Apella and Vezza (2013 and 2015), OECD/IDB/TheWorld Bank (2014), CEPAL online database [12].

[9] According to CEPAL database, old age pensions were 43.000 out of the total non-contributory pensions, which were around 320.000 in 2001.

[10] According to CEPAL database, 8.07% of the eldery with 60 years of age or more was covered with this benefit in 2012. In the same year, it was reported to cost 0.57% of GDP.

[11] CEPAL database shows that the program accounted for 28.71% of the total elderly coverage (considering 60 years old and older) and it costed 0.11% of GDP in 2012.

[12] More information at http://dds.cepal.org/bdps/en/.

Table 3.6 Non-contributory pensions in Latin America (exhausted programmes)

| Country | Name of the programme | Year | Beneficiaries / population 65+ | Total exp. / PIL |
|---|---|---|---|---|
| **Mexico** | *70 y mas* (70 and over) | 2007-2012 | 18% | 0,1% |
| **Bolivia** | *Bonosol – Bono Solidario* (Solidariety Grant) | 1997-2007 | N.A. [13] | N.A. |
| **Colombia** | *Programa de Proteccion Social Adulto Mayor* (Social Protection Programme for the Elderly) | 2003-2013 | N.A. | N.A. |

Source: Author's elaboration from Rofman, Apella and Vezza (2013 and 2015), OECD/IDB/TheWorld Bank (2014), CEPAL online database.

## 3. Labour market structure and trends

This paragraph aims at illustrating labour market in Latin America, with a particular focus on the Southern Cone, reviewing the main indicators pointed out by the literature. When data were available, a description from the 1990s is provided. Indeed, it is crucial looking at the period in which the Washington consensus was applied to analyse how deeply labour market was transformed The dismissal of ISI actually provoked a decline in industrial jobs, to favour financial sector and capital fluctuations. As economies were widely open, Latin American labour markets and firms were not efficient enough to compete with imported goods, and this resulted in a massive loss of jobs and in a shift from formal to informal job relations. These trends were then reversed by the "commodity boom" which boosted employment levels and the formality rate - although governments' interventions also mattered in the process of formalization. This section also provides the definitions of insiders and outsiders which are used in the rest of the work. In addition, a third category is added: the mid-siders are introduced in light of the persistence of informality in the Latin American region.

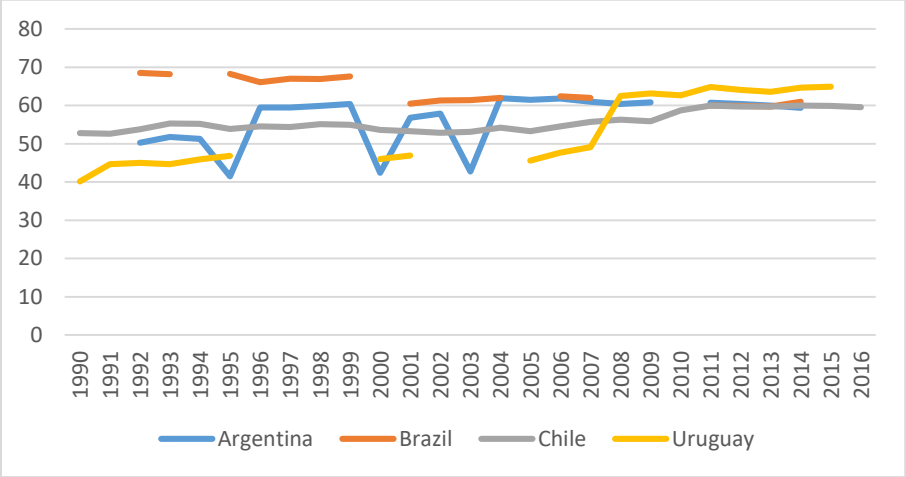
### 3.1. Labour market in Latin America: main indicators and trends

Labour market trends are presented in the figures below. The first figure shows data on labour force participation rate (i.e. the labour force as a percentage of the working age population),

[13] The measure accounted for more than 67% of the coverage of elderly above 60 years of age and it costed 1.14% of the total expenditure when it was set up in 1997 (CEPAL online database).

despite this indicator may present many break series, due to both lack of data and changes in the methodology. It is possible to observe how, among Southern Cone countries, in Chile labour force participation rate remained constant in the considered period, with a secure growth from 2005 (despite a downturn in 2009). In Uruguay, the growth is clear, though it is flawed with methodological change of the indicator's computation. Nonetheless, from 2005 to 2008 data for Uruguay show an important growth, while after 2008 labour force participation rate increased by 2,5 percentage points. Argentina, that only considers main cities and metropolitan areas, presents a drop in the values of labour force participation in correspondence of the early 2000s crisis, besides two negative peakes in 1995 and in 2000. Finally, data for Brasil are too fragmented to draw some conclusions; however, it is possible to observe that after the 2000s, labour force participation rate underwent little changes and it was constant, around 60% of the working age population.

Figure 3.2 Labour Force Participation Rate (%), 1990-2016

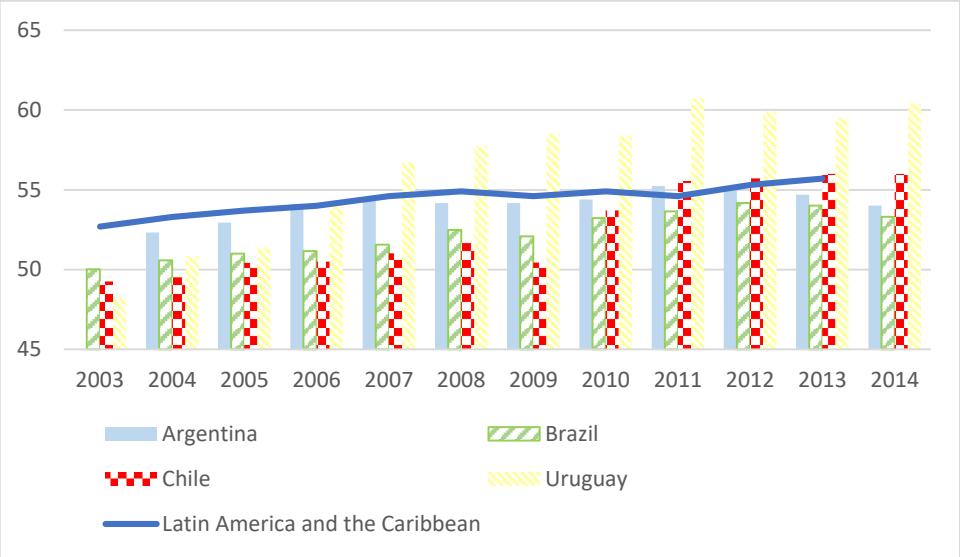



Source: ILOSTAT online database.

The employment rate is the result of the ratio between people who have a job and and the working age population. i.e. between 15 and 64 years of age. In Latin America, the employment rate - although affected by 2008 European crisis - increased from 2003 to 2013, slightly declining afterward as result of the end of commodity boom. Uruguay has the highest employment rate for the time considered, and it is also the country which experienced the highest growth, from 48,3% in 2003 to 60,4% ten years later, well above the average of the Latin American region, which was 55,7% in 2013. Argentina, on the contrary, was quite stable between 52% in 2004 and 54% in 2014, with a peak in 2011 with 55,2%. Chile experimented a growth of almost six points,

while Brazil employment level grew more moderately than other countries and it has the lowest rate of the Southern Cone.

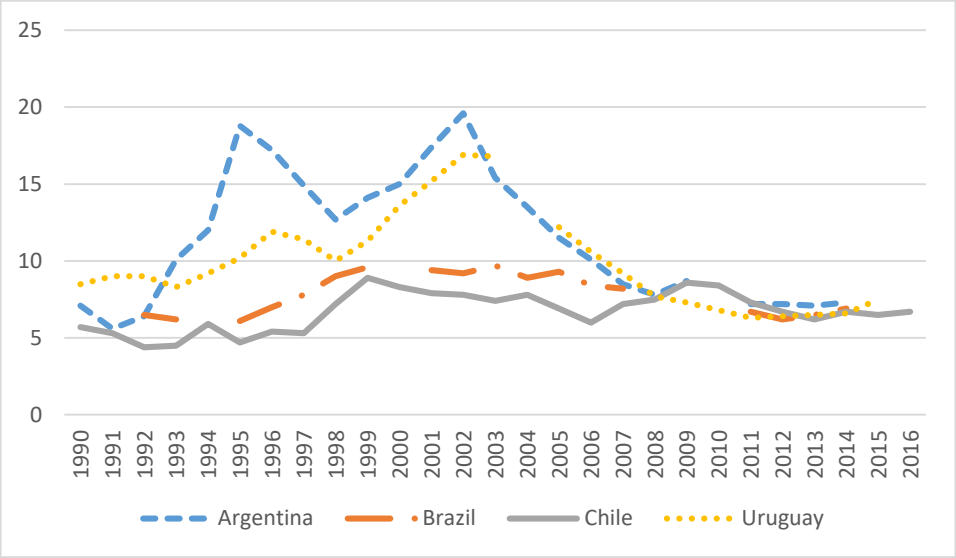
Figure 3.3 Employment Rate (%), 2003-2015




Source: ECLAC-CEPALSTAT online database.

Unemployment followed the opposite path, considering the period after the early 2000s. For this indicators, data are available from 1990; it is therefore possible to observe how Argentina and Uruguay presented the same peaks during the last two decades. In the middle of the 1990s, they both reached extremely high levels of unemployment, with the former almost touching 19% and the latter reaching 12% as a result of the imbalances of macroeconomic neoliberal policies. Another peak was achieved in 2002 when the Argentinean currency crisis strongly hit Uruguay. Brazil, with the rest of the Southern Cone, was also severely affected, although it managed to keep the level of unemployment well below 10%. Chile does not seem to follow a clear path, and it displays lower averages than other countries in the region.

Figure 3.4 Unemployment Rate (%), 1990-2016

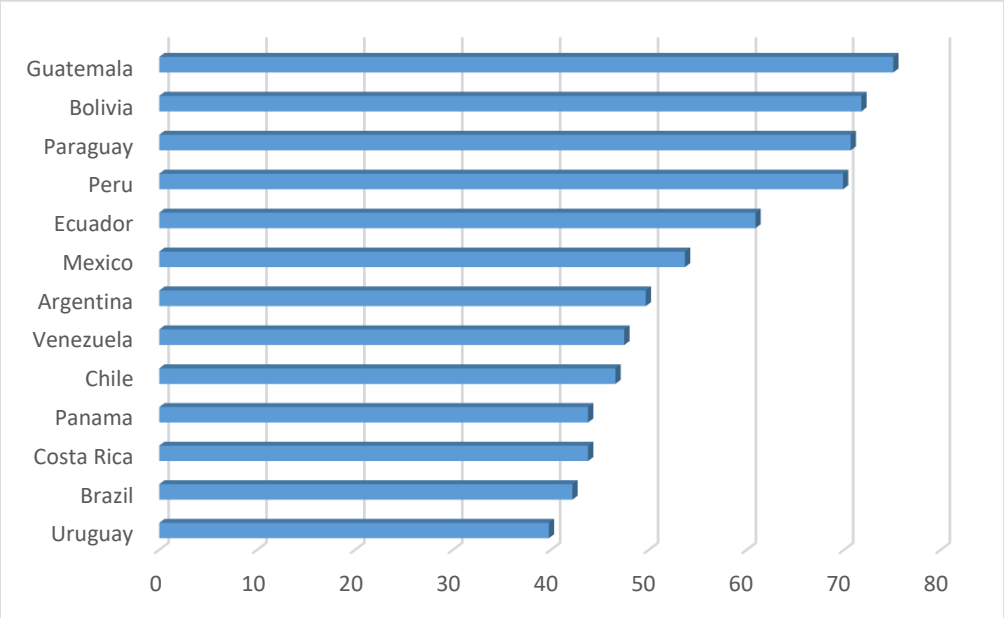



Source: ILOSTAT online database.

One of the most important factors to consider when dealing with Latin America is the high levl of *informal employment*, here calculated as the percentage of people employed in unregistered jobs on the percentage of total employees (excluding the agricultural sector). Workers without a contract constitute the large majority of the entire workforce in some countries, and even where the percentage is relatively small, they include more than one fourth of population. The figure below shows the level of informality (for non-agricultural workers) in the region in 2009[14].

[14] The informality rate includes all jobs in unregistered and/or small-scale private unincorporated enterprises that produce goods or services meant for sale or barter. Self-employed street vendors, taxi drivers and home-base workers, regardless of size, are all considered enterprises. However, agricultural and related activities, households producing goods exclusively for their own use (e.g. subsistence farming, domestic housework, care work, and employment of paid domestic workers), and volunteer services rendered to the community are excluded (definition from ILOstat online database). Data from Guatemala are from 2010 rather than 2009. Data from Argentina are taken form the ILO Report "Women and men in the informal economy". Data for Chile are also from ILO and they are overestimated because they are from 2007: the improving labour market conditions suggested that informality diminished alongside the 2000s and early 2010s decades. Indeed, in most countries – with particular reference to the Southern Cone - informal employment tends to decrease from 2003 to 2015, thus the more data are recent, the higher the level of informality they show.

Figure 3.5 Informality Rate (%), 2009




Source: The World Bank online database.

It is striking to notice how in some countries informal employment involves two third of the population or more, with percentages that almost reach 70%. These cases are represented by Guatemala, Bolivia, Paraguay and Peru. Ecuador and Mexico are following, with more than half the labour force employed without a contract. In 2009, almost no countries had less than 40% of informal workers.

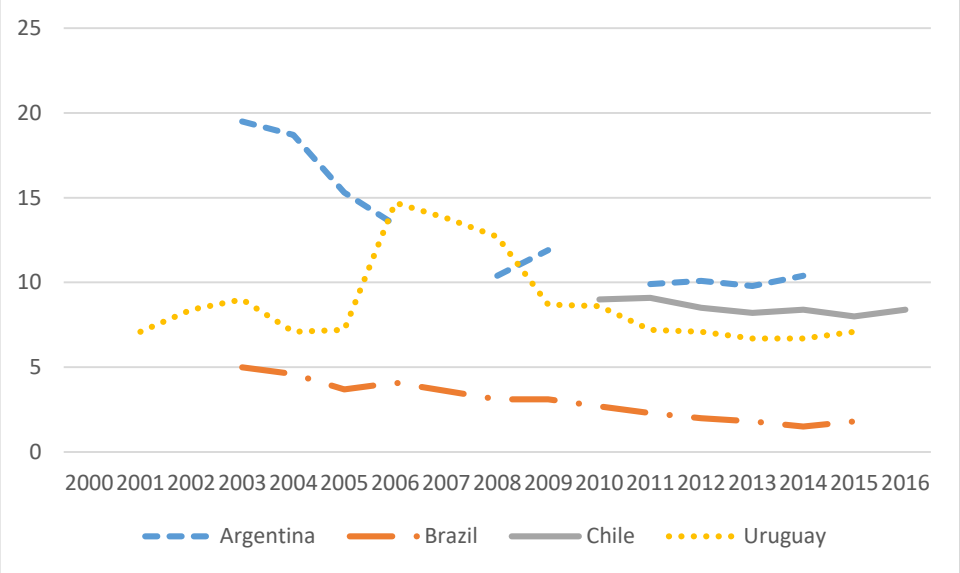
Although data are not available for most of the considered cases, the trend relative to informality in the 2000s seems to follow a precise path: after the crisis that hit the region at the early of the century, informal employment steadily decreased and it reached quite "low" values for the region. At the end of 2015, informal workers represented slightly more than 24% of the labour force in Uruguay (The World Bank) while they were around 33% in Argentina (Ministerio de Trabajo y Seguridad Social, 2016.).

Although the phenomenon of *underemployment* is not as widespread as informality, there is still a considerable number of people who are employed for a limited quantity of hours despite their availability to work more than they actually do. According to ILO, underemployed are "all persons in employment, who satisfy the following three criteria during the reference period: a) are willing to work additional hours; b) are available to work additional hours i.e., are ready, within a specified subsequent period, to work additional hours, given opportunities for

additional work; and c) worked less than a threshold relating to working time i.e., the sum of actually workerd hours in all jobs during the reference period is below a certain threshold, to be chosen according to national circumstances".

Notwithstanding limitations due to data availability and the existence of breaks in the series (especially in the case of Uruguay), it is possible to observe that all Southern Cone countries follow a decreasing trend. This is mostly due to the positive impact of commodity boom on labour market, which pushed employment level while lowering unemployment, informality and underemployment.

Figure 3.6 Underemployment Rate in the Southern Cone (%), 2000-2016

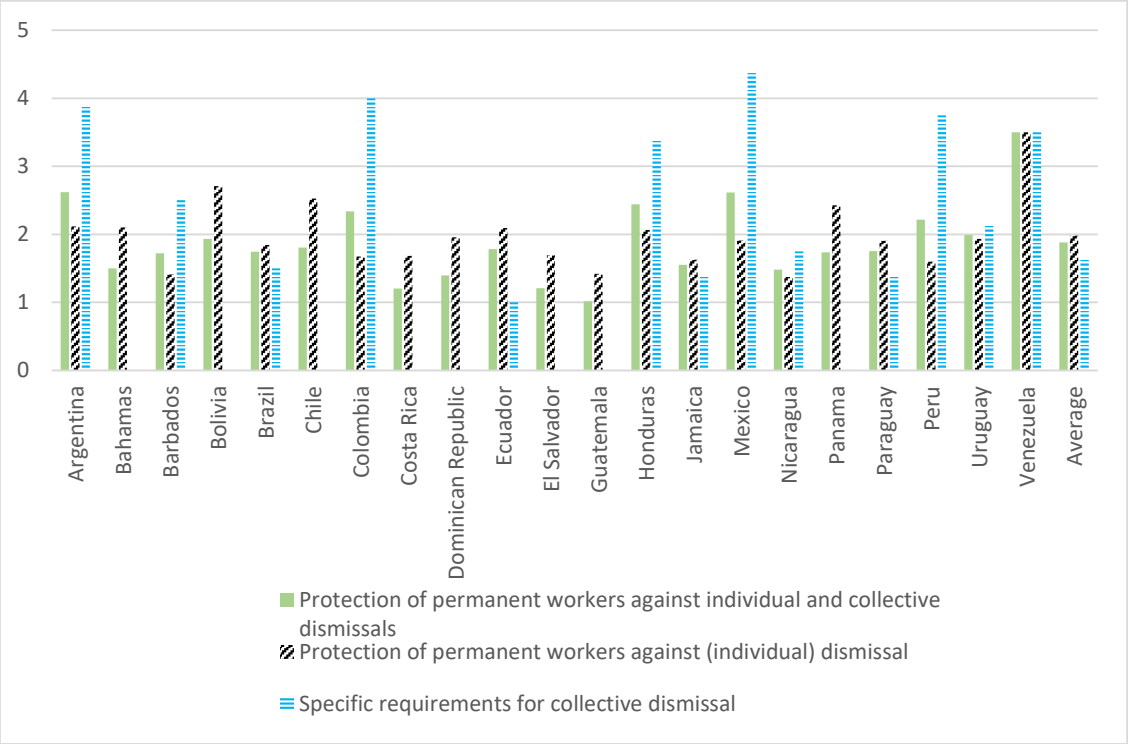



Source: ILO online database.

From another perspective, the literature also highlights Employment Protection Legislation (EPL) to indicate the level of protection in the labour market. More specifically, EPL includes the cost of both hiring and dismissing workers and it is calculated on a scale from 0 to 5. The highest the EPL, the highest the protection for workers in the labour market. EPL can be calculated for permanent workers, concerning both individual and collective dismissals. In figure 3.7, it is possible to note how the legislation concerning collective dismissal is quite strict in Argentina, Colombia, Honduras, Mexico and Peru. Chile is the only country of the Southern Cone which does not have special requirements for collective dismissals. On the other hand, jointly with Bolivia and Panama, it shows the highest level of individual protection. Uruguay

presents, on average, middle values, without differences between individual and collective protection.

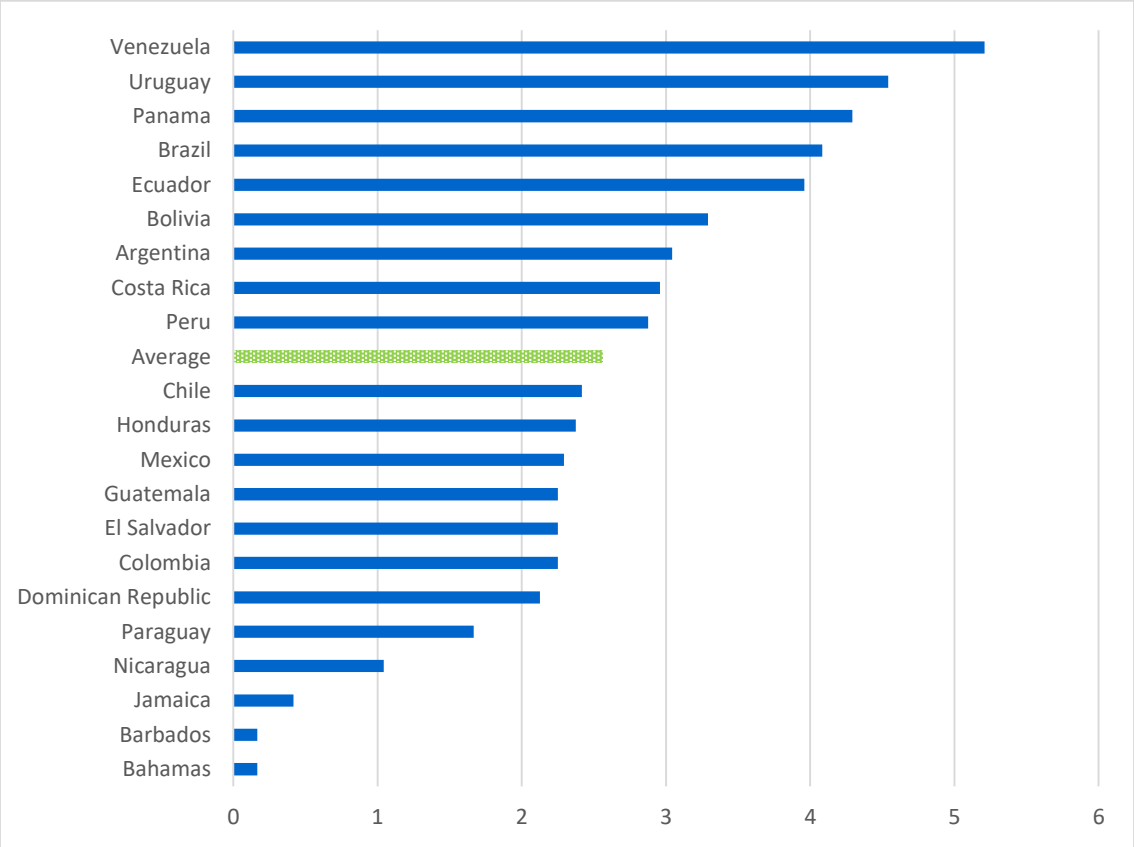
Figure 3.7 Employment protection legislation, 2013




Source: OECD online database.

EPL is also calculated for temporary workers – that is, how strict is the regulation for temporary contracts - as the figure below shows. The existence of these contracts may favour worker entrance in the formal labour market. Countries which mostly regulate temporary contracts are Venezuela, Uruguay, Panama and Brazil. The other countries in the Southern Cone are positioned well above the average (Argentina) and slightly below (Chile).

Figure 3.8 EPL, temporary contracts, 2013




Source: OECD online database.

### 3.2. Insiders, outsiders and mid-siders

The purpose of this paragraph is to define who are the insiders and who are the outsiders. In fact, the question of representation, i.e. the *politics* around the issue of outsiders, represents the object that the thesis wants to disentangle.

The terms "insiders and outsiders" have been introduced by the European literature and they cluster workers according to their occupational status. The former are identified with workers with a regular job, mostly with open-ended contracts, and stable working conditions. On the contrary, the latter do not have a regular job or they are unemployed, they have a fixed-term contract or no contract at all, and they have unstable working conditions. The level of salaries tends to reflect these differences.

Workers are, therefore, categorised according to their position in the labour market, which in turn determines the presence and the magnitude of specific labour market risks.

The literature also advanced in the definition of insiders and outsiders by adding access to social protection and political representation (Hausermann and Schwander, 2009; Davidsson and Naczyk, 2009). Indeed, while insiders are more likely to have guaranteed access to social protection, outsiders probably would not be able to access it; the same is true for representation, with the former who tend to be overrepresented and the latter who may lack of strong representatives. Similarly, other European studies (in particular Hausermann and Schwander, 2012) demonstrated that also the different construction of welfare regimes affects the insiders-outsiders gap. On the one hand, the Bismarckian regimes actually tend to deepen labour market dualization, as social protection system is connected to employment status. On the other hand, both the Nordic and the Liberal regimes are able to reduce the inequalities produced in the labour market. Moreover, the authors also confirm the gap in the political representation. In Bismarckian regimes, insiders tend to be overrepresented in the political and economic arenas at the expense of outsiders due to prevalence of corporatist arrangement. On the contrary, Nordic and Liberal regimes include outsiders in the mechanisms of representation, i.e. they are more likely to affiliate to trade unions, with Nordic countries more successful for what concerns a full political inclusion.

In the Latin American context, the literature on insiders and outsiders is smaller in comparison to its European and Northern American counterparts. Carnes and Mares (2013) overlap insiders with formal workers and outsiders with informal ones. Garay (2016) clusters the urban informal sector (self-employed, street vendors and non-registered employees) alongside rural workers and unemployed and she defines them as outsiders. Other authors who have explored the "inclusive turn" and the path toward universalism of Latin American welfare states did not provide a more refined definition.

The concepts of insiders and outsiders, although mostly developed outside the Latin American context, were used within some specific frameworks. In Europe, the two groups of workers emerged from the observation of workers who were employed, full-time, with little or no career's interruptions, in contrast with those who were outside labour market. While the former were typically male, the latter were mostly women, devoted to household's care. While the concepts of insiders and outsiders were useful in a context of marked segmentation between the two groups - typical of industrialised countries in their economic growth phases - the two

analytical categories may not be enough to grasp labour market complexity when boundaries become blurred, as it occurred with the shift to post-industrial economy.

In Latin America, labour market has always had a different structure. As Huber and Stephens (2012) highlighted, even during the expansionary phase of the ISI, between one-quarter and one-third of the population was employed in the informal sector: the region, in fact, interrupted its Fordist phase and its industrialisation level did not peak such as in Western Europe. Moreover, informality rose during the neoliberal era, thus enlarging the number of outsiders with respect to outsiders.

Studies on segmentation demonstrate that labour market structure may be more complex than just a mere division between insiders and outsiders. Jessoula, Graziano and Madama (2010) coin the term "mid-siders", adding a third category of workers for the Italian case. Both the trends toward flexible careers (EU) and the persistence informality (LA) reduce the boundaries between insiders and outsiders, hence the need to introduce another category. The concept of mid-siders will be also used in this work.

After these considerations, definitions of insiders, outsiders and mid-siders in the Latin American context are provided.

Insiders can be defined as formal workers with a stable contract which can guarantee good working conditions and access to social insurance. The category of insiders is composed of salaried workers with typical contracts, but also by workers with atypical contracts. Among the latter, it is possible also to find temporary workers, involuntary part-time (sub-occupation), and false self-employed. The group of insiders is therefore variegated. Despite the differences, insiders have access to the contributory system of social protection.

Outsiders can be defined as those who do not have a job or those who have a salaried job without having a registered contract. Three categories stand out: unemployed (especially the long-term unemployed), informal salaried workers with unregistered contracts, and non-paid jobs, who are mainly unregistered workers without salary, e.g. family members who help a self-employed. They do not have access to social insurance measures.

Mid-siders are workers who do not have a continued and interrupted career in the formal sector, nor they spent the majority of their working years without a registered contract. These workers rather moved between formality and informality. Although they may appear as insiders at time t, they are mid-siders because of their switching position inside and outside the formal labour market before time t. As a result, they have limited access to contributory system

especially for what concerns the measures that require a large number of contributions to access them.

## 4. Trade unions in Latin America

After having highlighted welfare state evolution and trends in the labour market, this last paragraph deals with trade unions. A historical perspective is again used to describe the role of labour in Latin America, and more specifically in the Southern Cone. The history of Latin American trade unions is indeed quite peculiar. Although they were influenced by the European experience in their first phase of development, they faced a variety of challenges – both in the fields of politics and economy – that differentiated them from their European counterparts. As already stated in chapter two, authoritarian regimes in fact greatly affected labour organisations. Moreover, neoliberal reforms - implemented either during dictatorships or immediately after - also contributed to reduce the strength of workers' organisations. Finally, when the region experienced a more favourable economic and political framework, labour managed to regain the power it had lost in the previous decades.

### 4.1. The origins and the development of organised labour between the export model and the industrialisation period

The first unions appeared at the end of the XIX century when social unrests occurred in mining and petroleum activities, as well as in the construction of railways and other infrastructures. Argentina, Chile and Mexico were among the first countries to experienced strikes, often animated by European migrants – in particular from Italy, Spain, Portugal and Germany - who brought Anarchist, Socialist and Communist ideologies to the region (Kauffman 2004). These radical thoughts found a favourable ground in Latin America, although public authorities strongly opposed them.

Things changed around the 1930s when governments limited labour repression and finally recognized workers' organizations. However, this also implied strong and direct control of trade unions, and a system of "stick and carrot" mostly based on corporatist relationships was developed (*ibidem*). Indeed, as result of the shift from export to industrialisation model, states needed to have accountable (and controllable) labour organisations to keep production at the

desired level. It is possible to observe a bloom for what concerned labour codes and the formation of organised trade unions, though public authority always maintained control over workers' claims. The development of industrial relations was definitely prompted by the ISI model, although the large share of informal employment prevented unions from reaching the majority of the labour force and from covering it with collective bargaining as it occurred in Europe.

Although limitations were present, organised labour was widespread in the Southern Cone countries by the beginning of the 1970s. However, in the next thirty years, membership has drastically reduced, and power in collective bargaining declined. Two factors affected trade union development in the following decades: dictatorships and neoliberal reforms. It is, therefore, crucial to understand how unions reacted to these two factors and how they impacted on trade union survival.

### 4.2. Trade unions in the storm: the struggle against dictatorships and the neoliberal doctrine

During the 1970s and the 1980s, many Latin American countries, especially in the Southern cone, were under harsh authoritarian rule. Unions, alongside left parties, were often outlawed, and militants were murdered. In the cases of Chile and Argentina, the "dirty war" also involved the "disappearance" of unionists. Labour organizations were therefore weak and mostly operating outside legal channels. This did not hinder trade unions to participate in the regime collapse and to the process of democratisation, although there exist cross-country differences (see Valanzuela, 1988 among the others). Collier and Mahoney (1995) state that scholars cannot estimate the role of labour. Unions influenced the passage between authoritarian regimes and democracies in two ways: first, they can be active before the transition, thus leading the protests against the regime and helping destabilization; second, they can exercise their power during and after the shift toward democracy, through mobilization or negotiation.

When dealing with trade unions in Latin America, it is crucial to analyse the period that – after dictatorship – mostly contributed to the loss of power of organised labour: the neoliberal waves of the 1980s and 1990s. Indeed, "the transition from ISI (…) to neoliberism was highly disruptive. (…) Latin America's widely noted 'crisis of representation' is, at least in part, a crisis of a particular type of socio-political representation, one based on large scale of secondary

associations of workers in close affiliation with mass-based party organizations" (Roberts, 2007). Trade unions were therefore challenged both by a hostile framework and by their reduced core constituencies. This occurred primarily especially where neoliberal reforms rapidly dismantled state-led industrialisation. Such a dynamic is common in the Southern cone countries - with the partial exclusion of Uruguay - as well as in Bolivia, Peru, Mexico and Venezuela, while other countries were ruled by parties that provided little incentive for labour mobilisation (*Ibidem*).

Following the ten points elaborated by the so-called "Chicago Boys", privatisation of both national firms and the welfare system, as well as trade and finance liberalisation, were pursued. As showed above, the labour market was strongly affected by this kind of policies. A net loss of employment and a shift from formality to informality were among the main consequences. The reasons can be found in the reduction of good production, the predominance of finance over the real economy and the inability of national firms to compete internationally. The rise of unemployment and informal workers strongly weakened trade union action. Neoliberalism peaked during the 1990s, but in some countries – i.e. Chile – its doctrines were already implemented during the 1970s and 1980s.

Interesting studies were conducted on trade unions strategies during the neoliberal period and, more specifically, on how they reacted to the (mostly successful) attempts to modify labour market, privatise national industries and introduce private elements in the welfare structure. Trade unions were able to make their voice heard against measures inspired by neoliberal principles. According to Madrid (2003), the variance among different fields depended on the severity of policy impact and the numbers of unions and members affected. For this reason, fights against imposed labour market and pension reforms mobilised workers and managed at least to (partially) deviate government from their original proposals, as they included a large number of unions and they strongly impacted over their membership. On the contrary, when reform effects were limited, such as in the cases of tax and finance, the reaction was more moderate. If reforms impacted on a small group of unions, although severe, did not face a huge struggle. This was the case of privatisation of state-owned enterprises and trade liberalisation.

The "deviation" from the initial proposal was very effective in the case of the labour movements close to political parties "because these parties tend to be more responsive to the wishes of the unions". However, "the ruling party may use this infuence to pressure the unions to support reforms, which they may be successful in doing so long as the measures do not

impose large costs on numerous unions" (*ibidem*). Dependence of trade unions on party system is a crucial aspect in the definition of a political strategy to actually mobilise the constituency against a particular reform. Also, Zapata (2003) demonstrates that party-union linkage matters during the neoliberal wave and the "resistance" of organised labour. More specifically he shows how in the two cases – Argentina and Chile – trade unions played different strategies with respect to the support to the government in the 1990s, whose effects were still visible in the early 2000s, once the Washington Consensus model was exhausted. In Argentina, during the first term by Menem (1989-1994), unions supported government with respect to reforms concerning pensions, collective bargaining and labour market more in general; during the second term (1995-1999), the two actors were more distant in terms of political positioning, as the high unemployment level left trade unions extremely weak. Although the support of the first term resulted in a loss of legitimacy, the legacy of Peronism was enough to keep the existent strong linkages between the two actors even in front of dramatic events such as the 2001 crisis. The case of Chile, on the contrary, is a good example of a country in which trade unions were marginalised, even after the formal establishment of democracy. Their action was pretty limited; even if salaries increased, the country experienced high levels of unemployment, but trade unions did not manage to intervene on it.

The relevance of party-unions relationship is also confirmed by Bensusan (2000) who argues that the success (or the failure) of workers' claims depends on the presence (or absence) of independent unions, who have been able to adopt critical positions against governmental policies. In the period of neoliberal reforms, trade unions posed their roots for future weight in political bargaining, therefore those who fought and managed to obtain some results during neoliberal period enjoy a more favourable balance of power (with respect to capital) after the end of austerity reforms than the ones who did not act, mainly because of the dependency form the party. More specifically, while Argentinean and Mexican trade unions exhibited a strong corporatist relationship with governments and were not able to participate in both political (democratisation) and economic (neoliberalism wave) changes, Brazilian organized labour (along with Canada and, at least partially, United States) was able to mobilized workers and to guarantee a larger presence at national and at firm level. As a result, while in the first cases trade unions did not fight to keep social protection and collective bargaining in place, in the latter labour was able to refuse the imposition of the neoliberal government – as it did not show

relationship with the party in government which implemented privatization and liberalization – and to(successfully) propose alternative in the direction of workers' protection.

Cook (2002 and 2007) also focuses on the role of unions and their ability in hindering (or not) labour reforms during the 1990s. She demonstrates how the timing relative to the establishment of democracy and the introduction of neoliberal reforms mattered. She introduces the concept of "dual transition". In some countries – like Chile – economic liberalisation occurred during a repressive government; thus trade unions ended up extremely weak, and they have been unable to recover their strength afterwards. On the contrary, if economic reforms were pursued in the period of re-democratisation, organised labour had the opportunity to obtain the restoration of some rights, and they were therefore given some tools to hinder market reforms, implemented after that authoritarianism ended. This was the case of Argentina and Brazil.

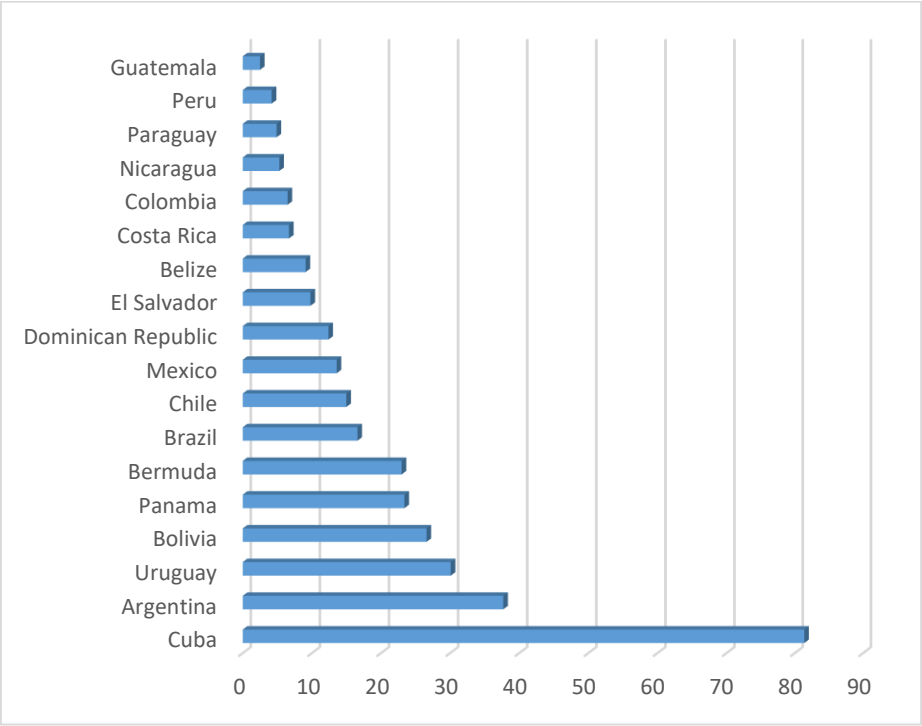
In response to the years of dictatorship, many countries strengthened labour rights, which became a strongly regulated area. However, trade unions' membership was still declining. Anner (2008) finds out that, although during neoliberalism employment relations were regulated, three factors prevented a positive impact of such regulations over organized labour: the limitations of the reforms (for example, in many cases the number of minimum workers to form a union was lowered, which allowed the formation of new organizations, but also the fragmentation of workers' representatives as a whole, and the consequent weakness of collective bargaining), the state inadequacy in the enforcement of such rules which let the space for many violations, and finally, adverse economic conditions, which resulted in outsourcing and informality. Trade unions crisis allowed the emergence of new social movements; to guarantee the survival of the organizations, it was necessary either to include new subjects (this is the case of the Argentinean CTA which enlarge its constituency, to include also unemployed and informal workers) or to assume a more egalitarian approach with respect to other type of workers emerged after the decline of industrialization (De La Garza Toledo, 2005 among the others).

### 4.3. Trade unions in post-neoliberal arrangement

In most recent times, scholars have noted how there has been a sort of "revitalization" à la Frege and Kelly of the trade union in Latin America. Niedzwiecki (2015) demonstrates that unions'

strength has a statistically significant and positive impact on social spending from the 1980s to the 2010s, despite the most effective results have been obtained with allegiances with organised groups belonging to civil society (Niedzwiecki, 2014). After the end of the dictatorship and the attempt – more or less successful – to oppose neoliberal policies imposed by the Washington Consensus, trade unions came back strong, with increasing unionization rate, a growth in social concertation and the organization of mass protests and strikes (Etchemendy and Collier, 2007; Cook 2004; French and Fortes, 2005; Mello e Silva, 2014; Riethof, 2004; Ramalho, 2007 among the others). In the figure below, data show the renewed strength of organised labour in the last decade. The first graph presents the trade unions density rate in the region, calculated as the percentage of workers affiliated to trade unions on the percentage of total employees. Beside Cuba – who exhibits the most significant rate as a result of its Socialist heritage - the country with the highest affiliation is Argentina, strictly followed by Uruguay. While the former is around 37% in 2008, the latter almost reached 30%. Notwithstanding, in several countries density rate is extremely limited (less than 10%): Guatemala, Peru, Paraguay, Nicaragua, Colombia, Costa Rica, Belize and El Salvador.

Figure 3.9 Trade Unions Density Rate (%), 2013 [15].

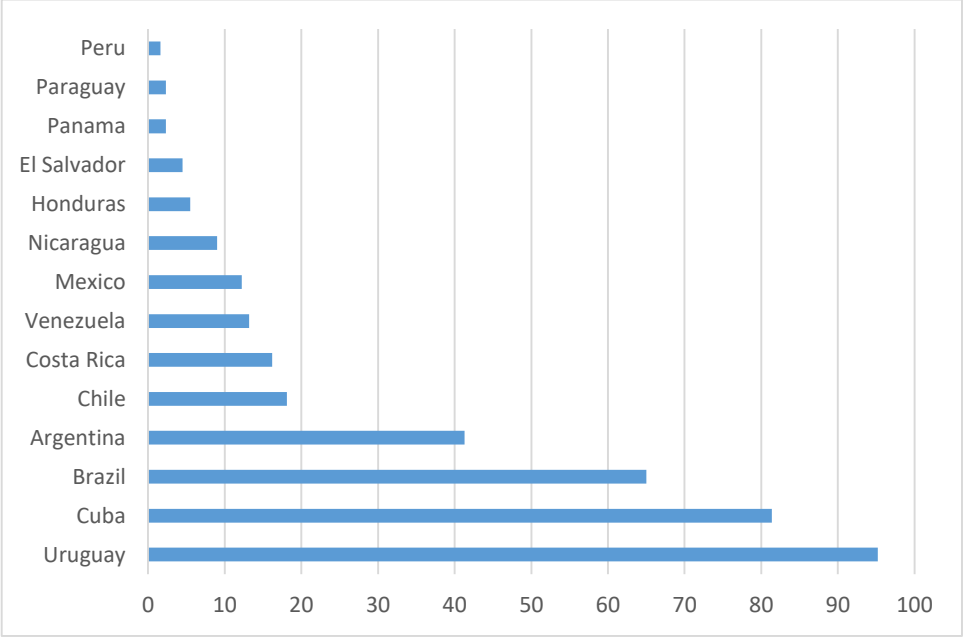



Source: ILO online database.

[15]Data are from 2013 but when they were not available it was considered: 2008 for Argentina, 2012 for Belize and Bermuda, 2008 for Cuba, 2012 for El Salvador, 2010 for Nicaragua, 2012 for Panama, Paraguay and Peru.

The second figure describes collective bargaining coverage rate. It is possible to note some similarities especially for what concerns countries with low level of unionization rate. In most of cases where only a little part of the workforce is affiliated to trade unions, collective bargaining is not widespread as organized labour demonstrates to be weak. However, in some cases unions' strength is not a direct consequence of mere numbers: this is the case of Costa Rica, but also of Brazilian labour organizations, which may not be as relevant at national level but they are a constant presence at firm and plant levels, guaranteeing high coverage through decentralized rather the national agreements. This ranking see Uruguay in the first place, with an impressive coverage which involves almost all workers, followed by Cuba, Brazil and Argentina. For Uruguay and Argentina, it is possible to highlight the role of left governments which decided to renovates their "*Consejos de Salarios Colectivos*" (tripartite organisms to set up collective bargaining), giving unions the opportunity the play a role in agreements with state and employers.

Figure 3.10 Collective Bargaining Coverage Rate (% of total employees).




Source: ILO online database [16].

[16]The graph considers the year 2013, however in some cases it has been necessary to consider other years. More specifically, for Honduras the 2007 value was taken, for Cuba and Costa Rica 2008, for Venezuela, Nicaragua, Paraguay and Peru the year 2010, while for Mexico, El Salvador and Panama it has been considered the year 2012.

Moreover, revitalization also occurred through the representation of informal workers. Recent examples in the region are *Sindicato dos Camelôs and Ambulantes de Porto Alegre* in Brazil (Coletto, 2010) and *Trabajadores de la Economia Popular* in Argentina. While in some cases, alliances between already established labour organizations and new institutions were created, in other trade unions adapted to the challenges represented by informal workers and created *ad hoc* organizations within their structure, as it occurred in Uruguay.

Wefare states, labour market and trade unions represent the core of this dissertation. The imposition of the neoliberal model radically affected these elements: informality and unemployment rose, coverage of the population decreased because of the retrenchment of (public) social protection system (which was already inadequate to protect workers because of its Bismarckian structure) and trade unions were weakened. Organized labour did not always manage to block anti-labour legislation and welfare state retrenchment, nor it successfully struggle to increase employment rate.
In the investigated period, it is possible to observe how such trends were reversed from the early 2000s, with more favourable labour market conditions that diminished informality and unemployment rates, the strengthening of social assistance measures through the "basic universalism" paradigm and the return of organized labour in the political scene.

After having provided a general framework in chapters two and having described the main object under analysis in this dissertation, i.e. trade unions, welfare state and labour market (in particular the outsiders), the next chapter aims at finding an analytical and a theoretical framework.

# Chapter 4. Trade unions, the welfare state and the "outsider dilemma"

## 1. Introduction

This chapter reviews the literature concerning the role of trade unions in welfare state development, with particular reference to pro-outsider policies. The relations between labour market, trade unions and welfare state are complex and they can be analyzed from different angles.

The structure of any social protection regime can be connected in a variety of ways to labour market structure. In fact, while in some cases the former is mainly shaped according to the occupational status, in others it may be based on different criteria. Moreover, the design of welfare regime impacts on different groups of workers, especially when it comes to the division between core (insiders) and peripheral (outsiders) workers. Social protection can either contribute to deepen the gap between the two types of workers, thus leading to "dualization", or it can reduce it through redistribution. Detailed studies can be found in particular in the work by Hinrichs and Jessoula (2012) and Emmenegger at al. (2012) where authors highlighted how welfare states linked to occupational status reproduce market segmentation while divisions are reduced in the presence of social protection systems that grant benefits based on citizenship rights.

Different groups of workers, according to their needs, they may prefer different types of welfare arrangements. Understanding preferences is crucial: for example, workers who face high risks in the labour market will choose different welfare provision compared to core workers. Recently, a strand of literature has focused on some specific workers' characteristics (skills and education, households, gender, etc..) which may also affect their preferences regarding social protection systems (Hausermann, Kurer and Schwander, 2014; 2016).

Since welfare state design affects core and peripheral workers in different manners - and, in turn, they have a variety of preferences concerning social protection – the next step is to analyse the role of *politics*, with reference to social and political actors like parties and unions. In fact, the phenomenon of dualization is conceived to be the product of political choices rather than the mere consequence of external conditions which affect labour market structure. In this framework, several authors focused specifically on the role of trade unions. The arguments

provided by the literature are not univocal for what concerns outsiders' inclusion in the social protection system and trade unions' support for social policies targeting different groups of workers. According to many authors, organized labour rather tends to support insiders, as they are likely to constitute their core membership, thus excluding outsiders (Rueda, 2007; Hauserman, 2010). Pro-outsider measures do not benefit their affiliates, while financing through general taxation affects insiders rather than outsiders. Finally, trade unions may be more interested in pursuing Keynesian objectives such as full employment rather than concentrate on universal welfare state.

Some scholars, however, contested the insiders/outsiders theory and similar approaches that highlight the incompatible differences between core and peripheral workers. According to the revitalization theory (Frege and Kelly, 2003), trade unions can support outsiders because they may want to tackle their decline, caused by globalization and de-industrialization, through membership enlargement. Moreover, this choice could represent a second best option, if they are not able to access institutional resources, as the new literature on institutional interest argues (Davidsson and Emmenegger, 2013). Finally, organized labour may pursue inclusive policies because they may take into account different interests besides most traditional goals - such as salaries' increases - whenever they have a leftist ideology (see Pulignano and Doerflinger, 2013 among the others).

In this chapter, contrary to the theories on welfare state change that treat trade unions as potential explanatory factors (or *explanans*), labour organizations are conceived as the *explanandum*. The object of the thesis is, in fact, to understand their strategies concerning the support of pro-outsider policies.

The chapter is structured as follows. In the second paragraph, the three theories of welfare state formation will be described, with the purpose to observe if and why trade unions were key actors in the establishment and subsequent development of social protection systems. The third paragraph investigates the literature concerning organized labour strategies, looking more in details at issues such as outsider representation. In the following two paragraphs, an analytical model is elaborated to draw the research questions and hypotheses that guided empirical research.

## 2. Welfare state development: what role for trade unions?

This paragraph aims at providing an overview of the three most widely used theories concerning welfare state change. The three main strands of literature are presented according to their historical emergence. Indeed, functionalism, power resources and historical institutionalism have contributed to comprehend the evolution of social protection systems, providing interesting insights on different aspects which have been considered relevant by scholars. For each theory, the role of labour organizations is emphasised.

### 2.1. Functionalism, pluralism and the logic of industrialism

Functionalist theories explain welfare regime change as the ability of society to adapt to external inputs. If a part of the organism is not working correctly and this affects all the other parts, it will try to change to reach efficiency. When it comes to its pluralist version, and in particular to the so called "logic of industrialism" theory (Wilensky, 1975) welfare state development is presented as the product of industrialization and urbanization. Technology is, thus, the driver of change: in such a context, social policies allow a modern society to better adapt to its new (social) needs and risks.

Particularly relevant in functionalist theories is the idea of modernization, a concept that stresses "the multidimensionality of societal development, and the assumption of casual interrelationships among economic and population growth, social and physic mobilization, political development, cultural change, and the transformation of the international economic and political order" (Flora and Alber, 1982: 38). In the context of industrial society, demographic growth and urbanization sharpened already existent problems and they crated new ones: formation of nuclear families, overpopulation in the cities and abandon of the countryside, lack of protection of workers, bad working conditions, etc. Modernization is therefore the key element that connects changes in demography, economy and politics.

In this framework, the role of the state was substantially modified. Its structures, functions and legitimacy changed in a Weberian way, becoming increasingly bureaucratized. The new state assumed the role of actively promoting citizen welfare. Indeed, the modernization which followed the industrialization process "changed the boundaries of the welfare state" (Flora and Heidenheimer, 1982: 31) as "the difference between the industrial welfare state and its

predecessor is that the costs of security which were formerly internalized are now externalized".

Functionalist theories have been widely used, but they show limits. They were extremely useful to explain the establishment of the welfare state – especially for what concerns social insurance – in Western European countries, but they failed to address other contexts which did not follow the same economic development based on early industrialization. The concept of modernization, for example, may not be the same in developing countries, since timing and type of industrialization differ. Probably the most important limitation of the functionalist approaches is their failure to explain why countries with similar level of economic development built different social protection regimes (Ferrera, 1993). Indeed, also in the Western European context, a divergence rather than a convergence can be observed when welfare regimes were set up, despite the countries' economic development in terms of growth, industrialization process, urbanization, and modernization were similar. Accordingly, some scholars contest the idea that "public policy is the product of large, impersonal, economic forces" (Myles and Quadagno, 2002: 37) and hypothesize that demographic and socio-economic structures are not the only factors shaping the birth and the evolution of welfare state. The action of social and political actors, which is not considered to be an explanatory factor by functionalists, becomes then crucial in other approaches, primarily the power resource theory, addressed in the following paragraph. The introduction of actors and "agency" – left parties, trade unions as well as employers' associations and the government – offers another explanation of welfare state change and the role of organized labour in this process.

### 2.2. The power resource theory

Since the 1980s, a new approach developed in opposition to functionalism: the power resource theory, that highlights the saliency of political variables as driver of change in decision-making processes. In particular, party politics and the balance of power within the political system seem to be among the most relevant factors of welfare regime change. The power resource theory draws its origins from the Marxist class theory, though elabourating a critique to both Leninism and corporatism. According to this approach, the *balance of power between capital and labour* shapes welfare state development.

This theory is based on the work of Korpi (1983), which focuses on the "democratic class struggle, i.e. a struggle in which class, socio-economic cleavages and distribution of power

resources play central roles" (Korpi, 1983: 21). According to the author, there exist two types of power resources which in turn set up two opposite classes: capital and the possession of production means on the one hand, labour on the other. Each individual belongs to either the class of capital or to the class of labour. The *mobilization of labour* allows a better redistribution of resources among groups: this process occurs with democratic means and in a democratic context, with parties and unions claiming the introduction of social policies. As the author explains "the countries with highly mobilized working class and long-term control over governmental power (…) appear to have less inequality than most of the other countries (…). They also have relatively small proportions of persons living in poverty" (Korpi, 1983: 197). Korpi therefore conceptualizes a direct link between left parties coupled with strong union movements and the expansion of welfare state, which is in turn responsible for a better distribution of resources.

The power resource theory considers policy preferences as straightforward: each type of party along the left-right dimension represents a certain constituency and it will try to represent its policy preference. Left parties will thus act on behalf of the working-class and it will prefer redistributive policies; right parties will better serve the interests of employers, thus pushing for less taxes and a lower work cost. Accordingly, there is an implicit but direct relationship between the type of party in power and the policy output (Hauserman, Picot and Geering, 2012).

Also the role of trade unions in the context of the power resource theory is straightforward. In fact, "through its political and union organizations, the working class can decrease its disadvantage in power resources in relation to capital. (…) The possibility of increasing the effectiveness of the power resources of individual through collective action provides a rational explanation for the origins of unions to promote the interests of wage-earners in dispute with employers. It also offers an explanation of why wage-earners organize themselves into political parties" (Korpi 1983: 14-17). Trade unions are therefore crucial actors which allow the mobilization of the working class, with the purpose to strengthen labour with respect to capital.

The power resource theory was developed in the context of welfare state expansion and a labour market structure mainly constituted by male workers in core industrial sectors. However, labour market conditions changed, and new type of workers appeared. Going beyond the original formulation provided by Korpi that highlights the role of salaried workers, some scholars question the possibility for trade unions to mobilize the working class as a whole.

In fact, this depends both on type of workers and on the general structure of the labour market. For example, employees in core industrial sectors with regular contracts have similar needs and similar demands; collective organization does not meet many constraints, also due to policy legacy from the past and the universally accepted role of the unions in bargaining both at working place and in concertation processes. Once the rank-and-file (uniform) demand is collected, representative members can start the discussion around possible objectives to be achieved. On the contrary, it is unlikely that homogeneous demands emerge in case of precarious, or informal, workers, usually without open ended (or other types of stable) contracts who show different needs from sickness, disability and old age protection: Taylor Gooby (2004) and Bonoli (2005) highlighted how the "new social risks" linked with the post-industrial society lead to different needs - child care, elderly care and active labour market policies - which hit disproportionally categories such as women, young and low skilled. In this case, mobilization is difficult since these groups are fragmented and their demands are heterogeneous because they need to satisfy different needs. Thus, it is hard to introduce changes in the policy fields directly connected to the emergence of the new social risks as social and political actors are not likely to mobilize the most affected groups and governments do not need to respond to their pressure.

***The power constellation theory***

Ruerschmeyer, Huber and Stephens (1997) and Huber and Stephens (2001) elaborated a version of the power resource theory for the Latin American context. In other words, they adapted Korpi's seminal work to a different framework: Huber and Stephens are convinced that expectations concerning power resources travel well also in Latin America although they rather prefer to highlight the "dispersion" of political power (Huber and Stephens, 2012: 20). Accordingly, three clusters of power are the determinants of change through the balances of forces within each cluster: the i) domestic sphere - that is, the relationship between class power and class coalition; ii) the connection between state and civil society and, iii) the transnational system of states, that is, the influence of international and supranational institutions. The authors emphasize the power of labour, reflected by left parties and strong unions, which still represent the center of analysis. However, they also consider other types of mobilization, for example based on gender, as well as the capacity of parties with different ideologies to channel popular demands and to modify social protection systems.

For what concerns the first cluster, the authors note that left parties in LA were comparatively weaker than their European counterparts. Alongside trade unions, they often lack institutionalization. The reasons can be found in the economic structure and consequent class formation. As Latin American countries relied on European demands for primary goods in the sectors of agriculture and mining, classes were constituted by landlords, a large class of rural workers and small groups of urban working class. In such a context of late industrialization and urbanization, the "class struggle" between labour and capital did not appear to be as relevant as in Europe for welfare state formation, as the urban and industrial working class was small in comparison to rural workers, and also because employers were mostly constituted by landlords. The economic structure and late industrialization hindered the proliferation of standard jobs; on the contrary, the large presence of informal workers has been a constant in the region, thus leaving little space for social and political mobilization.

The second cluster of power, between state and society, contraposes democratic and authoritarian periods. During the latter, the state need either to co-opt or repress the working class. The link between the state and society was very weak and the institutionalization of the main democratic mechanisms failed. Without well-established democracies, it was virtually impossible to claim for party accountability as citizens' power is weak in authoritarian regimes.

Finally, the third and last cluster focuses on the role of transnational powers, which influenced (more or less directly) the process and the content of social policy-making. Therefore, authors elaborated a power resource theory adapted to the Latin American context, by taking into account the different elements which may have affected welfare state: in addition to left parties and trade unions, weaker than European political formations and labour organizations, other forces such as international institutions emerged and contributed to shape social protection.

### 2.3. Historical institutionalism

Neo-institutionalism emerged in response to functionalism and power resource theories in the 1960s and 1970s.

Institutionalism actually stresses the saliency of institutions as the main drivers of change, thus letting actors mostly behind the scene. However, it is first necessary to distinguish neo-institutionalism from "old institutionalism".

"Old institutionalism" in fact conceived institutions as "the formal rules, compliance procedures, and standard operating practices that structure the relationship between

individuals in various units in the polity and economy" (Hall, 1986: 19)[17]. The elements emphasised by old institutionalism are formal and they include rules, procedures and routines, with a particular focus on monitoring and enforcement embedded in the institutions. On the contrary, new institutionalism is more centered on the informal aspects and on cognitive process rather than on legal and formal acts. Scholars redefined the concept of institution while accepting that "conflict among rival groups for scarce resources lies at the hearth of politics (Hall and Taylor, 1996).

Although different approaches characterized neo-institutionalist theory - rational, sociological, historical and discursive - this paragraph will deal with historical institutionalism because it has been the most widely used in welfare state literature and it is particular relevant to understand how past choices affect actors' preferences and strategies.

Historical neo-institutionalism focuses on "explaining variations in important or surprising patterns, events, or arrangements" (Pierson and Skocpol, 2002). To draw causal mechanisms, it is necessary to trace the pattern that leads to the event under investigation. History and time are therefore key elements to disentangle causality and temporal order may have a strong impact on the evolution of a specific process. History is particularly relevant because the development of a certain path is reinforced over time, as past choices contribute to structure future institutions. Actually, policy legacies make change more difficult: as time passes, it is easier to follow the adopted path than trying to deviate from it. This is what historical institutionalists call "path dependency", suggesting that institutionalism is very useful to explain persistency rather than change. Path dependency tends to trap actors and constrains their actions because of "sunk costs" and "increasing return processes", which can be defined as the self-reinforcing feedback provided by existing institutional/policy arrangements. Its products are often inertia and institutionalization, as irreversibility of increasing return processes reduce the possibility of choice (Pierson and Skocpol, 2002).

How does change occur? The most common explanation by historical institutionalists is the existence of critical junctures, that are special moments when institutional change takes place creating a "branching point" from which historical development moves onto a new path (Collier and Collier, 1991). This new path, in turn, modifies the institutional configuration that existed since the moment before the critical juncture. In this case, institutions are forced to react

[17] Subsequently, Hall himself went beyond this definition, approaching institutions as organizations that influence the power and the preferences of the actors. However, the statement is particularly useful to individuate the typical elements of the old institutionalism.

to external change, thus providing a feedback. Feedbacks are not automatic nor deterministic (Dion, 2010), therefore change is likely to happen also in unexpected way. When exogenous shocks occur, the punctuated equilibrium is broken (Baumgartner and Jones, 2002). After key decision are taken in "critical junctures", change can only be gradual and incremental, "at the margin", that is necessarily path-dependent.

For the purpose of this work, it is relevant to notice that large part of historical institutionalism has argued about actors being constrained by institutions and, as response to power resource theory, the seminal works by Pierson (1994) have questioned the central role of trade unions in welfare reforms. According to the author, the power resource theory is not able to explain policy trajectories in the context of the "new politics" of welfare retrenchment, prompted by Reagan and Thatcher in the US and in the UK respectively. When the governments in the 1980s successfully retrenched welfare state provision, trade unions and left parties were weakened and their actions were limited. In a context of declining labour organizations, the author choses to refer to "interest groups" while describing key actors in welfare reforms. Pierson affirms that rather than actors, policy feedbacks explain the resilience of welfare state as retrenchment is risky for politicians. To avoid the immediate effects of retrenchment on specific groups in return of less visible benefits for future generations, policy makers adopt strategies of blame avoidance. Therefore, past choices define policy legacies that constrain current opportunities for policy makers as policy settings hinder path reversal.

Nevertheless, some argued that, in fact, institutions are "less stable than expected" (Streeck and Thelen, 2005; Palier, 2010). Streeck and Thelen (2005) distinguish between the pace and the magnitude of change. Also, they identify so called "gradual transformative change" which can be the result of diverse types of change: displacement (when an old rule is removed and substituted it), layering (when some elements are inserted on the side of elements which are already in place), drift (when a rule does not change formally, but its application is modified by some switch in the external environment), conversion (when a rule does not formally change but it is interpreted in new ways) and exhaustion (when the arrangements are set up for their own destruction; unlike the others, it is a breakdown rather than a change, despite it occurs gradually).

The actor-centered approach states that institutions may constrain and limit policy-makers' actions, but they may also offer opportunities (although it does not deny that institutionalism explains stability rather than change). This essentially depends on actors' interests. Therefore, institutions are not fixed and stable object, and social and political agents have a key role in the process of change. In analyzing pension system reforms in Italy, Jessoula (2009) contends that existent institutions may act as both constraint and opportunity structures – better, "institutional gates" - for some actors, which can exploit them to favor transformation and change[18].

Other critiques to Pierson mostly concerned the selection of two major countries belonging to the liberal welfare regime, thus a political space in which the market leaves little space for actors such as left parties and especially trade unions. In fact, Ebbinghaus (2011) highlights how trade unions are still able to build social and political consensus giving birth to different modes of interaction with the state during the policy-making process. The shift from "old" to "new" politics still considers labour organizations as crucial actors, even though their strategies and mode of actions may have changed. Also Natali (2007) states that the government-unions relationship is particularly relevant for pension politics. Organized labour has not only participated to concertation, but it also managed to block retrenchment and reforms which were approved without its consensus.

All the theories presented in this paragraph regard the emergence and subsequent development of social protection systems, mainly in Western countries. The role of trade unions was also presented, as they are recognized – in some strands of literature - as fundamental actors to explain welfare state change. Functionalism, which aims to explain the emergence of social protection regimes, does not consider as relevant the action of social and political actors. Rather, industrialism and modernization are deemed to be responsible for it. The power resource theory, on the contrary, was developed to highlight the role of politics (parties, unions, employers' associations, state, etc.) in welfare state development. The theory is therefore able to explain how, in a context of economic expansion, social and political actors successfully pursue a redistributive social protection system. Finally, historical institutionalism addresses the issue of retrenchment in periods of limited resources. The constraints posed by already existent

[18] In that case, the TFR (the severance pay due to the employee but kept by the firms) was used to switch from a one pillar to a multi-pillar pension system. It was therefore employed with a different scope than its original one.

institutions explain the difficulties to reverse a path once introduced. In this strand of literature, actors are marginal.

In the next paragraph, organized labour will be the object of a deeper analysis, addressing trade union strategies as *explanandum* - rather than *explanans* – with particular reference to non-contributory policies mainly devoted to outsiders.

## 3. Trade union strategies and pro-outsider social policies

The purpose of this paragraph is to understand how the literature addresses the relationship between trade unions and outsiders. Organized labour can in fact either accept or refuse to support inclusive policies and enlarge representation to include groups which do not normally belong to its traditional membership.

One of the most important theory in this sense is connected with the presence of two different groups in the labour market and it was therefore defined "insiders-outsider theory". Although this strand of literature was already developed in the past, it was strongly revived by David Rueda (2007), who moved critiques to the power resource theory. More specifically, the theory was able to explain social and political actors' choices in contexts of economic expansion, where limited resources did not act as a constraint. A trade-off between security and growth did never materialize. However, this is not always the case. Rueda (2007) argues that after the 1970s and the oil shocks, left social-democratic parties do not appear to worry about unemployment levels, and they seem to renounce to pursue full employment. The question was puzzling as it was clear that in this framework, social actors need to fix their (excluding) purposes. On the one hand, economic growth is pursued throughout all economic cycles; on the other hand, security may be left behind to prevent excessive costs for the state. The preferential "victims" of such choice were the outsiders, who were systematically excluded both by the system of policies elaborated by left parties and by trade union representation. Indeed, parties and unions would define preferences according to the interests of their core constituencies, composed by insiders rather than outsiders. Differences between the two groups would be incompatible. Therefore, the existence of social-democratic parties and unions may have a positive impact in terms of redistribution for what concerns insiders, but it may hinder pro-outsiders polices. Rueda (2007)

explains how there exists a huge gap of treatment between the "insiders" and the "outsiders", and how "the interests of the insiders and outsiders are fundamentally different" (*Ibidem*, 13). With reference to employment security, a puzzle emerges which conceives an inevitable struggle in terms of preferences between the insiders – who care about the security of their employment – and the outsiders – who instead try to ameliorate their job position dealing with precariousness. Therefore, if insiders are more likely to support employment protection measures, to further protect them from market risks, outsiders prefer active labour market policies, with the aim to exit from unstable working conditions or unemployment.

Although the author is mostly focused on parties, he admits that trade unions are likely to have similar preferences for insiders, and they would represent mainly core sectors of the economy, leaving out other types of workers, who share worse working conditions, a lower level of social protection and more difficulties in the organization and in the fight for common claims. However, the author states that – although the support for insiders is prevalent – there are factors that may inverse this trend. In particular, "an increase in the number of outsiders (…), a weakening of unions, or even a decrease in the level of "insiderness" (Rueda, 2005) are all factors to take into consideration when studying labour market policies elaborated by left governments and their support by trade unions. Therefore, the support for insiders may be limited when *outsiders* constitute a *large percentage* of the total workforce and they are a threat to other workers, when *unions are weak* and when *protection for insiders is limited*, thus the gap between the two groups is limited. When these circumstances occur, left parties and organized labour are likely to be pro-outsider.

Other authors challenge Rueda and the insiders/outsiders approach by recalling the power resources theory. Davidsson and Emmenegger (2013) demonstrate that trade union strategies may happen to be completely independent from membership needs. More specifically, organized labour can have important assets derived from both their institutional role in labour market reforms and the management of some services – e.g. unemployment benefits – which they may affect their choice to support outsider. In expansionary periods, trade unions will aim at two purposes: the first will be their membership support (mainly insiders) and the second is identified with the willingness to participate to labour market reforms to retain their power. However, in periods of retrenchment, they will have to arrange compromises with government for what concerns labour market reforms: indeed, they can either try to fight deregulation overall – a strategy which is considered to be a failure as unions tend to be weakened – or

allowing flexibility at the margin. In the second case, although a part of the working class will pay the expense of austerity, organized labour will save its institutional resources, that are their institutionalized role in the process of policy-making and the eventual management of some services. On the one hand, trade unions are likely to be successful in protecting their membership (the insiders) at the expense of the outsiders; on the other hand, labour organization will be "safe" in the long term because they are able to keep their role. Flexibility at the margin is thus a second best solution for them and labour market segmentation will be allowed easily in case power institutional resources are present. The relevance of the work by Daviddson and Emmenegger stands in the way they highlight power resources. They enlarge the concept itself, going beyond its identification with the size of union membership and they put it in relationship with the structure of the organization *per se*. Although they outline an interesting framework and they included also the study of organizational interests in the long-run, they are not able to specify whether the existence of such resources lead to a pro-insiders or pro-outsider arrangement. Policy sector makes the difference: if organizational interests are linked to unemployment benefits, trade unions will be likely to be pro-outsiders, while if their interests in the reforms of labour regulation is connected with open-ended contract, labour organizations will likely to be on the insider side. Trade unions thus protect outsiders only when this enables them to retain their power resources.

Other strands of literature demonstrate that the adoption of pro-outsider policies may be a first rather than a second best choice. This is the case if the revitalization theory, although other factors may play a role as well. The revitalization theory has been developed to go beyond scholars who focus on determinants of trade unions decline. Addressing unions revitalization is key since "unions retain important functions for capitalist economies as well as for political democracies (…) Unions decline threatens not only the collective regulation of employment relations, but also affects, if more indirectly, the quality of the broader civil society and political life, by weakening one of its largest and most significant civil actors" (Frege and Kelly, 2004). Therefore, unions are said to be embedded well beyond their original purpose of collective bargaining on salaries and on working conditions, but they also affect the social and political arena as well.

The revitalization theory has thus been conceived to understand what are the strategies that trade unions may follow to re-gain (or increase) their relevance in the arenas where decision-making processes occur, either at political or at economic level. Six different strategies are

identified: *organizing*, *organizational restructuring*, *coalition building*, *partnership with employers*, *political action*, *international links* and *international network*. Along with the six revitalization strategies, the authors identify four dimensions, which express the various aspects that strategies can assume: they concern membership, the economic role of the union, their political space and the "institution", that is, not only organized labour's stable internal structure, but also its ability to get adapt to new external challenges. A linear relationship between one strategy and one dimension does not exist (Behrens, Hamman and Hurd, 2004).

The revitalization strategy also highlights that "the degree and the type of *institutional embeddedness* help account for the strategies unions adopt" (*ibidem*). For example, "if unions find or build adequate political and institutional supports, they have less incentive to mobilize the membership, organize the unorganized, build coalitions with other groups, or give support to grassroots initiatives. The irony is that a strong institutional position can reduce incentives to organize, which may be essential to sustain long-term influence" (Baccaro, Hamann and Turner, 2003). The choice depends on already existent resources: when they have strong relationship with the state, they are more likely to engage their effort in keeping this position. In this case, they may risk to stand too far away from their membership and to develop an extremely intimate relationship with the government, which sometimes takes the shape of a corporatist link. On the contrary, when they cannot rely on a strong institutional position, they focus more on expanding the participation and enlarging the rank-and-file demand, either to their membership or to non-affiliated, since unions have few possibilities to directly access the political arena. In the first case, trade unions focus on *social partnership*, while in the second they prefer to revitalize through *organizing, rank and file demand* and *coalition building*. It is likely that if organized labour has not institutional support, it will need other assets to increase its power resource: among the possible choices, it is possible to find a more attention for people who tend not be unionized – usually outsiders – and coalition building. Therefore, the absence of institutional resources is likely to direct trade unions strategies toward an inclusive approach concerning workers who are not usually represented.

Theories illustrated above show that trade unions can actually be, under certain conditions, pro-outsider. However, this may happen only when organizations find it convenient in a context of rationality, that is when they perform rational calculus which contemplates inclusionary approaches. Such context of rationality may not always hold. *Identity* and *ideology* certainly act as elements that manage to unify groups: if all members share the same ideology, it is more

likely that they will be willing to struggle for the same purposes, and the organization itself will be more cohesive for what concerns certain issues. However, identity and ideology can also be relevant factors in the choice of supporting outsiders. Richard Hyman (2001), one of the most widely quoted scholar when dealing with trade unions identity, developed a classification which does not aim at understanding trade union strategies reflecting on pro-outsider policies; the scope of its work is to comprehend how different trade unions respond to challenges from external environment and how their structures encourage or constrain change and adaptation. Although its original purpose was different, his work may be useful to understand how identities impact on the different set of choices available for organized labour. In its well-known work – *Understanding European trade unionism* – Hyman (2001) highlights how trade unions are structured within a triangle composed by three corners: *market*, *class* and *society*. Each labour organization tends toward a particular ideal type, identified with a corner. Clearly, Hyman creates a model which cannot directly reflects reality: all trade unions are inserted in a society, they all need to deal with labour market and economic rules, and they all conceive the presence of labour and capital, although these two aspects are not necessarily in contrast. Thus, labour organizations tend to be on the side of the triangle rather than on its corner, according to the context and issue. Three types of organized labour are thus identified according to their ideologies and modes of action: business unionism, integrative unions and radical-opposition unions.

Business unionism type is clearly typical of Anglo-Saxon countries. In this case, unions pursue a free collective bargaining with limited scope: working hours and salaries are the main and the only discussed themes. They have limited functions and they are submitted to labour market needs. Contrary to the other two types, Hyman does not trace any ideology for business unions, but he rather focuses exclusively on its modes of action. Integrative unions are the results of labour organizations developed by a Catholic matrix, further transformed in social democratic or Christian-democratic type of unions. These labour organizations embody an organicistic vision of society, pursuing social peace among all its parts is then their purpose. In fact, "in its strongest sense, 'social partnership' reaffirmed the traditional catholic doctrine of the functional reciprocity of capital and labour, and the need for an orderly and harmonious regulation of their interdependence" (Hyman, 2001: 49). Finally, the third type is strongly connected to the class corner and it is called as radical – oppositional type. The author focuses more specifically on the idea of "struggle" which is derived from the experience of the most radical left, such as "radical social-democracy, syndicalism, Communism" (*Ibidem*, 2). Indeed, "identity is linked to

opposition" (*Ibidem*, 33). According to Hyman, these labour organizations act through conflict with both government and employers rather than through the search of compromise. Although Hyman does not really focus on outsider representation, the first two ideal types are unlikely to include them among their membership. While business unions are assertive to employers and they would probably be interested exclusively in insiders when it comes to claims in relation to labour market conditions, integrative unions seem to coincide with the ones described by Rueda, which are likely to end up in representing their membership, once again composed by insiders. Therefore, only the last type seems to be suitable to support outsider inclusion, as left ideology would overcome sectorial interests to include more radical demands, such as the fight against poverty and exclusion.

The most recent literature, committed to the comprehension of trade union strategies regarding the inclusion of outsiders, has interpreted Hyman with a special focus on the existing tension between a "broad class orientation" and a narrower sectional" (Hyman, 2001: 17, 30). Particular attention has been given to the type of unionism based on class as identity that moves labour organization strategies towards redistributive preferences. Marino (2012) explains how the factors that mostly accounted for the inclusion of migrant workers by Italian trade unions – and CGIL in particular - were identity and ideology. "While sectoral unions mainly defend the particular labour interests of workers belonging to a specific occupation, CGIL is the locus where these different interests are brought together to achieve general solidarity among all workers in the interests of social unity and the country as a whole" (Marino, 2012: 17). Pulignano and Doerflinger, (2013) focus on the inclusion of temporary agency workers and find out that – unlike German labour organizations – Belgian trade unions tend to be more inclusive of this particular category of workers also because of their identity between society and class, as identified by Hyman (2001). Benassi and Vlandas (2016) also study temporary workers and the determinant of trade union inclusiveness in Western European countries. They discover that, in Southern European countries, outsiders' inclusion mostly depends on labour organizations' radical – opposition identity (Benassi and Vlandas, 2016: 10). Finally, Durazzi (2017) confirms that identity and ideology matter also in the Italian case: trade unions enlarge their representation to temporary workers, thus overcoming rational calculus and supporting inclusive policies, although they are selective. While job and salary protection have been pursued, universalized measures have been hindered.

## 4. Building the analytical framework: a "tempered" rational model

This paragraph focuses on the elaboration of a theoretical framework to explain trade union strategies for what concerns pro-outsider policies. First, a macro-framework elaborated by Regini (1981) is presented with the aim to introduce factors which are relevant in the comprehension of such strategies. The framework does not explicitly aim at explaining unions' strategy within the welfare systems in general[19] nor, more specifically, with respect pro-outsider policies. It was mostly developed to understand the role of trade unions in Italy during the 1970s and beyond in the industrial, economic and political arenas. In particular, Regini focuses on the possibility that labour organizations assume either an active and direct role in the definition of economic policies or a more passive one, limiting its claims and supporting the governments while implementing orthodox policies. However, the mechanisms he used to stress how trade unions solve (or not) this dilemma and the identified resources may also be useful for studying pro-outsider policies and the response of social actors. Therefore, his framework will be adapted to guide this research, integrated with other elements coming from different theories.

### 4.1. Trade unions dilemmas and strategies

Regini highlights how the primary scope of an organization is survival and empowerment *vis à vis* other institutions. To reach this goal, it must "use the resources it already has, try to get the ones it scarcely has, and not to lose the ones that it acquires formerly" (Regini, 1981: 20-21)[20]. Its actions are thus the result of calculus and rational thinking that (supposedly) allows the organization itself to survive and boost its power. According to the author, unions' strategies correspond to the solutions found to three dilemmas: the first concerns the *sphere* of action, the second regards long terms *objectives*, and the third deals with *criteria* of action [21].

Choosing the sphere of action means defining representativeness and the *area* of exchange. More specifically, organized labour decides whom they intend to represent, namely which sectors and which categories of workers. Moreover, trade unions must also set up their action in

[19] The only policy field taken into account is the pension system and the political exchange both during the "Hot Autumn" and the pacts signed between trade unions and employers' association the governments and the trade unions and the government in 1975. Also the attempt of retrenchment in 1978 is considered.
[20] Translation by the author.
[21] The explanation of the three dilemma mostly draws from the work of Regini (1981).

a particular area of exchange, and define who are their main interlocutors. The choice is between market – thus enterprises – and state – priviledging good relations with parties and public institutions. Clearly, both choices concerning representativeness and area of action are not mutually exclusive, as it is obvious that membership may change, and that trade unions must deal with both state and market. However, especially in a context of limited resources, labour organizations choose the destination of such resources according to whom they decide to represent and the counterparts they elect as preferred interlocutor.

The second dilemma is strictly connected with the first, since it regards long term *objectives*. Trade unions must take into account both workers' interests – thus their membership – and organizational interests. For example, for what concerns long term representation strategies, they may try to ameliorate working conditions for core workers, or they may ask for more job protection or the increase of unemployment insurance, etc. Correspondingly, the union would like to improve its power position *vis à vis* with other organizations. Some objectives may include the request of more rights to increase its recognition by social and political actors, to forge new alliances with political forces, to incorporate some of its members in other institutions, etc. with the scope to extend its sphere of influence.

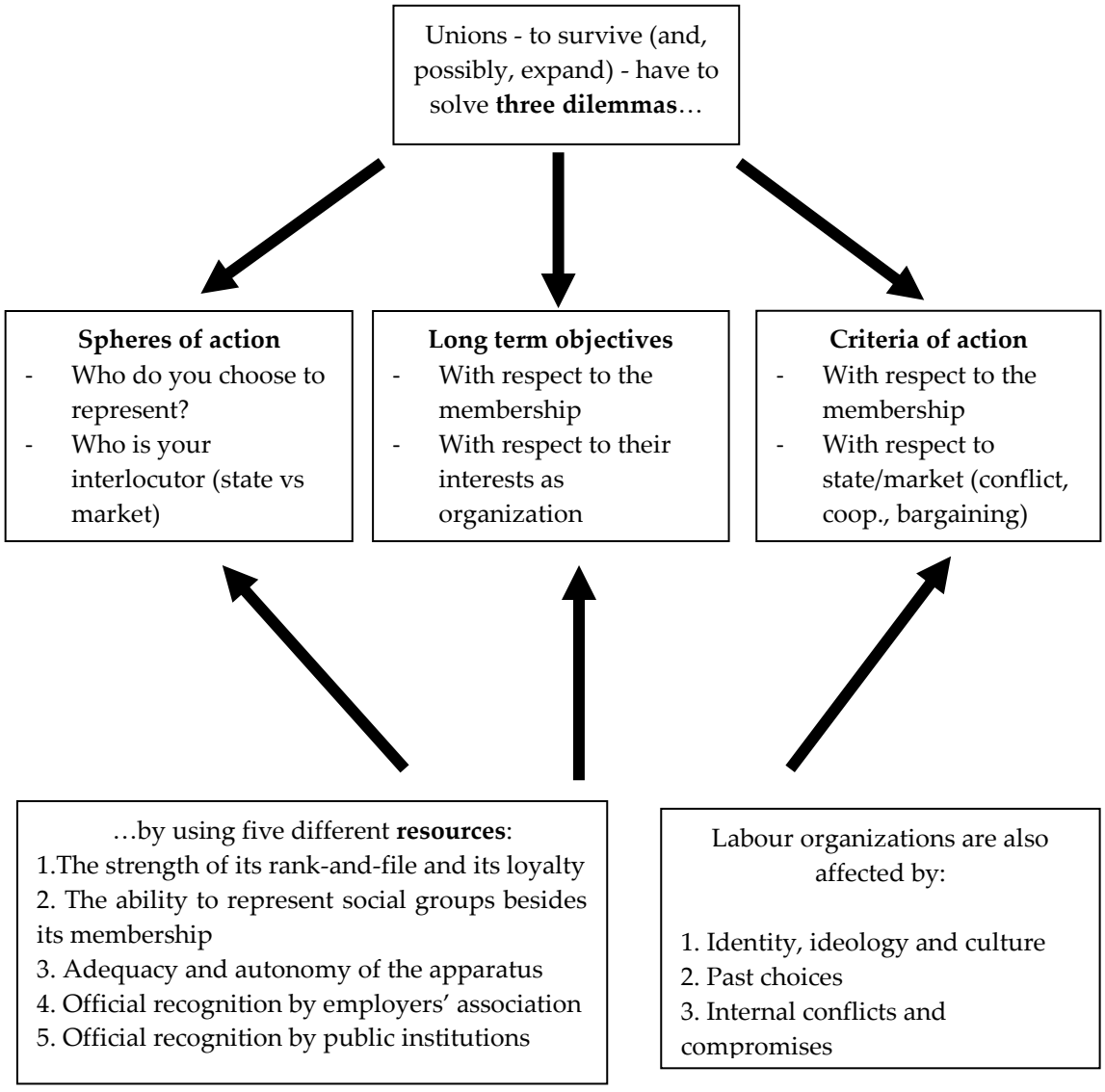
The third dilemma concerns *criteria* of action with both workers and main interlocutors. For example, trade unions may attempt to increase their membership. Criteria may be extremely different, and they concern the choice between geographical areas and sectors, but also use of ideology and incentives or particular services for membership. Moreover, they need to interact in the economic or in the political arena – depending on whether the main interlocutor is the state or the market – which can occur through *conflict*, *cooperation* or most likely through *bargaining*. While in the first case no alliances are possible, in the second a tight closeness is likely, while bargaining offers the possibility to solve different policy-making processes through regulations.

While the union is solving the three dilemmas, it has to take into account the resources at its disposal. Regini highlights five different type of resources: the *strength of the rank-and-file*, and its *loyalty*; the *ability to represent social groups* which do not coincide with its own membership; the *adequacy* and the *autonomy* of the apparatus and the institutions already inserted in the organization; the *official recognition* by *employers' associations*; the *official recognition* by *public institutions* and parties. First, the strength of the rank-and-file and its loyalty matter because organized labour must be able to control mobilization according to its needs; there must be a

trustful relationship between union elites and its membership, to be obtained with the ability to satisfy workers' demands or through other incentives. Second, the ability to represent other groups beyond its rank-and-file becomes crucial to extend union political power as they are able to represent more general interests and they thus gain more legitimacy, which can be used also in front of external actors. The third resource is identified with the internal structure, which should be adequate and efficient to allow the organization to better adapt to external challenges; elements such as financing and organized net of activists may encourage organized labour to take a decision instead of another. The fourth and the fifth type of resources concern the official recognition by economic and politico-institutional associations. They are based on the legitimacy of trade unions as the only worker representative, thus on the settlement of bargaining process with them rather than with other actors, such as social movements or other type of associations. Moreover, closeness to the political sphere allows trade unions to access other types of resources such as support in the bargaining process, financial resources, etc.
The five resources define the strength of labour organizations, and it is thus essential to preserve the ones that they already have while trying to acquire new ones. However, resource availability varies in different historical periods, and the different resources are not equally important for unions. As there is a natural limitation of assets, labour organizations must decide which are the most valuable resources to exploit.

Although Regini's model is based on a rational choice approach, the author admits that there exist three factors which may impact on trade unions' strategies and they result on a tempering of "rationality" within the model itself. These factors are *identity*, *culture or ideology*, the effects of *past choices* which can constrain current choices and *internal conflicts and compromises* of people that work in the institution who contribute to the definition of strategies. For what concerns the first aspect, it is essential to state that absolute rationality in real world tends to be filtered by ideology and identity, which can in turn push or hinder the use of a certain resource instead of another. Second, past choices matter: it may be extremely hard to modify strong relationships which have been institutionalized throughout a certain period of time. It is therefore costly to modify policies which have been already shaped. Finally, when dealing with actors as trade unions, it is common to treat them as unitary actors, although the choice of final strategies is often the result of conflicts and compromise among various internal components. These elements are thus to be included in the model.
The table below summarise this analytical framework.

Table 4.1. Regini's framework: unions' survival and expansion.




Source: Author's elaboration

The framework elaborated by Regini seems to be broad and comprehensive enough with regards to trade unions' strategies, although it does not offer elements to understand whether labour organizations will be pro-outsider or not. Therefore, the next section will be devoted to present a re-elaboration of the model with the purpose to both elaborate the analytical framework of this work and draw the main hypotheses.

### 4.2. Including outsiders in the analytical framework

As already mentioned, the model was introduced by Regini to explain trade unions' survival. Thus, it needs to be adapted to analyse organized labour's dilemmas concerning the inclusion of outsiders.

With respect to the subject of this research, i.e. trade unions' support for social policies to protect outsiders, the three dilemmas (spheres of action, long term objectives and criteria of action) are recalled and adjusted to fit the research question.

The *sphere* of action involves a choice between who the union represents and who is its main interlocutor. Therefore, to solve the first part of this dilemma trade unions have to choose whether they prefer to represent only insiders or if they want to include also outsiders, that is, the puzzle of this work. The second part of the dilemma, the one concerning the selection of the main interlocutor, is easily solved: as the object of this study is the support for social policies targeting outsiders, the market is not present in the process of policy-making and therefore the state is the only left option.

The second dilemma, concerning the long term *objectives*, depends on representation. If labour organization chooses to represent only insiders, then it will focus its effort toward contributory measures, for example by proposing an increase of the level of social insurance benefit. On the contrary, if it prefers to represent also outsiders, it will promote the expansion of social protection system, either through non-contributory measures (universalistic or mean-tested) or by pursuing contributory system's flexibility. In addition, whatever is the solution to the first dilemma, the union has to choose which organizational resources wants to keep (or obtain) with the purpose to increase its power with respect to other organizations. Organizational resources include, for example, the official recognitions of workers' rights and their representatives.

The third and final dilemma concerns the *criteri*a of action. For example, if the purpose of a union is to represent also outsiders, it will have to choose whether to expand its membership through an affiliation campaign or to do coalition building to support some of these workers' claims. With respect to the state, labour organization can decide to act through cooperation, conflict or bargaining in relations to pro-outsider policies.

How are these dilemmas solved? What factors impact on organized labour choice? According to this analytical framework, organization's resources affect trade unions strategy. As Traxler

(2001) states, resources can be either primary (thus related to internal characteristics, e.g. size of the membership) or secondary (deriving from other institutions or actors). The assets highlighted by Regini are therefore clustered into two groups: membership resources and institutional resources.

On the one hand, *membership resources* derive from the elements identified as the strength of the rank-and-file, the ability to represent social groups and the adequacy and the autonomy of the apparatus. Membership can be divided between old and new. "Old" membership includes groups of workers who have been historically part of such union. Traditionally, organized labour emerged with industrial development, thus including workers from core sectors of economy, both blue and white collars. Therefore, it is likely that there is an overlap between old membership and the most advantaged workers in terms of working conditions and access to social protection, that is, insiders are probably predominant within unions. As they constitute the traditional membership, it is very likely that trade unions will devote a major effort to respond to the claims of their most faithful branch. In addition, labour organization may also want to include other categories of workers - especially if they belong to sectors which are usually non-unionized - with the purpose to acquire new resources. This enlargement can occur directly - through a strategy which aims to attract new workers - or indirectly - through a process of coalition building with structured organizations or social movements, which are already committed to the representation of particular categories of citizens, as stating by the revitalization theory. Membership resources are crucial for representation. The more the organization is representative – either because it represents a strong constituency or because it includes many groups to manage a large rank-and-file demand - the more it acquires power and legitimacy in front of external actors and eventual new potential members. The "adequacy and autonomy of the apparatus" is embodied in this group of resources and it is to be intended as the ability of the labour organization to include outsiders inside its internal structure, for example by guaranteeing their votes in the congress and allowing them to participate to the decision-making processes concerning union's activities.

On the other hand, *institutional resources* are identified with the official recognition that external actors may provide to trade unions. The recognition by employers' associations will not be considered for the purpose of this work. In fact, trade unions are analyzed in relationship to social policy-making process rather than in the industrial relations arena. Official recognition from political parties, governments, and other regional public institutions allows organized labour to be legitimized in the political arena. Moreover, as Regini states, the link with a party

would probably lead to the acquisition of material assets such as financial aid and, sometimes, a partial overlapping between party and union.

Regini introduces "three limits to "rationality" of the cost-benefit calculation" (Regini, 1981: 32). Among these limits, ideology has been highlighted by the literature on insider/outsider as one of the factor that may potentially influence trade unions' choices; therefore, it has to be included in the model. The effect of past decisions over current alternatives and how the former may constrain the latter is also taken into account. As Regini states, "innovative choices, even if they are rational, they are bounded (…) from past choices, that have been transformed in relationships and institutions too costly to modify". However, this mechanism of path dependency is relevant only if a pro-insider policy exists - as contraposed to a pro-outsider measure - that trade unions already supported and it is therefore costly for them to change their positioning. Finally, although compromises and disagreements within unions exist, only the official standing of the labour organization will be considered.

Eventually, when considering trade unions' strategies in relation to core and peripherical workers, it is necessary to consider an external element, that is labour market structure. This is a factor that canot be directly controlled by labour organizations but it may influence their choices since it may increase or reduce the existent gap between insiders and outsiders.

Building on this framework, in the next paragraph, the main research hypotheses are developed. The highlighted resources are deemed to be the factors that affect the solution of the three dilemmas and that define the reasons why trade unions support pro-outsider policies.

## 5. Disentangling explanatory factors: four hypotheses

After the presentation of the analytical framework, it is possible to proceed with the hypotheses which guide our research. These are divided among the ones deriving from trade union *internal* features, the ones that deal with relations with *external* actors and, finally, *facilitating conditions* not directly related to organized labour. For what concerns the former categorization, two hypotheses are drawn: the first deals with membership and composition, and the second with ideology.

The insider-outsider approach highlights how trade unions may have a propensity to stick to pro-insider measures as their membership will directly benefit from them (Rueda, 2007). The insiders/outsiders theory assumes that a labour organization is likely to include insiders rather than outsiders and as the former are more likely to be unionized. However, this is not always the case. When union density is particularly high, as in Nordic countries, organized labour is most likely to represent extremely different categories of workers, thus it is more representative of both active and inactive population. Indeed, the more trade unions include different type of workers, the more they will be willing to pursue strategies that allow all its members to be satisfied with its choice (Lindvall and Rueda, 2014). In the European context, Pontusson and Mosimann (2017) cluster trade unions according to union density and inclusiveness of low income workers: while the Nordic countries and Belgium feature both characteristics, Slovenia and Italy incorporate low-wage workers with a relatively low density.

Although it is not directly connected to membership's composition, the ability and the willingness to represent different sectors, cohorts or categories and thus, to enlarge the interests of the organization, may depend on coalition-building with social movements or organized groups. In this case, the labour organization is unlikely to focus exclusively on insiders.

According to the existent literature, membership composition is therefore an element that defines trade unions' strategies with respect to the support of pro-outsider measures. With these premises, the first hypothesis is the following:

Hp1. *"If a trade union includes outsiders within its membership, it will be more likely to support outsider-favorable policies"*

Besides membership composition, the literature also highlights another internal feature that characterizes organized labour: ideology. The second hypothesis is thus strictly connected to the aforementioned Hyman's typology. The literature which aims at comprehending the inclusion of outsiders has mainly stressed the radical-opposition ideal type identified by the author. Although Hyman initially does not specify whether this type of union tends to represent outsiders - with the inclusion of "lower-skilled job with insecure labour market positions, and notably women and migrant workers or those from ethnic minorities" (Hyman, 2001: 30) – he asserts that "the ideology of class (…) is opposed to sectional interests" (Hyman, 2001: 152). More specifically, unions' strategies go beyond collective bargaining and broader actions are

directed both toward different sectors – such as health care - and various categories of workers like unemployed and retired, beside active workers (Hyman, 2001: 147).

The radical-opposition type of unions results from the radical left experience and it tries pursue not only favourable collective bargaining to increase membership's salaries, but it will also be likely to achieve better conditions for all types of workers, thus also going in the direction of social inclusion and fight against poverty. Thus, it "will be willing to support a public system of social security which covers all workers, over alternative systems of security for the stronger groups in the labour market" (Regini and Esping Andersen, 1980). As the most recent literature highlights (Marino, 2012; Pulignano and Doerflinger, 2013; Benassi and Vlandas, 2016; Durazzi, 2017), these organizations provide a universal rather than a sectorial representation.

Ideology is also identified by Regini as a crucial factor which should be included to understand trade unions' strategies notwithstanding its model its purely rational. Indeed, ideology can channel ideas which in turn can affect also representation choices.

Although Hyman uses the word identity, the term ideology has been preferred for the sake of clarity. Indeed, the author identifies with the term "identity" both ideology and mode of action. In this work, ideology indicates one of the factors affecting trade unions' strategies, while the mode of action is part of the *explanandum*. The second hypothesis is therefore the following:

*Hp2. "If a trade union has a leftist ideology, it will be more likely to support pro-outsider policies"*

Concerning the hypotheses deriving from relations with external actors, the literature highlights the relationship between trade unions and parties. According to Marxist theory, unions were considered as the most faithful ally of parties and they could participate in policy formulation. Moreover, they had the precise role to transmit ideas from party itself to the working-class, functioning as "transmission belts". Thus, there was a bi-directional movement between party and unions, on the one hand, and trade unions and workers, on the other. Although the saliency of trade unions is remarkable in such theories, the submission of organized labour to the party and the state is clear. The strong connection between the two main representatives of the working-class is also pointed out by the study on social cleavages based on state formation (Lipset and Rokkan, 1967). In this case, parties are the results of deep social cleavages, each of them representing a particular side of society's divisions. Trade unions are also the product of such cleavages and they find allies in their reference parties. Such relationship is variegated and it may depend on ideology, organization, representativeness and mode of action (Hayward,

1980). Beside the definition of “Siamese twins” by Ebbinghaus (1995), Hayward encounters four types of possible linkages between trade unions and parties: first, as already highlighted above, the Leninist model of the vanguard that overcomes trade unions, establishing a relationship in which organized labour is dominated. The second is when party is established as the product of trade unions, and it constitutes the opposite situation to the former. The third case reflects interdependence and symbiosis between the two actors, a common feature in social democracies: none of the two is predominant, they both represent working-class, in the political arena and in the industrial arena. Finally, the last case occurs when there is no a stable relation between union and party, that is when the former refuses partisan affiliation to keep its autonomy. Other actors have defined the relationship between the two political actors using different criteria. As indicated by Morlino (1991), the most relevant factors in this sense are ideological affinity, nature and quantity of contacts between group and party, electoral support of the group, autonomy in terms of both financing and organizing and convergence between membership and constituency. Considering these aspects, Mattina (2010) elaborated five categories: dominium, collabouration, symbiosis, exchange and subordination.

Though always relevant, the linkages between unions and parties become crucial in the decision-making process whenever parties enter the cabinet. In this case, the party can act as a channel for unions to facilitate their claims. The concept of neo-corporatism can be useful to describe such connection. According to Lehmbruch (1982), an essential feature of neo-corporatism is the "institutionalized groups participation of government activity". In fact, it is likely that unions tend to have a privileged relationship with governments, although it is not always the case. This link includes, among other things, a transfer of resources, recognition of representation, participation in policy-making processes and also, sometimes, the administration of some services (Offe, 1981). When unions have solid ties with political actors in the decision-making arena, they work on building coalitions and on further institutionalizing their position and keep access to the political arena (Crouch, 1999). This type of unions may be less able to maintain strong ties with their base, as they identify their power resources in the relationship with government rather than in its membership. In this case, a “social partnership” type of union is identified. On the contrary, when union strength derives primarily from their membership, they prefer to consolidate it, but also to expand representation to include new groups previously unrepresented with the purpose to “organize the unorganized”. As highlighted by the revitalization theory, this strategy is more likely to occur when unions do not

have institutional resources through government and it is typical of "social movement unionism" (Baccaro, Haman and Turner, 2003). The third hypothesis is thus the following:

*Hp3. "If a trade union cannot access institutional resources, it is more likely to be pro-outsider"*

Finally, organized labour strategies may also depend on other external factors, which create the conditions that lead trade unions to support pro-outsiders' policies. Primarily, labour market structure affects trade unions strategies. As the insiders/outsiders theory states, permanent workers have different preferences than precarious or unemployed: more specifically, while the former prefer a strict employment legislation, the latter would favor both passive measures to compensate unemployment and activation policies (Rueda, 2007). However, as Rueda himself admits, there exist a condition allowing such interests to overlap: this is the case in which the gap between insiders and outsiders is limited. When protection for insiders is low, and thus nears the absence of protection that characterize outsiders, or when outsiders represent a large percentage of the workforce, core workers would perceive the presence of outsiders as a threat, thus their representatives would be encouraged to support pro-outsider policies that guarantee protection also to disadvantaged workers. Thus, the fourth hypothesis is:

*Hp4. "When the gap between insiders and outsiders is reducing, and outsiders are perceived as a threat by insiders, trade unions tend to be pro-outsiders*".

With the suggestions provided by the literature on trade unions' strategies and outsiders, it is possible to draw some expectations concerning the selected cases. In the case of Argentina, the law establishes that only one union per sector is entitled to represent workers. However, two workers' organizations are present, CGT (*Confederación General del Trabajo*) and CTA (*Central de Trabajadores de la Argentina*). On the contrary, in the case of Uruguay, trade union model does not pose any limitation to the number of labour organizations; nevertheless, there is only one unions, PIT-CNT (*Plenario Intersindical de Trabajadores - Convención Nacional de Trabajadores*).
CGT is expected to be pro-insider: its membership is historically constituted by insiders, while affiliation of outsiders is not allowed. Moreover, the main Argentinean trade union has always had institutional resources guaranteed by its political ally, the *Partido Justicialista* (in cabinet for most of the period under study) and by the official recognition guaranteed by the *personeria*

*gremial*, i.e. the right to represent workers as the only official union. Therefore, there are few incentives to change this path.

On the contrary, I expect CTA to be pro-outsider. In fact, most of its membership is constituted by outsiders: many organizations of unemployed and also other types of social movements are either included in CTA structure or they are supported through a strategy of coalition building. In addition, CTA does not have access to institutional resources and it is therefore more likely to focus on the inclusion of the "unorganized". Its leftist ideology – characterized by anti-capitalism and anti-neoliberalism - also pushes the labour organization to the enlargement of its interests so to embrace pro-outsider stances.

For what concerns Uruguay, PIT-CNT does not allow to draw unambiguous expectations. The union has institutional resources, thanks to the presence of its historical ally in the cabinet, the *Frente Amplio*. However, it is more likely to be pro-outsiders as the labour organization includes outsiders within its membership (although the majority of represented workers are insiders). In addition, the clear left ideology seems to motivate PIT-CNT towards the support of claims which goes well beyond the membership interests. The fight against poverty and the guarantee of a system of social protection for all citizens may be part of these claims. These factors may (or may not) be enough to contrast the presence of institutional resources and thus to support outsiders.

# Chapter 5. The Argentinean inclusive turn: the mobilization of CTA and the support of CGT to the Kirchnerist' governments

## 1. Introduction

This chapter deals with the case of Argentina and it tackles the strategies of the two labour organizations of the country: CGT (*Confederacion General del Trabajo*) and CTA (*Central de Trabajadores de la Argentina*).

Argentina is an interesting case for a variety of reasons. First, trade unions have been historically strong with respect to other countries in the region; their power rose within the myth of Peronism already during the 1940s, although they emerged some decades before. Moreover, for the purpose of this dissertation, i.e. understanding the support for pro-outsider policies, Argentina has developed a peculiar trade union model: the principle of unicity holds, thus only one union per sector is allowed to represent workers. Therefore, the presence of two unions may have relevant consequences on the definition of their strategies both in terms of membership and for what concern the relationship with the government.

Analysing Argentinean labour organizations from the early 2000s is also interesting because of the huge economic crisis that invested the country in 2001. The crisis, though it was provoked by financial imbalances, it involved also a large distrust in social and political actors. It is thus challenging to understand how, in such context, trade unions emerged as crucial actors to advance in the expansion of social protection system. The first measures to reduce poverty amongst outsiders were introduced in the middle of the crisis (mainly in 2002), while in the following years, under the governments headed by the Kirchners, family allowances and pensions were institutionalized. More specifically, the introduction of non-contributory cash transfer (and, in particular, of the AUH - *Asignacion Universal por Hijo*) represented an important step toward universalism also because of the huge gap in coverage in this policy field. Before the 2000s, the system of children allowances was constituted only by contributory benefits. In the field of pension, the introduction of flexibility to access contributory system was preferred.

The presence of two different trade unions - CGT characterized by a historical relationship the Peronist *Partido Justicialista* (PJ), and CTA with a "social movementist" nature - make the

country a quite unique case. While CGT is the main workers' organization and it represents exclusively insiders, CTA was born in the 1990s against the imposition of neoliberal model and it includes outsiders and social movements. How they both solve the dilemma of representation concerning the insiders and outsiders as well as how they define their long term objectives and criteria of action with respect to the government is quite interesting in light of their different features. Despite the differences concerning membership, institutional resources and ideology, they both supported pro-outsider policies.

The period which is under study is from 2001 to 2015, thus including the 2001 crisis and the entire Kirchner era. Against this backdrop, the focus of this chapter is on Argentinean trade unions CGT and CTA, especially their strategies *vis a vis* pro-outsider policies developed since the 2000s. Particular attention is paid to the role of organized labour in what the literature has defined as "left turn". In fact, as highlighted in chapter two, the advent of left parties in government is often used to explain "welfare state shift toward inclusion"; the purpose of this section is to complement the analysis of the policy-making process by also looking at the involvment of trade unions in Argentina and the reasons behind their strategies.

The chapter is structured as follows. In sections 2, 3, and 4 the different economic phases, labour market structure and trends, as well as Argentinean politics are presented. Paragraphs 5 and 6 respectively focus on trade unions and welfare state in Argentina. The second part of the chapter is devoted to both explain the process of policy making leading to pro-outsider reforms and analyse trade union strategies by applying the analytical framework developed in chapter four.

## 2. Economic phases and development models

As many other countries in the region, the Argentinean economy was shaped alternatively by both protectionist models and neoliberal arrangements. After a period in which export drove economic development, the creation of a national industrial sector was pursued after the 1929 Great Depression. A major impulse was given by the governments led by Juan Domingo Perón (1946-1951; 1951-1955) with the establishment of the Import Substitution Industrialization (ISI). The creation of the industrial sector was thus state-driven. The model was replaced in the 1980s

and 1990s, when international organizations put pressure on Argentina to cut debt and to reduce inflation with the elimination of subsidies and a sudden openness of economy. Neoliberal policies created a new system based on export of raw materials and on import of end products. Moreover, a strong financial sector was developed. Keeping inflation low and control public debt were the main objectives of governments in the following decades. The harsher neoliberal wave in Argentina was experienced under president Carlos Saúl Menem (1989-1994; 1994-1999). The strict implementation of Washington Consensus principles provoked a major crisis which pushed the country to default at the beginning of the 2000s. The crisis ended thanks to the "commodity boom", i.e. the rise of exported goods'prices, which promoted the improvement of both economic and labour market conditions.

### 2.1. From the export model (1880s-1930s) to the ISI (1940s- early 1970s)

The Argentinean economy had its roots in the legacy of the first European colonists and it was mainly shaped to respond to European demands. A model based on the export of primary goods was developed already since the mid-XIX century. Meat and grain, abundant in the country, constituted large part of export, while manufacturing goods were imported. However, the system made Argentina dependent from foreign economies. Furthermore, Argentina lacked both labour and capital: while the first problem was solved with huge fluxes of immigrants (especially from Italy and Spain), the capital was provided by foreign investors, thus further exposing the country to external currency fluctuations (Skidmore and Smith, 2005).

From the 1940s, Argentina developed its national industrial system. Under the first two governments of Juan Doming Perón (1946-1955), a five-year economic plan was set up. The economy became completely dependent on political choices. Many national firms, such as railways and the telephone company, were nationalized, while prices were kept low and fixed to allow a greater level of consumption. The obvious negative impact of such a strategy was the discouragement of production. Within this framework, landowners and owners of natural resources were deeply damaged, as industrialization favored the growth of the urban working class. The plan worked at the beginning, but soon the typical distortions of a centralized economy showed up: while prices for export decreased, those of import increased, thus generating a gap in the balance of trade. Inflation touched 31% in 1949, convincing Perón to limit public expenditure and let prices grow. These measures were consistent with the second

plan of 1952, which froze workers' wages with the aim to attract foreign investments. Notwithstanding the shift in the economic and monetary policy, the second plan did not invert the trend concerning state control on the economy.

In 1955, a *coup d'état* deposed Perón, mostly due to the opposition of the Church and the army. Argentina experienced authoritarianism until 1958, when the elected Radical presidency of Arturo Frondizi (1958-162) strongly pushed for already launched industrialization strategy. However, he limited the role of the state and he also promoted export of agricultural goods (Skidmore and Smith, 2005). The presidential plan succeeded, resulting in a low level of inflation, GDP growth and effective industrialization. Orthodox measures – i.e. currency devaluation, retrenchment of public expenditure and limitation of wage increase - were implemented after the advice of the IMF (whose technocrats were part of the military government). In 1966, the bureaucratic-authoritarian government of Juan Carlos Onganía (1966-1970) followed the path of Frondizi, thus freezing wages and retrenching public expenditure. By the 1970s, the ISI model was exhausted and orthodox as well as the IMF intervention were distinctive elements in the Argentinean economy (McGuire, 1997).

### 2.2. The Washington Consensus and the neoliberal wave: late 1970s-1990s

Perón came back to presidency in 1973 and died the following year. His wife Isabel replaced him from 1974 to 1976, when she was deposed by the army, which in turn formed a military government. Immediately, harsh neoliberal reforms were imposed. The diagnosis for the economic failure was an excessive presence of the state in the economy and the limited trade with other countries. The recipe was privatization of national firms, liberalization of services and goods and partial dismantling of the public welfare system (Porcelli, 2010).

Argentina was one of the first countries to open the door to neoliberalism, with the strong support of the IMF. Indeed, right after the deposition of Isabel Perón, the military *junta* obtained two loans of US$100 million and US$260 million, respectively. The second loan was the highest ever granted to any country in the region (Cooney, 2006). Rafael Videla (1976-1981) implemented the "Process of National Reorganization" to dismantle ISI through an economic system based on financial and economic liberalization. In particular, the *junta* shifted the production from industrial sector to agriculture and finance – which was given a primary role - to concentrate the power in the hand of big oligarchies, which constituted the majority of the elite, at the expenses of the few industrial families. The *grupos economicos* – i.e. large national

corporations – allied with Videla (and afterwards, with the democratic governments of the 1980s and 1990s) with the scope to promote privatization of the core economic sectors and to reduce state presence (Teubal, 2004). Moreover, that strategy allowed the government to keep the control of organized labour, which was strongly repressed in the few industrial districts. Finance was completely liberalised and given a primary role.

Videla left the government to General Roberto Viola in 1981, and the latter in turn resigned in favor of Leopoldo Galtieri. With the purpose to re-gain military prestige, he launched a war against the United Kingdom for the possession of Falkland Islands / *Islas Malvinas*. He badly failed in its attempt. The authoritarian regime can be considered concluded by 1982.

At the end of the dictatorship in 1982, Argentina experienced huge inflation (around 200%) due to the high level of foreign debt (which was also boosted by the high US interest rate as a result of a restrictive monetary policy) (*ibidem*).

The advent of the first democratic government led by Raúl Ricardo Alfonsín (1983-1989) was initially signed by the attempt to break with orthodox policies. However, due to both the continuous rise of public debt and hyperinflation – the latter peaking in 1989 with at 4900% (it was about 400% in 1983, 627% in 1984, it almost touched 700% in 1985) - he signed the Austral Plan, one of the harshest austerity plans in the region (Skidmore and Smith, 2005). Therefore, orthodoxy prevailed on heterodoxy and debt control over growth.

Neoliberal policies were fostered even deeply in the 1990s, when the Peronist government by Carlos Saúl Menem launched a new phase of de-industrialization. He was committed to the strict line of IMF and in 1990 he transferred interests-bearing bank certificate in ten-years bonds thus "confiscating the savings of the middle class" (Skidmore and Smith, 2005). The *Plan Cavallo* (which took its name from the Ministry of Economics and Finance Domingo Cavallo) involved, among the others, the convertibility of the peso-dollar in a one-to-one relation. This allowed the establishment of economic stability and the rise of foreign investment, but it also contributed to keep the prices of Argentinean goods high, further deteriorating the balance of payment. The government privatized several public firms, such as the National Oil company, water, gas and oil, the railroads system and other national firms. The immediate effect was the dramatic increase of unemployment (Felder and Patroni, 2011) which touched 12,2% in 1994. However, inflation was considerably reduced to only 4%. Other negative effects of IMF recipes can be identified in the over-evaluation of the Peso and on the pauperization of the middle class.

Trade liberalization also impacted on the structure of both commerce and the welfare state in Argentina: the elimination of tariffs and import quotas grew imports' level while firms had to face more competition from external companies and they were exposed to international crisis. The welfare system was treated as an expensive good: in particular, the pension system was partially privatized, thus the state experienced a reduction of tax revenues as the funds were managed (also) privately and social contributions dropped dramatically.
Liberalization of goods and finance, macroeconomic stability and the growth of investment led to a strong economic growth in the first half of the 1990s: however, such growth was fragile, as it depended on external factors rather than on the competitiveness of the Argentinean economy (Önis, 2006; Dumenil and Levy, 2006). In fact, after the boom in the first half of the 1990s, the *Tequila crisis* of 1995, originating from the devaluation of Mexican pesos, and the Brazilian crisis of 1999, led to a huge depression which peaked in 2001-2002.

### 2.3. The 2001 crisis and beyond: a post-liberal arrangement?

Argentina approached the new century with an uncontrollable debt, a low price of agricultural exported goods and a lack of equilibrium in the balance of trade. The pegging of the pesos to the dollar also constrained the possibility for Argentina to grow. The IMF launched a package to avoid the Argentinean default. However, the government led by Fernando De La Rúa was not able to manage the deteriorating economic and social situation: GDP fell by 12%, 24% of bank deposit left the country, foreign debt reached 141 billion and the unemployment rate reached 20% in 2001 (Skidmore and Smith, 2005). Groups of organized unemployed and social movements protested in the streets. The government, under of Domingo Cavallo, established the *corralito*, which stated the impediment for citizens to withdraw big amount of money from their bank accounts. With the introduction of this measure and the request of payment from the IMF, the protests led both De La Rúa and Caballo to resign in December 2001. In the following two weeks, thirty-two protesters were killed and Argentina had a five presidents in a raw.

After the succession of five presidents, Eduardo Duhalde took office in 2002 and tried – with partial success - to stabilize the country. Under his government, Argentina defaulted and the value of peso was reduced by one quarter. A huge depression followed in 2002. Since unemployment and poverty rates reached a considerable high level - 19,7% the former, 53% the latter (ECLAC and INDEC online database) - Duhalde launched some social programs in a

context of severe deprivation and intense social discontent. The wider in terms of coverage was the *Jefas y Jefes de Hogares Desocupados* - PJJHD (Head of the Unemployed Households) which immediately reached around two million beneficiaries in 2003[22]. Duhalde resigned after one year due to the death of two protesters, Maximiliano Kosteki and Dario Santillán (Senén González and Bosoer, 2012).

The neoliberal era was definitively surpassed with the Kirchners that established what has been called a post-Kenyneaisn phase or "neo-developmentalism". The term Post-Keynesian implies "a balanced form of globalization that respects diversity and (…) macroeconomic stability based on countercyclical policies and on human, social, and productive development". However, the logic of the market is not rejected (Marangos, 2012). Indeed, internal labour market protection coupled with a selection of foreign investments – both outwards and inwards - defined the conditions of economic growth and they prompted for the increase of employment level.

The Kirchner's governments (2003-2007; 2007-2011; 2011-2015) implemented policies to promote employment, include trade unions in the political arena and empower them: in fact, bargaining and collective agreement coverage expanded dramatically. Moreover, some of the measures introduced by Duhalde were institutionalized, thus creating a real safety net which was not existent under the previous government. Overall, economic growth, also due to a commodity boom which lasted from 2003 to 2009, allowed an increasing tax revenue, which in turn reinforced the system of social protection. Along the decade, some of the national companies previously sold to the private sectors – water, gas, oil, etc. - were renationalized and those revenues were used for important interventions such as the re-nationalization of the pension system (Wainer, 2010).

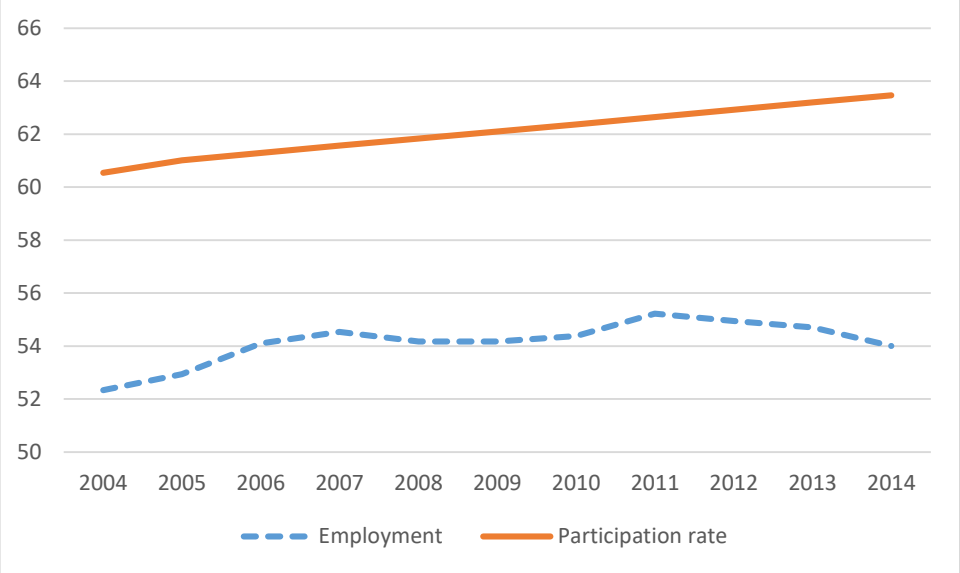
## 3. Labour market and inequality

In this paragraph, the main labour market indicators identified by the literature are presented. Data concerning labour force, employment, unemployment, informality and temporary employment offer some useful insights to describe labour market structure. Income distribution is also highlighted, while data for poverty are unavailable.

[22] 2.057.209 were the beneficiaries at the beginning of 2003 according to the report from the Ministry of Labour, Employment and Social Security "*Un legado de 12 años de trabajo*".

60% of the population is employed or looking for a job and it thus constitutes the labour force participation rate. Participation in the country constantly grew around 2% from 2004 to 2014. Employment increased as well, but it is possible to observe a contraction from 2007 to 2008 and another one after 2011. While the rise was due to commodity boom, especially driven by Chinese demand, the employment rate was first hindered by the European fiscal crisis first, and than by the end of price growth (Jenkins, 2011).

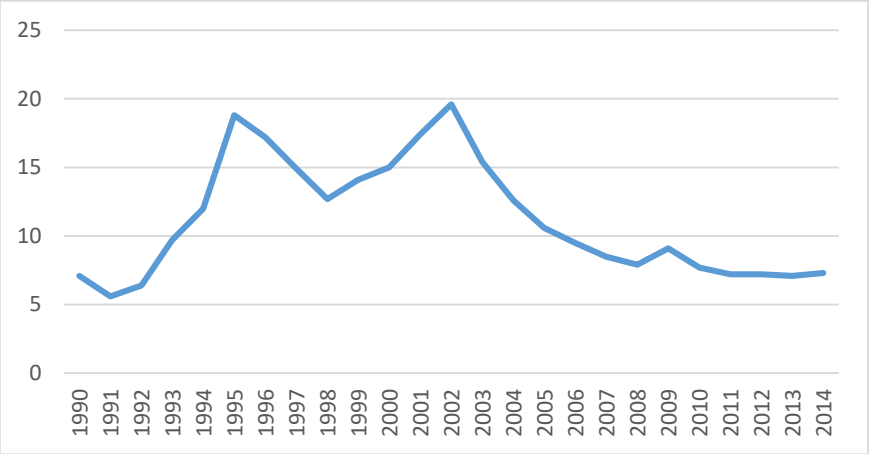
Figure 5.1 Labour force participation and employment rate (%), 2004-2014




Source: ECLAC-CEPALSTAT online database

The unemployment rate follows the macroeconomic phases in Argentinean history. In the 1990s, a steady growth was visible. Restrictive fiscal and monetary policies, predominance of finance over industry, and labour market flexibility resulted in a peak of unemployment rate of 18.8% in 1995. In 2002, after the economic collapse, the country defaulted. 19,6% is the highest unemployment rate that Argentina experienced so far. Aside a slight increase in 2009, the trend was decreasing. Moreover, after 2005, the value has remained well below 10.

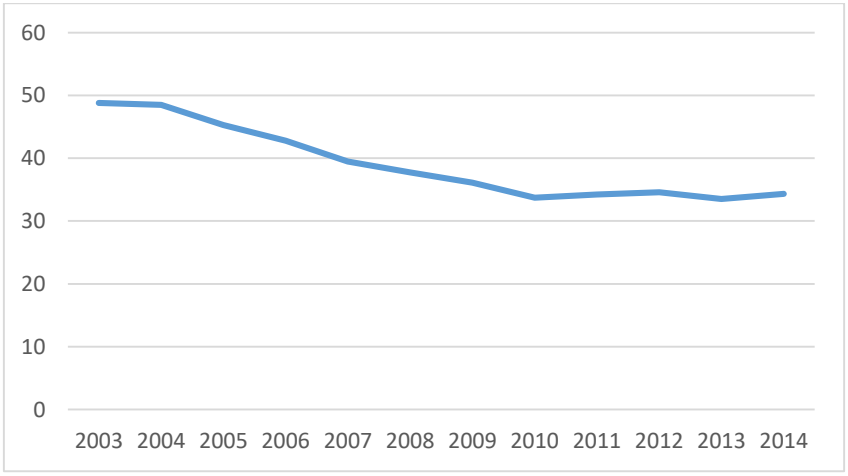
Figure 5.2 Unemployment rate (%), 1990-2014




Source: ILOstat inline database.

An important plague of Latin American labour markets is informal employment. Argentina managed to strongly reduced the percentage of non-registered employment, which - under the three governments by the Kirchners - dropped from almost 50% in 2003 to 33,1% in 2015 [23]. This percentage is one of the lowest in the region, along with Uruguay, Chile and Costa Rica - although in the case of Argentina only urban areas are taken into account, thus values may be underestimated. However, it is important to consider that such estimation takes into account only salaried workers, thus excluding self-employed, which tend to be a large part of the total informal employment (Perry et. all, 2007).

Figure 5.3 Informal workers (%), 2003-2014.

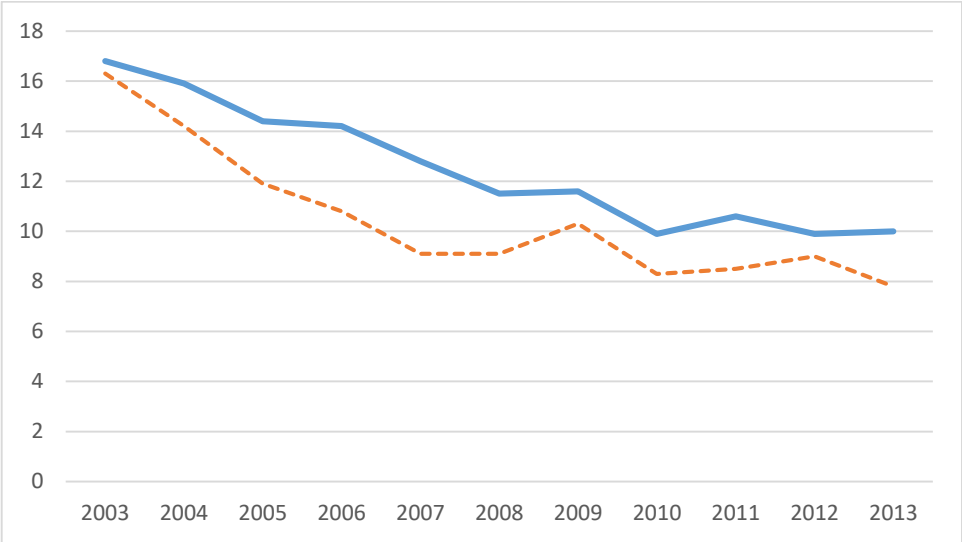



Source: EPH (Encuesta Permanente de Hogares).

[23] Source: Ministry of Labour, Employment and Social Security, 2013.

Finally, in the graph below, it is possible to observe the evolution of precarious work, identified with both temporary employment (continuous line) or sub-occupation/involuntary part-time (dotted line). They constitute only a little share of the total employment compared to Europe. The trends are affected by economic conjunctures, along with labour regulation that restricted the use of fixed term contract (Betranou and Casanova, 2016), with particular reference to the 1998 law that aimed at eliminating them. Such contracts reached out their lower percentage at the end of the considered period, respectively around 10% and 8% for temporary workers and for sub-occupation.

Figure 5.4 Temporary employment and sub-occupation (%), 2003-2013



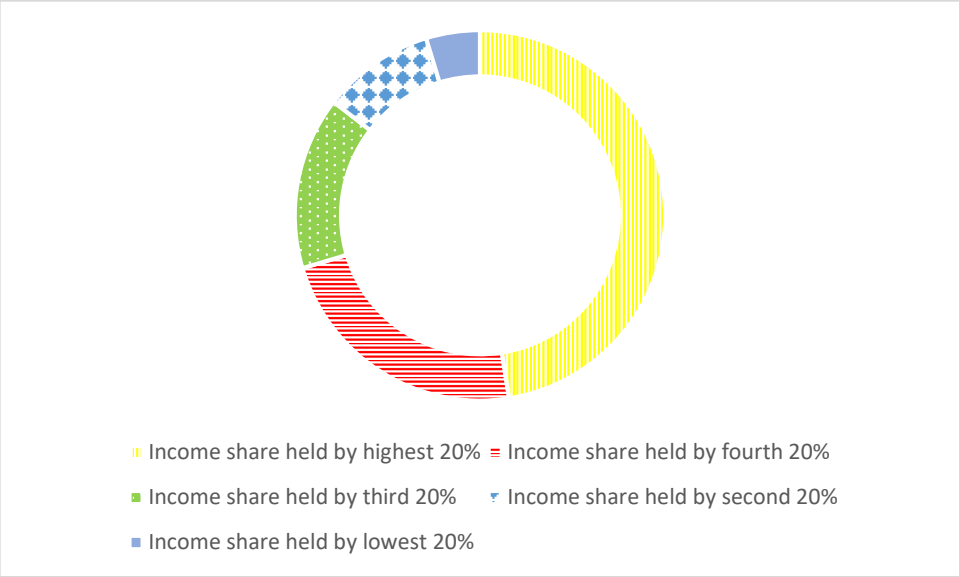

Source: EPH (Encuesta Permanente de Hogares. This graph represents the sum of "*Sub-ocupación demandante*" – that is, those who work less than 35 hours per week for involuntarily causes, they are willing to work more and they are actively looking for another job - and "*Sub-ocupación non demandante*", namely those who work less than 35 hours per week for involuntarily causes, they are willing to work more but they are not actively looking for another job) and ILOSTAT.

For what concerns poverty and inequality, the case of Argentina is peculiar. On the one hand, it showed a very high poverty rate, around 30% in 2016. This is the highest level among the Southern cone countries. Although it is not possible to observe a trend concerning the evolution of poverty because of important breaks in the series[24], it is safe to assume that a relevant

[24] Data concerning poverty only cover the urban population. In addition, they are not considered a correct estimation and they have been under investigation since President Macri took its office in 2016. The serie exhibits a possible variation which is higher than 10%. For a detailed explanation, look at the note of the Argentinean National Statistics Institution at https://www.indec.gov.ar/nivel4_default.asp?id_tema_1=4&id_tema_2=27&id_tema_3=64, with reference to the section "*Destacado*".

reduction occurred in the years of the commodity boom (Huber and Stephens, 2012). On the other hand, Argentina does not present extremely high levels of inequality compared to other countries of the region. As highlighted in chapter two, it is the second most egalitarian country in the Latin American region in terms of income distribution, beside Uruguay. The poorest two quintiles own almost 15% of income, while the highest 20% gets less than 50%.

Figure 5.5 Income distribution (quintiles), 2016




Source: The World Bank (Poverty and Equity DataPortal)

The next paragraph is devoted to politics: regimes, party systems and political parties will be analysed following the criteria highlighted in chapter two.

## 4. Regimes and party system: the legacy of Peronism

This section describes Argentinean politics. After an overview of the regimes that characterized the country – with a special focus on the alternation between dictatorship and democracy - the presence of a two party-system is highlighted. A large part of the paragraph then describes Peronism, and its "Kirchnerist" variation.

### 4.1. Political regimes: Argentinean democracy after dictatorship

Argentina, as many countries in the Southern cone, experienced periods of authoritarianisms: 1930-1932; 1943-1946; 1955-1958; 1966-1972; 1976-1982. The last one was particularly harsh and it was defined as "bureaucratic-authoritarian" because technocrats helped the military government in the design and implementation of economic policies, thus developing an important bureaucratic apparatus (Haggard and Kauffman, 2008). Coronels and generals rather than politicians headed the state, although the regime was named "civic-military": Jorge Rafael Videla was one of its main representatives (1976-1981), while in the last year Roberto Viola, Carlos Lacoste, Leopoldo Galtieri, Alfredo Saint-Jean and Reynaldo Bignone alternated. In the same period, the army took the power in all Southern Cone countries, thus Argentina experienced interrupted democracy along with Chile, Urugay and Brazil.

Both in authoritarian and in democratic regimes, Argentina has always been a presidential republic. The president is directly elected from citizens (she has to reach more than 50% at the first round, otherwise she will be determined by a run-off between the two candidates who received more votes at the first turn) and she is the head of the state and of the government.

### 4.2. A historical two-party system

Argentina has long been a two-party system: *Unión Cívica Radical* – UCR (Radical Party) and *Partido Justicialista* – PJ (often called *Partido Peronista* or Peronist Party) dominated the political scene until 2015. PJ is also known as Partido Peronista due to its founder's name, Juan Domingo Perón.

Their foundation is strictly linked to the arrival of immigrants from Italy and Spain which brought European political experience in the region. Besides UCR, founded in 1892, also Communists and Socialists were present: the Socialist party was founded in 1894 while the Communist Party was created in 1918. None of them have never obtained a significant electoral success and they have remained marginal in the Argentinean landscape. The failure of labour parties in terms of political representation therefore paved the way for UCR dominance. The Radicals represented the middle class, prosperous landowners and old aristocratic families which failed to enrich themselves thanks to the agro-export model. The middle class was thus included in Argentinean politics soon; labour representatives, on the contrary, did not manage to be elected as the majoritarian parties (Skidmore and Smith, 2005). The dominance of the UCR

was finally interrupted in 1946, when Juan Domingo Perón – the former Ministry of Labour in the authoritarian government (1943-1946) – won presidential elections.

The dualism continued in the following decades until it was broken by *Cambiemos*, a coalition which included PRO (*Propuesta Republicana*), UCR and Coalición Cívica ARI, headed by Mauricio Macri who became president at the end of 2015. The table below shows the alternation between the two parties from the last dictatorship. Although the government coalition included many parties, UCR and PJ always constituted the main political force.

Table 5.1 Presidents and winning parties in the post-dictatorship period

| **President** | **Legislature** | **Party** | **Government coalition** |
|---|---|---|---|
| Raúl Ricardo Alfonsín | 1983-1989 | UCR | UCR |
| Carlos Saúl Menem | 1989-1994 | PJ | *Frente Justicialista de Unidad Popular (FREJUPO)* [25] |
| Carlos Saúl Menem | 1994-1999 | PJ | *Frente Recuperacion Etica* [26] |
| Fernando de La Rúa | 1999-2001 | UCR | *Alianza* [27] |
| Adolfo Rodríguez Saá [28] | 2001 | PJ | - |
| Eduardo Duhalde | 2002-2003 | PJ | -[29] |
| Nestor Kirchner | 2003-2007 | PJ | *Frente para la Victoria (FPV)* [30] |
| Cristina Fernández de Kirchner I | 2007-2011 | PJ | *Frente para la Victoria (FPV)* |
| Cristina Fernández de Kirchner II | 2011-2015 | PJ | *Frente para la Victoria (FPV)* |
| Mauricio Macri | 2015- | PRO | *Cambiemos* |

Source: Author's elaboration.

The next paragragh is mostly focused on the Peronist party and it introduces the concept of Peronism, a key factor in Argentinean politics

[25] Composed by *Partido Justicialista, Partido Intransigente, Partido del Trabajo y del Pueblo (PTP) - Partido Comunista Revolucionario, Partido Demócrata Cristiano, Movimiento Patriótico de Liberación, Partido Socialista Auténtico* (PSA)

[26] Centre-right coalition composed by *Partido Justicialista, Unión del Centro Democrático, Partido Conservador Popular, Movimiento Línea Popular*

[27] UCR and FREPASO (Frente Pais Solidario)

[28] In December 2001, Argentina changed five presidents in eleven days: Rodríguez Saá was the only one that lasted for the necessary period to be officially appointed.

[29] Duhalde's "coalition" was an emergency government elected by the Chambers and supported by the vast majority of parties

[30] Centre-left coalitions composed by *Partido Justicialista, Frente Grande, Partido de la Victoria, Partido Comunista, Alianza Compromiso Federal, Movimiento Nacionalista Alfonsinista, Nuevo Encuentro, Kolina, Partido Solidario, Unidad Socialista para la Victoria, Partido de la Concertacion Forja*.

### 4.3. "Peronism": between labour inclusion and the search for a "third way"

With reference to the concept of cleavages – although, as aforementioned in chapter two, the concept is fluid due to the lack of long term democracy - PJ and UCR are the result of a deep division in the Argentinean society at the end of XIX century. Neither the cleavages identified by Rokkan (State-Church, centre-periphery, urban-rural) nor post-materialistic values *à la* Inglehart are responsible for the emergence and the transformation of the two main Argentinean parties. Scholars agree that the most relevant cleavage concerns distributional aspect, that is an economic and class conflict (Huber and Inglehart, 1995) based on state or market (Kitschelt et all, 2012) and owners versus workers (Mainwaring and Scully, 1995). Parties emerged on the Argentinean scene according to preferences concerning either state intervention and redistribution vs the prevalence for free market and a limited, or null, government action in the economy. The Peronists and the Radicals were the direct expression of this deep division in the social and the economic structure. The first attracted urban and rural workers, thus promoting state intervention, while the second represented middle and upper class, with preference for market regulation with few constraints, though also PJ preferred neoliberal policies in some moments of its history.

The concept of "Peronism" is crucial for political representation in Argentinea. The presidency of Perón indelibly changed Argentine politics and it signed a cutoff as far as trade unions and working class representation are concerned. First, he provided a solid and successful representation to workers and inaugurated a corporatist season in the relation with the working class. Second, he posed the basis for a third way between capitalism and socialism, despite the Peronist ideology includes many important incongruences. Third, it allowed another party to compete within the political arena, establishing a *de facto* two party-system, although PJ could not be defined as "party" when it was created in 1946. These three elements which characterize Peronism are analyzed in this paragraph.

PJ has never defined itself as the main representative of specific sectors of the society. Indeed, it was *de facto* able to attract both rural and urban working-class, from low to middle income. The relation between the working class and Perón is thus striking. While he was in power, the number of registered trade unions grew dramatically, union density peaked and salaries largely increased with respect to previous periods. Unions finally entered the political arena as

legitimate actors. As McGuire (1997: 75) notes, "Perón recognized the disparity between the strength of the labour movement and the relative backwardness of Argentina's social and labour laws. Aided by favorable economic conditions from 1944 to 1948, he attracted labour support by extending material benefits, supporting unionization, and deepening a sense of dignity among workers". If, on the one hand, the relationship with unions seemed to be idyllic, with the guarantee of many rights and benefits, on the other hand Perón used them to build a consensus system by submitting labour organizations to state control. A more complete explanation of the relationship between Perón and trade unions will be provided in the next paragraph.

For what concerns the second aspect, the Peronist ideology constituted an absolute innovation in Argentinean politics and marked a clear separation from the previous experiences, largely influenced by European political inheritance. Despite there are undisputable similarities with the Italian Fascism – and Peron himself did not hide his admiration for Mussolini – there are some differences which made Peronism a real novelty. The slogan "social justice, economic independence, and national sovereignty" clearly identified Peronism's roots. If social justice is strictly linked to a commitment to redistribution, thus to the enhancement of workers' condition, economic independence and national sovereignty define the economic strategy followed by the Argentinean government from 1946 to 1955. After the 1929 crisis, it was clear that the country was completely dependent on foreign economies and currencies, thus the agro-export model was dismantled in favor of industrialization. However, Peron never considered autarchy as an option, as a certain level of external trade was always maintained. Moreover, beside protectionists policies and massive renationalization of private firms (the railway system being the most symbolic case), his second economic five-year plan included mainly orthodox policies, with the aim of attracting foreign investment. Despite Peronism is said to display "aversion to free-market capitalism and commitment to organized labour and state-led development model" (Levitsky and Murillo, 2005: 28), Peronist government tried to make the two elements coexisted.

National sovereignty was not only pursued at economic level, trying to exclude – when possible – direct influxes of foreign capital – but also at the fiscal level, with the decision not to pay the debt Argentina had accumulated through decades. Notwithstanding the aim to find a third way alternative either to capitalism and socialism in economic terms, it is arguably questionable that Peronism managed to find its own clear political connotation. Liberal and conservative

instances mixed up, and under the umbrella of Peronism, both extreme left organizations (such as the *Montoneros*) and far-right para-military groups (like the *Triple A*) stood out (Levitsky and Murillo, 2005). Indeed, Peronist governments cannot be defined *a priori* on the left-right political dimension. During the decades, they have implemented traditionally leftist and traditionally rightist polices, sometimes even expressing contradictory positions within the same government.

The third point highlighted here is the break that the PJ represented in the party system despite its nature, which did not resemble the structure of a party in the periods when it was led by Peron. In common with most of Latin American party systems, also the Argentinean one showed some peculiar characteristics in terms of institutionalization and many authors have referred to the PJ as a party lacking of institutionalization (Mainwaring and Scully, 1995; McGuire, 1997; Levitsky, 2003; Levitsky and Murillo, 2005). Interestingly, the concept was applied to the party rather than to the party-system. Indeed, "Peronism is strong as a collective identity, but weakly institutionalized as a political party (…) The plebiscitarian leader and the trade unions, not party organization, have always been the core, indispensable embodiment of Perónism" (McGuire, 1997: 1). Instead of the party structure itself, Peronism seems to be mostly defined by other elements, such as strong and charismatic leader and the inclusion of trade unions also among its elite. Moreover, "PJ is mass-based (…) but weakly institutionalized (…). Its internal structure is fluid. Due in large part to its populist origins, the PJ lacks of a central bureaucracy, effective party organs, and routinized internal rules and procedures" (Levitsky, 2003: 3). Levitsky highlights how usually institutionalization coincides with rootedness in society, while the lack of institutionalization leads to flexibility in facing challenges: a trade-off is supposed to exist between these two aspects. However, mass-populist (labour-based) parties combine both aspects. PJ has extremely strong ties with society, even though it is informally organized and weakly routinized (Levitsky, 2003: 58) and as "informal, neighborhood-based networks (…) do not appear in party statute, are rarely registered with local party authorities, and maintain near-total autonomy from party bureaucracy" (Levitsky, 2003: 30).

The lack of institutionalization is interesting under two points of view. On the one hand, it favors informal relationships among political and social actors (with trade unions in particular), as formal rules are discredited by leaders. On the other hand, this fluid structure can be extremely useful in time of crisis, as flexibility allows for very quick adaptation to the new context and for agile responses to the emerging demands (because leadership can be easily

modified, elites have large room of *manoeuvre* and organization can be better shaped according to current needs) (Levitsky and Murillo, 2003).

***"Kirchnerism": a modern Peronism?***

After De la Rua and the 2001 political crisis, 2003 signed the definitive return of the resilient Peronism, with the figure of Nestor Kirchner (2003-2007), followed by Cristina Fernandez de Kirchner (2007-2011; 2011-2015). According to some of the literature, the Kirchners formed left governments (Castañeda, 2006 among the others), although placing the Peronist party along the left-right dimension is almost impossible (Zeichmeister, 2012) - as pragmatism and contingencies rather than ideology shape PJ leaders' choices.

Weyland, Madrid and Hunter (2010) define PJ as a mixed case between the moderate left and the contestatory one. The contestatory left aims at dismantling the free market system and fight against globalization and its forces, while political support is provided through mass mobilization and changes in the Constitution to concentrate the power in the president's hands. On the contrary, the moderate left accepts the free market structure, although it tries to compensate for its negative effects, acting under the umbrella of moderate pluralism. In the case of PJ, the contents of economic and social policies – although quite successful – can be associated to the contestatory model, while political administration resembles a moderate left. For what concerns the first aspect, some of the measures included protectionist macroeconomic policies but also expansionary monetary policies, although coupled with strict checks over deficit spending. When dealing with ordinary administration, Argentinean governments have proved to be stable and respectful of democratic institutions, despite some scandals also linked to the centralization of power in Kirchner's family. Notwithstanding the catcall attitude of the party was still in place, "top-down uncontested leadership of the PJ machine provided a predictable base for governing and electoral support, while the construction of linkages with social actors – including social movements and traditional labour unions – underpinned Kirchner's left wing policies" (Etchemendy and Garay, 2011, 286).

Levistky and Roberts (2011) define PJ as a "populist machine". Indeed, the party under the Kirchners inherited some of its historical features. Charismatic leaders and a fluid ideology – with the promotion of pro-labour reforms – characterized both Peron and the Kirchners. They managed to mobilize the major labour organizations to create consensus and to channel the opposition against economic establishment. Although movements and trade unions did play a relevant role during the Peronists' and Kirchnerist's governments, the political power has

always been strictly concentrated in the hands of the state (Natalucci, 2016). In addition, Kirchner's references are "middle class and workers, piqueteros organizations and other grassroots groups, human rights' organizations, progressive intellectuals, young people, non-bureaucratized trade unionism, leftist and progressive political organizations" (Mocca, 2009). Kirchnerism therefore embodied not only the traditional working class (constituted by formal workers), but it enlarged the concept of *pueblo* (people) introduced by Peronism to include also large sectors of the population besides formal workers in the private sectors. Although Kirchnerism later found a strong ally in CGT, it promoted a large arrays of interests to reduce poverty among the neediest part of the population.

## 5. Trade unions: a long tradition

The history of Argentinean trade unions is extremely complex and it began already in the XIX century. The first labour organizations resulted from Europeans migration (mainly Italian and Spanish) and they had recognizable ideologies such as Anarchism and Socialism (Montes Catò, 2010). The most relevant trade union, the CGT - *Confederacion General del Trabajo* (General Confederation of Work) was born in 1930. However, it was only with the advent of president Peron in the 1940s that CGT overwhelmingly broke into the Argentinean political arena. Notwithstanding the political inclusion of organized labour, trade unions were also "used" to channel consensus by Perón. After the coup d'etat in 1955, the experience of Peronism was concluded. CGT tried to renovate itself especially by looking for more autonomy with respect to the state and the Peronist party.

A huge challenge that unions have to face was the advent of the dictatorship (1976-1982): organized labour was soon outlawed, with the exception of the wings who decided to stay closed to the regime. A second element that contributed to weak them was neoliberalism, implemented by president Saul Menem (1989-1999): labour organizations' membership was erosed because of adverse labour market conditions also caused by the introduction of important mechanisms to make work more flexible and less protected. CGT, which never achieved full unity throughout its history, underwent an important split. Part of the union created a new labour organization, CTA – *Central de Trabajadores de la Argentina* (Organization of Argentinean Workers), in contrast to the neoliberal policies implemented by the government and to the excessive support of CGT to it. After the 2001 crisis, Kirchner brought the unions

back to their political role, recalling the Peronist age, and allowing a recovery of both political strength and membership expansion. This paragraph is thus devoted to describe Argentinean labour market history, beginning with the birth of the main labour organization in Argentina, the CGT.

### 5.1. Trade unionism and the myth of Perón

At the end of the 1920s, in correspondence of the Great Depression, Argentina decided to leave the agro-export model to focus on internal industrialization. This shift in the productive model gave impulse to organized labour: CGT was born in 1930. It soon became the most important confederation of the country and it ended up including all the already existent labour organizations. Notwithstanding its relevance, it never managed to achieve unity throughout its history. In 1943, it was divided in CGT n° 1, controlled by Unionists and Socialists and distrusting alliances with parties, and CGT n°2, mainly composed by another Socialist wing and Communists.

In the same year, a military government was in place, whose vice-president, Ministry of War and Ministry of Labour was coronel Juan Domingo Perón. Once democracy was restored in 1946, he was elected president. He devoted its first mandate to improve workers' conditions while establishing state-driven industrialization. For the first time, workers' rights were included in the Constitution. Collective bargaining was enlarged to various categories of workers, trade unions' – and unionists' - rights were strengthened and CGT structure was centralized to avoid fragmentation. Having a formal job gave direct access to health insurance, while education was made free of charge, also pushing the working class to further improve their conditions through future generations. The attention of Perón – and of his wife Evita, who rapidly became an icon for the charities and other activities that she managed - to the working class introduced corporatism within Argentinean society. Indeed, "using both carrots and sticks, Perón courted the support of industrial workers…he made urban workers its most important political ally, flanked by industrialism and the armed forces" (Skidmore and Smith, 2005: 85-86). And again "the interests of workers as producers and consumers, and of union leaders as an elite, became increasingly tied up with government policy as Perón expanded the state's role as an employer, as a manipulator of economic variables, as an arbiter of industrial relations, and as an overseer of union finances and elections" (McGuire, 1997: 57). Peron could count on the support of unions, employers and army, with the state mediating among their

different interests. Therefore, the corporatist approach also served to build consensus around the president and to keep balance among actors' claims. With the aim of subduing labour organizations under state control, and with the Italian Fascist model in mind, in 1945 Perón limited the right of strike. Moreover, he adopted the *Ley de las Asociaciones Profesionales* (Law of Professional Associations) which recognized only one union per sector. Perón took advantage of the law to organize labour: he soon substituted unions that sympathized for him in exchange of labour organizations which rebelled to his policies through their claims. Officially, the chosen union was the "most representative", defined as "the one that better contribute to the defence of occupational job", a rule established without specifying clear criteria. Government than cultivated a strong relationship with such organization, while excluding the others (McGuire, 1997). Under the leadership of the coronel, unions became politicized and they were forced to have strong tights with the government. Thus, the corporatist model developed under Perón helped to reinforce workers' right but also to build the necessary consensus, through control and lack of independence for the trade unions, a tendency that continued throughout history. Indeed, "Eva and Juan Perón turned the CGT into an instrument of government policy" (McGuire, 1996: 66); on the contrary, labour organizations had little influence on the government as far as their leader was still alive.

### 5.2. Unions after Perón: CGT fragmentation and new trade unionism

In 1955 a reactionary *coup d'etat* deposed Peron. CGT's activities were constrained, as its leaders were banned and collective bargaining was limited. Short after, with Arturo Frondizi (1958-1962) as new elected president in a democratic government, the relationship with CGT was normalized. Its new leader, Augusto Vandor, elaborated a strategy based on "the predominance of direct action, general strike, the "appropriation" of firms, but at the same time, a permanent attitude of negotiation with the State" (Catò, 2010 49). Vandor aimed to create a *Peronismo sin Peron* (Peronism without Peron) which adopted a strategy of mobilization in opposition to government (and firms) with the final purpose to make its voice heard by the state. *Golpear para negociar* (Hit to negotiate) represented an innovation within CGT, which was completely assertive during the era of Peron. However, not all its wings agree on such strategy and the labour organization split in four wings according to the distance their leaders wanted to keep from government.

CGT followed its trajectory of divisions and merging also during the presidency of Arturo Umberto Ilia (1963-1966) and its Ministry of Economy Vasena, who started the implementation of the first liberal plans. CGT opposed them, but its unification failed: it was divided between CGT *de los Argentinos*, prone to reach compromises but also to struggle on some issues, and CGT *de Azopardo* - largely majoritarian in terms of membership and political power - which completely support Ilia.

The unions were strongly repressed also under the authoritarian government of Juan Carlos Ongania (1966-1970), with the infamous "*Cordobazo*", an extremely hard repression in the city of Cordoba. Despite the government's violent prosecutions, trade unions – more specifically, CGT *de los Argentinos* - were able to inaugurate a new period, known as the "new trade unionism". Indeed, organized labour was shaped by a massive participation of social movements and by the fight against dictatorship. Peronism was partially rejected because it was perceived as too distant from masses and creating an excessive dependency from the state. In addition, Peron itself was allied with the military, who constantly repressed trade unions. This new syndicalism aimed at bringing democratic practices both at political and unions level, through direct and strong confrontations, in opposition to the populist unionism headed by Peron and subjugated to his authority during the 1940s and 1950s (Dawyd, 2013).

The experience of renewed syndicalism was exhausted soon. The majoritarian CGT strongly supported and conducted the last Perón's government in 1973 and the following term headed by his wife: in fact, the closest consultant of Isabel Peron was Josè Lopez Rega, a CGT leader representing the far-right Peronism, and propelling the *Triple A* military movement based on the fascist *squadristi*. Isabel outlawed Revolutionary Left and People Revolutionary Army (ERP). Following the anti-Socialism and anti-Communism wave, the terror strategy rose. In this period, the first political opponents and unions militants began to disappear and their fate was rarely revealed. Most of them were killed. As the inflation was skyrocketing - it peaked in 1976 reaching 335% - violence from both left and right encouraged for another military intervention, as well as for on another plan dictated by the IMF (Skidmore and Smith, 2005).

### 5.3. Trade unions during the dictatorship: repression and resistance

Trade unions were strongly repressed during the dictatorship period that lasted from 1976 to 1982, also known as "dirty war" because of kidnappings and murders of political activists and union members. It has been estimated that among those who disappeared under the

dictatorship, 50% were workers affiliated to trade unions (Catò, 2002). PJ was outlawed. CGT wings were either banned or put under government's control, and their survival was challenged; strikes were outlawed and unions' activities were suspended.

CGT was divided. While some part of its wings refused Videla's authoritarian government, other supported it. The main contraposition within the union was the one between Saúl Ubaldini and Jorge Triaca. Ubaldini adopted an extremely combative profile and he organized many strikes, which were hardly repressed. Triaca created a new wing which was very close to the military government. While Ubaldini operated in *calle Brasil* and therefore formed the CGT *Brasil*, Triaca obtained the permission by the military to create its own CGT, the CGT located in the historical settings of the confederation in *calle Azopardo* (McGuire, 1997).

The dictatorship fell right after that the war against UK for the control of the *Islas Malvinas* (Falklands islands) was lost. Inflation, which had reached about 200% in 1982 – marking a failure of the IMF plan – did not help the military either. Union pressure, despite deep divisions, contributed to weaken the dictatorship, which never managed to keep organized labour silent. Trade unions showed resilience throughout the period of the civic-military *junta*, and they also played a relevant role in the transition to democracy.

However, once again, divisions prevailed over unity. Some leaders of the CGT *Azopardo*, in particular Lorenzo Miguel, set up a pact with militaries. In exchange of their support for PJ – whose candidate for the presidency was Italo Luder, controlled by Miguel himself - the new justicialist president would refuse to convict the *junta* for the dirty war they conducted during the previous years. Although both parts denied the existence of such agreement, the close cooperation of CGT *Azopardo* was out in the open. In contrast, the other wing, called CGT *Brazil,* fought to restore democracy. It called two important general strikes in 1978 and in 1981 to show its opposition to the military and ask for the re-establishment of democracy. Strikers – which involved also rural workers besides industrial leaders - also protested against the finance-oriented policies of the *junta* and claimed the respect of human rights. As a response, the army declared its availability to discuss future political scenarios with part of the civil society and political parties, including the Peronists (Montes Catò, 2010; Senen - González and Bosoer, 2012). Five parties were then given the permission to build the *Multipartidaria*, a coalition which aimed to reverse governments' economic policies. Since PJ participated to such coalition, part of the CGT support it (Senen - González and Bosoer, 2012).

Trade unions thus contributed to the regime fall: during the military government and after the failed Falkland war, mobilization *de facto* occurred and helped the destabilization of the *junta*. No formal pacts were signed between military and civilians, although there were informal arrangements between the parts (Karl, 1990). Labour played a huge role in destabilizing the regime through strikes and protests, and elites were not able to contrast such strong mobilization (Collier and Mahoney, 1995).

### 5.4. Trade unions facing neoliberalism: the emergence of CTA and CGT's divisions

Throughout its history, CGT divided and re-unified itself multiple times. In this sense, the most striking challenge that CGT faced in democratic times were the governments by Carlos Menem. Despite being Peronist, Menem rejected a protectionist economic approach and embraced the precepts of the Washington Consensus. The choice to support – more or less actively – or to oppose to inclusive measures in the 2000s has been strongly conditioned by the attitude toward neoliberal governments in the 1990s.

The government implemented the austerity line proposed by the IMF and it pursued the rationalization of public spending, welfare retrenchment and privatization of many national firms. Against this backdrop, CGT was therefore divided between the loyalty toward workers, which constituted their membership and they were deeply touched by these measures, and the loyalty toward the party, as Menem personified the Peronist leader, supposedly the highest working class representative. The organization fully adopted a *modelo sindical empresarial*, promoting pro-market (and often anti-labour) choices rather than assuming a combative behaviour in defence of workers' rights.

The government co-optated with CGT (Catò, 2010). While some of CGT's wings – which will be described below - were chosen as the main interlocutor, the other labour organizations could be neutralized, once that the entire movement would have been divided. Thus, the government clearly adopted a *divide et impera* strategy with the purpose to forge an alliance with some trade unions and while excluding the others, such that workers could not oppose too much to its directives (Del Frade, 2011).

CGT, in fact, underwent relevant splits in the 1990s. Some of the most powerful unions built the CGT *oficialista*, which was also divided within the menemists and the *gordos*. While the former fully supported the government and its pro-market policies, the latter preferred to be more

autonomous and and they rather focused on collective bargaining with big firms without looking for any clash with Menem. A second faction - contraposed to the *oficialista* - which also continued to act within CGT though it created a new separate branch, contrasted neoliberal policies. It called themselves CGT *disidente*, and it constituted a new wing, the MTA. Finally, a third group of unions, mainly belonging to the public sector (in particular, ATE and CTERA, associations of civil servants and teachers, respectively), formed another labour organization, autonomous from any party and separated from CGT, the CTA (Senen Gonzalez et. all, 2012; Payo Esper, 2014; Natalucci and Morris, 2015).

Among the splits that CGT underwent, MTA and CTA deserve more attention than the others because they were among the fiercest social actors that opposed to Menem and they also supported disadvantaged workers – or at least they made porposals in that direction - such as informal and unemployed.

MTA was funded in 1994 to contrast Menem's neoliberal policies, although they never split from the CGT. This internal wing supported the idea that market should be regulated rather than completely free, and the government should play a substantial role on it. MTA is therefore in contrast with the so-called *sindicalismo empresarial* embodied by CGT (Armelino, 2004). This continuous fights with the government provided them legitimacy in the following decade, when the neoliberal doctrine was exhausted and the battle for workers' rights was revived.

MTA was initially composed of very small trade unions, but it ended up including among the most powerful workers' associations. Besides *Cerveceros* (beer unions') and workers of the judicial sector, Hugo Moyano of *Camioneros*, *Sindicato de Peones the Taxi* (SPT) and *Union Tranviaros Automotores* (UTA) – basically clustering all most of transport sector - constituted the heart of MTA. Indeed, unions linked to transportation and mobility had a really strong bargaining power, as they occupied a very strategic economic position (Svampa, 2007).

Although MTA exhibited important resources because of the ability to mobilize its membership (belonging to the core sectors of the economy) [31], it also kept its corporatist ties with government, acting opportunistically according to the moment and the political issue. For this reason, it can be considered ambiguous and the heir of the Vandorist tradition of Argentinean

[31] The declaration of a unionist close to Moyano is emblematic: "In Argentina, it is not possible to talk about a strike without Moyano. And even if he alone calls for a strike that only involves his members, it has very strong effects because he blocks transports". See ""Moyano le hace su primer paro a Duhalde pero habrá transporte", Pagina 12, 22.05-2002 at https://www.pagina12.com.ar/diario/elpais/1-5419-2002-05-22.html.

trade unionism, which adopted the *golpear para negociar* strategy, that is keeping the door open to institutional dialogue while not explicitly supporting governments (Armelino, 2004; Merino, 2012). Despite he closeness to CTA in terms of ideological battle against neoliberalism – which lead the two labour organizations to promote and participate to many events jointly (Armelino, 2004) – MTA could "play" with government, thus with institutional resources, while CTA has always claimed to be completely autonomous and independent from any governments.

CTA was born with "*el grito de Burzaco*" (Burzaco's scream) at the Congress of Argentine Workers on December, 17th 1991. Only in 1996, the Congress became a "*central*", that is a proper labour organization. Burzaco was the designed place where some dissident trade unions – which did not agree with CGT's strategies in dealing with Menem's government – decided to assembly (Del Frade, 2011). Among their affiliates, it was possible to find either public workers such as civil servants and teachers, but also few important representatives of core economic sectors.

In Burzaco, the newborn CTA claimed to be "in favour of union autonomy with respect to governments, entrepreneurs, and – more important and distinctive sign – autonomy with respect of all political parties" (*Ibidem*, 34). In the first document released by the assembly, statements were written against "a model which prioritizes the payment of the external debt, while allowing unemployment and marginality, postponing pensions, disintegration of national space, deterioration of public health, an exclusive education model, and subordination to North America". The points resulting from the first declaration in December 1991 were [32]:

1. Trade union autonomy with respect to the State, the entrepreneurs, and political parties.
2. Union (internal) democracy, avoiding divisions and sectarianism.
3. Openness to other social organizations channelling the multiple demands of popular sectors and reflecting the reality of five million of Argentine with employment problems.
4. Highlighting trade union ethic of fighting against corruption.

Autonomy and social justice were the principles that inspired the first declaration. In line with this decision, they strongly opposed pension privatization and they organized federal marches.

[32] From "Por un nuevo modelo sindical". First declaration from "El grito de Burzaco".

MTA and CTA fought together against the neoliberal government and its policies. In July and August 1994 they organized a *Marcha Federal* (Federal March), starting from different parts of the country and then converging in Buenos Aires. They also conducted a general strike. The march was hold to reject Menem and to ask for a change of the economic model; it could count on a large participation including civil servants and teachers (belonging to the largest CTA's trade unions), students, owners of small firms, indigenous groups and pensioners. In addition, they also organized strikes and mobilizations with CGT in September 1995 and, again, in August and September 1996, with the purpose to steer government's action on the issue of unemployment. However, while CTA and MTA insisted on the need to drastically modify the economic model, CGT only asked the government to consult with labour organizations while taking decisions concerning labour market reforms. CGT therefore did not adhere to CTA's and MTA's struggle againist the neoliberal policies implemented by Menem (Armelino, 2004). From 1997, unemployed movements, named *Piqueteros* because of their choice to protest through blocking streets, became relevant on the political scene. They were also among the main players in the strike that both CTA and MTA called in 1997, besides stiring up streets' unrests.

Although throughout its history CGT underwent an endless number of splits and divisions, the facts of the 1990s facts are extremely relevant. First, CTA represents a large break that includes a complete separation and opposition from CGT, highlighted also by a change in the name. Second, both MTA and CTA assumed some legitimacy with respect to both workers and non-neoliberal governments: the battles that both factions conducted in the 1990s contributed to rise their credibility in comparison to the rest of CGT. The latter, in fact, by showing its almost full support to welfare state retrenchment and the dramatic reduction of labour protection, was not credible. On the contrary, CTA demonstrated not to collude with Menem and to be against neoliberalist measures. It adopted a conflictived strategy, also asking for social programs which included outsiders – mainly unemployed – creating linkages with social movements and sometimes even incorporating them. MTA shared with CTA an ideological affinity and the need to include those that neoliberalism had left behind, but it decided to act either through mobilization (coupled with CTA) and in a more confrontational way according to the discussed issue and the political-economic convenience, without breaking the corporatist arrangement with PJ (Murillo, 2001; Cook, 2007 among the other).

Organized labour protests were concentrated in the fields of employment policies and pensions – with partial success – while they did little resistance to privatization of public firms, financial liberalization and tax policies (Madrid, 2003). Beyond divisions, the literature shows that CGT - which had developed since the advent of Peron a corporatist type of relationship with government - did not manage to effectively represent the interest of labour, preferring to support the Peronist party instead of defending workers' rights (Bensusan, 2000). Indeed, "CGT managed to at least partially block reforms which directly affected them (such as the *Ley de Asociaciones Sindicales*, the *Ley de Negociaciones Colectivas* and the limitations concerning the *Ley de Empleo*) and to post-pone the measures that affected their financial resources (such as the *Ley de Obras Sociales*)" (Murillo, 1997: 428). In addition, it also obtained financial resources, for example through the management of the pension system (for what concerned its private part). Also Cook (2007) notes that in Argentina "labour was (…) most likely to defend those provisions (*with reference to corporatist provisions)* that granted collective rights and power (including those that ensured predominance of some groups over others), and those that provided financial resources to organizations and their leaders (Cook, 2007: 18). The corporatist model and the strict relation with government hindered the ability (and the will) of Argentinean unions to strongly fight against neoliberalism.

### 5.5. The revitalization of the 2000s: mergers and further divisions

When it comes to Kirchners' governments, many scholars introduce the concept of unions revitalization (Atzeni and Ghirigliani, 2007 and 2008; Gonzalez and Medwid, 2009; Senen Gonzalez and Haidar, 2009 and 2014; Serdar, 2011; Barattini, 2012; Senen Gonzalez and Del Bono, 2013; Natalucci, 2014, among the others). The concept of revitalization is multifaceted, but for the purpose of this work it can be summarized as the relevance of labour organizations in the political arena and in the system of industrial relations. It is usually measured through indicators such as union density, and signed collective bargaining. Such indicators, undoubtedly, increased in the 2000s. However, the aforementioned scholars agree that such changes seem to be the results of improved economic conditions that affected labour market structure (more formal workers and less unemployed is directly translated on a larger potential membership) rather depending on new practices of recruitments, the switch toward different modes of actions (for example, sit-ins rather than strikes), or other the expansion of

representation to other groups. Trade unions, CGT in particular, seem to use "old practices", for example by continuing the Peronist tradition of looking for a dialogue with governments.
Paradoxically some labour organizations had more economic power during the neoliberal period than in the 2000s – as they could participate the AFJIP management (the private pension system), they could be part of public enterprises through the possession of financial shares or even in their management, etc. – although their political power, intended as their ability to affect to the decision making process in the political arena, was marginal (Senen-Gonzalez y Bosoer, 2012: 375-376).

In the early 2000s, before Nestor Kirchner's election, trade unions were still weak after more than a decade of neoliberalism and the subsequent 2001 crisis. CGT was not united in supporting Kirchner, as its factions (but also leaders within the same faction) preferred other candidates among the six potential future presidents. However, after the 2003 election, Nestor and the CGT stood side by side. By the early 2000s, CGT was composed by *los gordos* (literally "the fat" because of the amount of affiliates they gathered), *los independientes* (because of their ability to negotiate with all the other factions) and MTA. CGT unified in 2004: *los gordos*, *los indipendientes* and MTA decided to build a *triumvirate* composed by Hugo Moyano (*Camioneros*, representing MTA), Susana Rueda (*Sanidad*, part of *los gordos*) and Jose Luis Lingeri (*Obras Sanidaria,* belonging to the faction of *los indipendientes*). The triumvirate lasted for only one year, then *los gordos* separated from the rest. The new CGT, composed by MTA and by the *indipendientes*, re-denominate itself as CGT *Azopardo*, and it could count on the leadership of Moyano and of another leader, Antonio Calò. The other faction, left without any important office, became marginal but it did not set apart from the "main" CGT.
In 2008, another fracture occurred: Luis Barrionuevo separated from CGT *Azopardo*, and funded the CGT *Azul y Blanca*, contrasting with some decisions taken by Cristina Kirchner concerning the agricultural sector. The preponderance of MTA within the CGT lasted until 2012, when CGT split again in two parts, one being the CGT *Alsina* – composed by marginal union of the old MTA (which formed the "nucleus" MTA and the MASA), *los gordos* and *los independientes* – and the other being the CGT led by Moyano, also called CGT *Azopardo*, which included the most powerful unions of the MTA. The split was due to the critiques of other leaders to Moyano, accused to be extremely close to the government and more interested in reinforcing CGT as a political actor rather than takin care of its membership. CGT *Alsina* had the purpose – especially

thorugh the unions once belonging to MTA – to bring back the fight against neoliberalism and to promote a detachment of CGT from PJ (Natalucci, 2016).

Meanwhile, in 2009 also the CTA split. The reason of this rupture was linked to the resolution 125/2008.83, also known as *Ley del Campo* which established a new system of mobile export retentions for wheat, corn, soy and sunflowers, subjecting its production to increase or decrease of international prices. Some CTA leaders opposed this plan, accusing the government of favoring big corporations. CTA thus divided into CTA *de los Trabajadores*, led by the historical leader Hugo Yasky and supporting Kirchner, and CTA *Autonoma*, who voted for its new secretary in 2010, Pablo Micheli, more critical of government's choice (Morris, 2014; Retamozo and Morris, 2015).

The next paragraph is devoted to the description of the Argentinean trade union model and to an in-depth description of CGT and CTA.

## 6. The two main labour organizations: CGT and CTA

This paragraph has the purpose to analyse the two main labour organizations, CGT and CTA. The first section investigates Argentinean model of trade unionism, which represents a peculiarity in the region as it is based on the principle of unicity, and it should therefore hinder the existence of multiple unions per sector. Then, the main features of CGT and CTA are highlighted.

### 6.1. Argentinean syndicalism

The debate on Argentinean syndicalism concerning the principle of "one union per sector" – known as "unicity rule" – is still widely open. The rule was originally introduced by Peron with the purpose to put unions under government's control. It was eliminated during the dictatorship period when labour organizations were outlawed. President Alfonsin, the first democratically elected president after the *Junta*, re-established the concept of unicity, but this time under democratic rules. Law Nº 23.551, adopted in 1988, indeed regulates trade unions' freedom of association incorporating the ILO convention n° 87 – "Freedom of Association and

Protection of the Right to Organise Convention". However, the model still includes some elements which may be considerated as an obstacle for full and free unions' activities and representation. The law guarantees freedom of association, freedom to constitute new trade unions, the right not to be prosecuted for unionism. Moreover, it establishes that each organization cannot be controlled by government nor by employers. Despite safeguarding important worker rights, article 28 introduces a disproportionate privilege for some labour organizations, which encouraged also ILO to ask its elimination (Calcagno and Gontero, 2001). It is stated that more than one union per sector can coexist, but just one of them will be officially recognized, that is, just one will have the *personeria gremial* (Radiciotti, 2012) [33].

Therefore, the Argentinean model is based on the uniqueness principle instead of the plurality one (Tomada, 2001). The union awarded of the *personeria gremial* is chosen according to the *mayor representatividad* (highest representativeness), which means that whatever organization has the highest numbers of affiliated for the sector it intends to represent, it has an official recognition and its name is written in the register of the Employment Minister. The highest representativeness is calculated through the number of affiliates; this indicator may be complemented by other criteria, such as the number of signed collective bargaining or the number of firms in which the union is present[34]. In Argentina, only one of the two main labour organizations, the *Confederación General de los Trabajadores* (CGT) has the *personeria gremial*, while the *Confederación de los Trabajadores Argentinos* (CTA) does not have it, despite it obtained the *personeria juridical* under Kirchner's government, which is the recognition as an association, but not as a trade union.

The main difference of a labour organization with *personeria gremial* - also called *Asociacion Sindical con Personeria Gremial* (ASCPG), contraposed to the *Asociacion Sindical Simplemente Inscripta* (ASSI) – compared to another organization which only have the *personeria juridica* is the official recognition as a trade union, i.e. workers' representative, rather than as a general organization. The *personeria gremial* provides to the union the right to represent individual and collective labour rights *vis à vis* both the state and employers; to participate in the institutions of planning and control; to intervene in collective bargaining and check the application of labour and social security rules; to collaborate with the state to find solution to workers' problem; to

[33] This is true for the private sector. For the public sector, more than one union can have the *personeria gremial*, the most striking example is given by the non-military civil servants represented by the U.P.C.N. for the CGT and by A.T.E. for the CTA.

[34] Clear principles in the definition of the trade union who can acquire the *personeria gremial* has been adopted by Alfonsin. During the era of Peron the criteria of choice were far less transparent, thus allowing the leader the us the law to replace them according to his own willingness (Battistini, 2010).

establish patrimonies with the same rights attributed to cooperatives; to administrate their own *obras sociales* (that is a set of activities linked to the promotion of human being's welfare, mainly related to health care) and, in some cases, to participate at the administration of the ones creating by law or by collective agreements (art. 31 law 23.551). In addition, representatives of unions without *personeria gremial* can be dismissed (CTA, 2003 as quoted in Serdar, 2011).

According to CGT, the law wants to prevent "the atomization of representation, the fragmentation of collective agreements and disarticulation of solidarity" (Tomada, 2001)[35]. The adoption of such model should therefore avoid fragmentation among unionism in Argentina – by impeding the creation of new trade unions which are also officially recognized - although it does so through the exclusion of some labour organizations.

Some critiques have been moved toward the model, and especially concerning its effect on the definition on the types of affiliates. The mechanism of *personeria gremial* promotes a membership based on formal workers because this would be the only category represented in the private sector. Other groups of workers, such as informal workers, unemployed and self-employed would be discriminated as they are outside the legal framework that the existence of personeria gremial defines (Alfie, 2010).

Recently, the Argentinean Supreme Court of Justice has argued against the mechanism of unicity. Its sentences do not directly modify the Argentinean model and let the *personeria gremial* in place. Indeed, they mostly dealt with the representation in the working place and on the protection of delegates which belong to unions without *personeria* rather than arguining over *personeria* at confederation level. Still, the Supreme Court has recognized further rights also to unions without personeria gremial, thus reducing the gap with fully recognized unions (Natalucci, 2016).

### 6.1. CGT and CTA: main features and configuration

Even in the 2000s, CGT and CTA differed for many important aspects, among which structure, membership, ideology and identity, as well as ties with parties. In the following section, the two cases are illustrated in details.

***CGT: a Peronist confederation***

[35] See also Barbeito, 2011 (UOM pamphlet, "El modelo sindical argentine" downloadable at https://www.uomaempleadores.org.ar/static/modeloSindical/ElModeloSi)

CGT has the typical structure of a confederation. There are three levels: the first is constituted by single trade unions, the second clusters sector organizations – thus representing all trade unions of a specific sector - while the third is the general confederation, the CGT itself, which includes all sector organizations. In practical terms, a trade union gets affiliated to its sectorial organization, which in turn is represented within the confederation, the CGT.

While CGT has a mere political role, collective bargaining is left to the decision of single trade unions and federations. This is translated into a bottom-up structure, where the lower levels are autonomous in their choices – especially in the definition of strategies concerning salaries struggles - while CGT intervenes on more general issue[36].

CGT is the majoritarian trade union organization in Argentina. There are essentially two reasons to justify this predominance: its relevance throughout history – as it has been the only worker representative until the 1990s – and the inclusion of core economic sectors. While the first is a source of prestige, the second provides CGT a huge power in term of mobilization. The most important federations included in the CGT belong to industrial sectors; among them, UOCRA (construction), UOM (metallurgic) and SMATA (mechanic). CGT also includes large part of the transport, with the *camioneros* and other public transport organizations, and some services, such as *gastronomicos*, *sanidad* and *bancarios*. UPCN (civil servants) are also important members representing public sector. Most of trade union federations operating in the private sector have *personeria gremial*; moreover, CGT has *personeria gremial* also at confederation level.

Its rank-and-file is quite large although it is not possible to define exactly how many workers are affiliated to CGT. Usually, the book by Senen Gonzalez y Bosoer (2011) is taken into account as a reliable source. In 2010, CGT-Calò (which is the *oficial* strand) had 1.700.000 members, CGT *disidente* headed by Moyano had less than 800.000 affiliates while apparently CGT *Azul y Blanca* founded by Barrionuevo had only 162.000 workers [37] in 2008.

In terms of affiliations, workers are part of first level unions, and they are automatically included into the second and then into the third level. Workers' direct affiliation is not allowed and only registered formal employees are part of CGT. Unemployed workers loose the right to be represented after six months they do not have a job, while it is virtually impossible for the self-employed to claim representation as only little organizations exist. Informal workers are excluded a priori (Alfie, 2011). Even MTA, its most radical strand, never included informal workers and unemployed, although it supported these workers during the 1990s. As Retamozo

[36] Interview with CGT1.

[37] See also "Tres CGT y dos CTA, el sindicalismo partido en cinco", La Voz, 15-07-2012 at http://www.lavoz.com.ar/noticias/politica/tres-cgt-dos-cta-sindicalismo-partido-cinco.

(2011) notes "MTA supported some claims carried on by unemployed, but it did not consider them as part of organized labour movement". Moreover, MTA never separated from CGT, thus it cannot include other than registered salaried employed among its membership as, according to the rules, unemployed lose the right to be represented after six months and informal workers cannot access first level unions (Abal Medina, 2015). It can thus be defined as a "typical trade union which defends specific sectors and the way to achieve this goal is to put pressure on the state, in particular on the government" (Armelino, 2004). Only in 2013, CGT made some effort in this sense with the alliance with the CTEP (*Confederaciones de los Trabajadores de la Economic Popular*) which includes *cartoneros* and other groups which are mostly informal.

Since its foundation, CGT has always had a strong relationship with Peronist parties. Etchemendy (2014) compared this alliance to the relationship between social-democratic parties and labour organizations common in Europe. In the work co-authored with Collier (2007), he coined the word "segmented neocorporatism" to indicate the revitalization process that the organization underwent in post-convertibility period (that is, after 2001), a new type of relationship with government while claiming a certain autonomy from Peronist party. With the term "segmented neocorporatist" the authors mean negotiations between monopolistic unions, business associations and the government which produced relevant salary growth while not overcoming government's goals in terms of inflation. However, benefits that the union was able to obtain in terms of wages covered only a minority of workers. In particular, CGT was able to secure large salary increases for registered private workers, the sector where Peronist unions were stronger (while CTA prevailed in the public sector). The attention for collective bargaining was at the expense of "more general social welfare programs that cover the employed workforce", that is, benefits were limited to a small part of the (formal) working class while excluding some of the poorest and needest groups such as unemployed and informal workers. Senen-Gonzalez and Haidar (2009) contest to Etchemendy and Collier (2007) the presumed independence of CGT from state, claiming that when a Peronist party stands in government the relationship assumes very tight linkages. For this reason, some authors (Barattini, 2012; Natalucci, 2014) did not share Etchemendy's optimism when dealing with trade unions "revitalization" strategies.

CGT is a Peronist organization and it has always been the favorite counterpart of Peronist governments. The development of its various wings – intended as internal divisions and merging - has been shaped by the magnitude of the support provided by the union to the party

(Senen Gonzalez y Bosoer, 2011). Peronism can thus be assimilated to corporatism: such ideology can be identified with a tendency toward compromises to mediate conflicts between classes. More specifically, Zorzoli (2017) has identified the domination of the state and firms over workers' organization as the main aspect of the Argentinean model (with particular reference to CGT) because state action defines exclusive rights – through the *personeria gremial* - and allows only some organizations to enjoy them. Zorzoli recalls Hyman (2001) identifying CGT with the integrative unions. Peronism, in this piece of work, is thus to be intended as moderate ideology, without the presence of any extremist wing, claiming rights for the "working class" (which lack of a specific definition). Highlighting the need to keep social peace, CGT can be easily placed at the right of CTA, which expresses a clear position against neoliberalism and it claims a rearrangement of the economic model in distributive terms rather than limiting their action to collective bargaining.

To recap, CGT membership is exclusively composed by insiders (formal workers employed in core economic sectors) while outsiders are completely excluded from it, it has institutional resources thanks to the *personeria gremial* and the strong relationship with the government, and its leaders and members do not share any left ideology. Recalling the framework highlighted in chapter four, it is therefore challenging to analyse how CGT solves its dilemmas concerning representation by taking into account all the resources at its disposal.

***CTA: a synthesis of unions and social movements***

CTA has been characterized by a strong combative attitude since its foundation, and it is a very particular organization. Its majoritarian trade unions belong to public sectors (ATE for teachers and CTERA for civil servants). As the Argentinean industrial sector is monopolized by CGT, with the principle of unicity CTA does not represent core private sectors. According to Serdar (2011), in 2007 CTA had one million affiliates. 51% was composed by trade unions in the public sector while the private sector constituted only 7%. Community-base organizations accounted for 15% of the total membership, while individually affiliated members were 23%. The rest included retiree organization members and worker-run cooperatives. It thus shows a mixed nature, incorporating both trade unions and social movements and allowing affiliations of single workers (Radiciotti, 2012). Some social movements are directly affiliated to the CTA, such as the *Federacion de Tierra y Vivienda* (FTV), the *Movimientos Barrios de Pie* and the *Movimiento*

*Ocupantes y Inquilinos* (MOI). The *Corriente Clasista y Combativa* (CCC), the *Movimiento Territorial de Liberacion* (MTL), the *Frente Unico de Trabajadores Desocupados* (FUTD) and the *Organización Barriales Tupac Amaro* [38] often cooperated with CTA. Moreover, it also has an important component in terms of pensioners, whose association is included in the CTA as well [39]. All these organizations fight for the inclusion of more disadvantaged groups, mainly unemployed, informal workers and outsourced workers. This composition has historically facilitating its mobilization (Armelino, 2004; Serdar, 2011 among the others).

Retamozo (2011) proposes a brilliant definition of CTA's contribution to Argentinean trade unionism and the representation of a variety of groups and issues. "The new trade unionism prompted by CTA tried to work with social organizations whose claims went well beyond labour, although they also included it: women, students, environmental activists, indigenous people, farmers and workers in cooperative societies" (Retamozo, 2011: 255).
CTA has strongly democratic and transparent internal rule: for example, even the single affiliated can vote for the secretary as the principle of direct vote is established. In addition, direct affiliation is permitted and, as aforementioned, it constitutes 23% of the total membership in 2007. According to its statute, everybody with 14 years of age or above can ask for affiliation whether she is employed, unemployed, beneficiary of some social protection schemes, self-employed without employees, workers in cooperative societies and self-managed (i.e. *autogestivos*) and workers in domestic economy (art. 1 CTA Statute). In 2006, the principle of direct affiliation was reinforced. In fact, previously to its date, only workers who were not part of any sectorial organization could ask the affiliation to CTA (i.e. as civil servants are part of CTERA which, in turn, is part of CTA, thus public employees could not choose direct affiliation to CTA). From 2006, *all* workers were given the opportunity to bypass sectorial trade unions and to ask for direct affiliation. Due its peculiar characteristics, its organization can be defined as horizontal.

CTA never had a strong relationship with any government not it has a "reference" party, claiming its total autonomy and independence. This institution has long pursued *personeria gremial* since 1997, but the various governments always been denied it. CTA has thus conserved its *inscripcion gremial*, which however does not allow it to be a ASCPG; in such a context of

[38] Interview with CTA 1.
[39] Since June, 2000 the *Federacion Nacional de Trabajadores Jubilados y Pensionados* (FETRAJUB) was created within the CTA (CTA, book 2).

strong state intervention, but without the legal recognition to act, it was also often excluded by the process of policy-making [40] (Calcagno and Gontero, 2001). CTA need to rely on the power resources mechanism such as mobilization and loyalty of its members, as it cannot access the industrial resources deriving from the inclusion of important sectors of the economy (Serdar, 2011 and 2015).

Contrary to CGT, CTA is not explicitly Peronist: some of its leaders are even socialists or communists. The CTA can be considered to be more "at the left of the CGT" [41] and it shows some traits which are typically of a leftist ideology, despite there are also many Peronist leaders (Abel Medina, 2015). Victor Mendibil, one of the first CTA leaders, defines the labour organization as "classist, anti-imperialist, anti-capitalist, and for socialism" thus highlighting some clear features of the radical left (IEF-CTA, 2016).

CTA's membership is thus largely constituted by outsiders; it does not have institutional resources because it failed to obtain *personeria gremial* as well as because it is not close to any party or political force. In addition, it has a leftist ideology. Though the solution to the dilemma of representation may seem trivial, and the support for pro-outsider policies guaranteed, it is interesting to investigate how CTA chooses its long term objectives and its criteria of action - with particular reference to the state – as it cannot count on institutional resources.

## 7. The welfare state expansionary turn: tackling the crisis through inclusion

The Argentinean welfare state was established relatively early compared to other countries in the region. However, it was only with the advent of Peron and the implementation of the ISI model that social security expanded, reaching relevant levels of coverage. This trend was inverted during the "lost decades" in the 1980s and 1990s, when the neoliberal doctrine prevailed, both during the dictatorship and in the following democratic period (partially with Alfonsin government and then with Menem).

After presenting the historical trajectory of the Argentinean welfare system, the paragraph focuses on the decade that followed the dramatic 2001 crisis and on how Argentina interpreted

[40] Interview with CTA 1 and 2.
[41] Interview with CTA 3.

the concept of "basic universalism". Indeed, a huge portion of population was impossible to be covered through contributory measures – because they were still unemployed or they worked without a contract - and it was therefore necessary to introduce (or to reinforce) social assistance measures. The focus of this paragraph is thus on non-contributory policies, in particular family allowances and pensions. Two phases can be identified: the first (2002-2004) was devoted to the implementation of measures to tackle the dramatic effects of the crisis, the second was characterized by the consolidation of such benefits. In both sectors, Argentina managed to include the outsiders, though with different tools.

### 7.1. The evolution of welfare state in Argentina

The history of welfare state in Argentina can be divided into four periods. After the introduction of the first (limited) measures – mainly pensions and health care – the expansionary phase was mostly the product of Peron's political action. The third phase coincided with the Washington Consensus and the consequent retrenchment of social protection. Finally, from the early 2000s, the new paradigm of "basic universalism" prevailed. The inclusion of previously excluded groups through both social assistance and the relaxation of contributory requirements was prompted by Kirchner's governments. The table 4.2. and 4.3. recap the main important changes in the fields of family allowances and pensions.

According to the classification of Mesa-Lago (1978), Argentina – along with the rest of Southern cone ad Costa Rica - is a pioneer country which developed its welfare system very early in comparison to the rest of the region. The first measures were linked to pensions: military and some civil servants, such as teachers, were the first to be covered already in the second half of the 1800s, followed by railway workers and other workers in the core sectors of the economy (Huber and Stephens, 2012). In 1904, the contributory system was officially set up and in the following decades it was expanded to other categories. The first reforms were enforced either by democratic or by autocratic governments as a result of the pressure from organized labour, which were marginalized in the political arena. "Governments supported by the middle classes and sectors of the working class, but not by organized labour per se, responded to militancy with a combination of repression and reforms; the reforms included social security funds" (Huber and Stephens, 2012: 98).

Table 5.2 Family allowances development: a historical overview

| Year | Type of measure | Other characteristics | Beneficiaries |
|---|---|---|---|
| 1932 | Social insurance | Tax rebate (*Asignación por Crédito Fiscal*) | Those who pay contributions |
| 1957 | Social insurance | Contributory family allowances (*Asignación Familiar Contributiva*) | Those who pay contributions |
| 1996 | Social insurance | Targeting of contributory family allowances | Those who pay contributions, but creation of a three level scale, those with lower income receive more. |
| 2002 | Social assistance | Conditional cash transfer; emergency measure; mean-tested (*Plan Jefas y Jefes de Hogares Desocupados- JyJHD).* | Those who were unemployed, below poverty line, with children below 18 years old or disabled |
| 2005 | Social assistance | Mean-tested. Only conditional cash transfer (*Plan Familias por la Inclusion Social*)/cash transfer + job training and labour insertion (*Seguro de capatización y empleo*) | Those who were part of the JyJHD (and of other small dismantled programs) |
| 2009 | Social assistance | Non-contributory family allowances; universal. *Asignación Universal por Hijo (AUH).* | Children of unemployed or informal workers, regardless contributions. |

Source: author's elaboration

Table 5.3 Pension development: a historical overview

| Year | Type of measure | Other characteristics | Beneficiaries |
|---|---|---|---|
| 1877 | Social insurance | Voluntary, financed by the state. | Federal judges |
| 1884 | Social insurance | Voluntary, financed by the state. | Teachers |
| 1904 | Social insurance | Contributory; fully-funded; collective. | Civil servants; teachers; bank employees; judges; member of Parliament |
| 1905 | Social insurance | Contributory; fully-funded; collective. | Railroad works; navy workers |
| 1943 | Social insurance | Fund management by state only | - |
| 1944 | Social insurance | Contributory; fully-funded; collective. | Commerce sector |
| 1946 | Social insurance | Contributory; fully-funded; collective. | Industrial workers |
| 1948 | Social assistance | Introduction of social pensions. Non-contributory; mean-tested. | Indigent; no other means of subsistence; targeting particular categories beside old age (war veterans, mothers of seven children, etc) |
| 1954 | Social insurance | From fully-funded to PAYG | - |
| 1954 | Social insurance | Contributory; fully-funded; collective. | Rural workers |
| 1954 | Social insurance | Contributory; fully-funded; collective. | Self-employed |
| 1994 | Social insurance | Introduction of fully funded account (*Adminstrados de Fondos de Jubilaciones y Pensiones* – AFJP) | For workers who choose mixed system instead of PAYG; for those who did not explicitly choose between PAYG and mixed system |
| 1994 | Social insurance | Defined-benefit (public) system with flat rate benefit + two earnings related benefits | Those enrolled in PAYG |
| 1994 | Social insurance | Increasing pensionable age of five years (up to 65 men and 60 women) + increasing contributions from 20 to 30 years | All workers |
| 2000 | Social insurance | Extension of contributory benefits | Household workers |
| 2003 | Social assistance | Expansion of social pensions | Those below poverty line (loose requirements but still other categories than the elderly covered) |
| 2005 | Social insurance/ social assistance | Moratoria: state pays missing contributions (for the years before 1993) for those who reached pensionable age | Those who have reached pensionable age but without the necessary contributions |
| 2007 | Social insurance | Possibility, for those who are already enrolled, to switch from public to private system and viceversa; new entrants automatically enrolled to the public system, unless they specify their preference for the private system. | Old and new insured |
| 2008 | Social insurance | Re-nationalization of pension system | Everybody who perceived a pension from AFJP |

Source: author's elaboration

The expansion of welfare state occurred with the advent of Peron, especially in the fields of pensions and health care. Pension funds for industrial workers were established in 1946, rural workers and self-employed followed in 1954. Each category benefited from its own pension scheme, thus the system was very fragmented. For what concerned health care, Peron created the *obras sociales* - insurance measures mainly linked to health care but also to other social services - and assigned their management to trade unions. The welfare state was not deeply modified during the following decades. A Bismarckian model, based on occupational status, prevailed, reaching extremely high coverage level for pensions - 70% in 1960 according to Mesa-Lago (1978). Social pensions were introduced in 1948. Non-contributory pensions could be of seven types: for old age, for invalidity, for mothers of seven children, provided discretionally by the Congress, for the Army, for veterans of the Malvinas' war, for those who have a relative who disappeared during the dictatorship and for those identified with special laws. The requirements were extremely strict and they included, among the others, living in conditions of extreme poverty, absence of any social benefit, subsidy, or income, risk in terms of health care and social exclusion, without means of subsistence, private possession or relatives who can support them (Danani, 2010; Repetto and Potenza del Masetto, 2012). Therefore, social pensions were marginal and residual in the Argentinean social protection system.
(Contributory) family allowances were introduced for the first time in 1957, in addition to the already existent tax rebate.

The social protection regime dramatically changed during the third phase, initiated during the dictatorship and then prompted by Menem in the 1990s. The government immediately moved the Secretariat of Social Security from the Ministry of Labour to the Ministry of Economy with the purpose to rationalise public expenditure.
During the 1990s, some reforms were enacted in the field of family allowances. Due to their residuality, they were not retrenched as their cost did not have a strong impact on public spending. Rather, they were rationalized through a centralization process. In 1996, the new *Regimen de las Asignaciones Familiares* was instituted. The parametric reform left the system of family allowances almost unchanged for what concerned its structure but it targeted the benefit. Family allowances (AFC - *Asignación Familiar Contributiva*) were provided to salaried workers in the private sector and people who received unemployment benefits, as well as retirees and those who benefitted from a non-contributory pension for incapacity (only for this group, family allowances were non-contributory). Also public employees were entitled to receive a

family allowance. Above a certain ceiling, workers could only discount an amount of money from income tax (ACF - *Asignación por Crédito Fiscal*) (Hintze and Costa, 2011). Therefore, the tax rebate covered workers with the highest income, while contributory family allowances targeted the middle-low income families (Bertranou and Maurizio, 2012). The 1996 reform modified the target of the policy: three levels of benefits were established such that formal workers with the lowest wages were entitled to higher allowances.

Thus, during the 1990s, the system of family allowances was composed by two pillars, as summarized in the table below.

Table 5.4. Family allowances system after the 1996 reforms.

| **Type of regime** | **Components** | **Beneficiaries** |
|---|---|---|
| Tax rebate | ACF - *Asignación por Crédito Fiscal* | Discount on taxable income for those with high income. |
| Contributory family allowances | AFC - *Asignación Familiar Contributiva* | Employees in private sector; beneficiaries of work injury insurance and unemployment insurance; beneficiaries of non-contributory pension for incapacity and of (contributory) pension system system earning between ARS 100 and ARS 4,800.<br>Special scheme for public employees. |

Source: author's elaboration

During the 1990s, Argentina underwent important reforms in the field of pensions. Despite the IMF intervention, trade unions and pensioners' association managed to avoid a complete privatization of the pension system. A mixed system, named SIJP – *Sistema Integrado de Jubilaciones y Pensiones*, was set up. It was composed by a public system and a private one. The first was a defined-benefit system and it was managed by ANSES - *Adimistracion Nacional de la Seguridad Social* (the public institution in charge of the management of most social policies in Argentina) while the second was composed by individual accounts and managed by the AFJIP – *Administradoras de Fondos de Jubilaciones y Pensiones*. Individual accounts belonging to the private system could however be managed by many organizations, including trade unions and no-profit organizations. This choice potentially provided a large room of maneuver for labour organizations (Murillo, 1997).

Workers had to choose between public or mixed system. However, the enrollment to mixed system was incentivized as those who did not choose any of the two systems was automatically directed toward individual private accounts. When the mixed system was established, it

attracted similar percentages of workers than the public one; however, in 2004, the public system only covered 16% of workers, while the remaining 84% chose the mixed arrangement. Within the workers that received benefits from the mixed system, 78% did not express any choice at the moment of retirement. However, in case of "no choice", workers were automatically enrolled in the mixed system, hence its prevalence with respect to the public system (Ministerio de Trabajo, Empleo y Seguridad Social, 2017).

ANSES provided the PBU, *Prestacion Basica Universal*, to contributors of both public and mixed systems. Despite the name, this benefit was far from being universal. It was paid to the contributors who achieved requirements in terms of both pensionable age and contributions, leaving aside those who could not access retirement due to lack of requirements. It can be considered "universal" among workers who have a long and uninterrupted career in the formal sector, capable of paying contributions regularly. In addition, those who perceived PBU, were also paid the PC, *Prestacion Compensatoria*, to include in the computation of pension also the contributions paid before that the reform took place (thus, before 1994); its value depended on the level of salary and on the years of contributions. The PAP, *Prestacion Adicional Permanente*, paid to retirees enrolled in the public system, depended on workers' salary before the introduction of the mixed system; JO, *Jubilacion Ordinaria*, was paid to those included in the fully-funded system that complied with minimum pensionable age. Both PC and PAP were indexed to inflation. The table below summarises the elements that composed pension system in Argentina after the 1994 reform.

Table 5.5. Composition of pension system after the 1994 reform.

| **Type of regime** | **Components** | | | **Beneficiaries** |
|---|---|---|---|---|
| Pay-as-you-go | PBU | PC | PAP | Formal dependent workers' and |
| Fully-funded | PBU | PC | JO | registered self-employed. |

Source: Ministerio de Trabajo, Empleo y Seguridad Social, 2017. See also DDEy MPPS, Secretaria de Seguridad Social.

Other changes were introduced and they concerned increase of both pensionable age (65 for men and 60 for women, a growth of five years) and in contributions (from 20 to 30 years). In addition, also benefit calculation in the public system was modified. Rather than the last three best salaries (among the last ten), the average of the last ten years of contributions was chosen as a criteria of computation. In 2001, with the conversion of the debt from dollars to pesos, the

value of pensions dropped. The state defaulted when pension funds held 64% of their portfolios in state bonds (Arza, 2009).

Although not directly related to pensions or family allowances, it is necessary to mention also the *Plan Trabajar* as a non-contributory plan established to reduce unemployment. In 1996, after the mobilization of the *piqueteros*, the government implemented a plan to cover the unemployed who could not access social insurance, without any requirements concerning contributions in the previous periods (Lodola, 2005). Contrary to the unemployment insurance introduced in 1991, this measure was devoted also to long term unemployed and informal workers. *Plan Trabajar* failed to reinsert unemployed in the labour market and it rather contributed to create solidarity among unemployed and to provide them an organization to better collect homogenous demands (Garay, 2007). Such networks became relevant in the early 2000s, when *piqueteros* took the streets and became the main actors in the political arena.

The 1990s reforms therefore left untouched the system of family allowances, which remained (almost) completely contributory and fully pro-insiders. For what concerns the pension system, workers with long and interrupted careers were covered. However, as the informality rate and unemployment levels rose, the rate of coverage decreased. The next section is thus devoted to explain the solutions that Argentina adopted to solve coverage problems.

### **7.2.** The "basic universalism paradigm" and the inclusionary turn in Argentina

The paradigm of basic universalism, which spread across Latin American countries from the early 2000s, also affected Argentinean policy-making. Indeed, after the neoliberal decade of the 1990s, broadening outsider coverage was one of the main objects that the Argentinean governments tried to achieve. Non-contributory measures and flexibility of requirements to access contributory schemes were the chosen path to enlarge recipients of social protection system. Residual policies, mostly focused on the very needy and dependent on budget availability, were substituted by measures aimed at universality. As already highlighted in chapter three, these measures are not universal in the European sense - where this concept is associated to citizenship, typical of the Nordic model elaborated by Esping-Andersen - and thus concerning the entire population *regardless* income or labour market status. Rather, they aim at enlarging coverage by using social assistance measures – mostly linking income provision to

employment promotion, schooling or health care conditionality – but eliminating the residual character of last resort safety net.

The inclusionary turn of the Argentinean welfare state began from the early 2000s. Family allowances and pensions were then deeply affected by government action, starting from Duhalde in 2002 and followed by the other governments headed by Nestor Kirchner (2003-2007) and Cristina Fernandez De Kirchner (2008-2011; 2011-2015). It is possible to identify two main characteristics. First, the strategies undertaken by the policy makers varied across the policy fields. For what concerns family allowances, the introduction of a non-contributory measure was juxtaposed to the already present tax rebate and the contributory benefit. In the field of pensions, access to the contributory system was made more flexible as some requirements were substantially loosened.

The second striking characteristics of policy development in Argentina is the presence of two different phases: the first, which can be called "emergence", includes policies which were enacted during the early 2000s crisis and thought to be transitory; the second, "consolidation", follows the former and results in a process of layering for family allowances, while the path in the field of pensions is less clear.

The rest of the paragraph is devoted to the description of the evolution of family allowances and pensions.

***Family allowances in Argentina: a layering process***

In the 2000s, Duhalde, Kirchner and Fernandez de Kirchner tried to modified the family assistance policy design. Reforms started in 2002 when Duhalde established the *Dialogo Social* (Social Dialogue), following the advice of ILO and strongly supported by the Church. With the advent of the 2001 crisis, a response from both Argentinean political actors and civil society was needed. The *Dialogo Social* allowed meetings among the government, labour organizations, employers' organizations, social movements and the Catholic Church. *Plan de Jefas y Jefes de Hogar Desocupados* - PJJHD (Heads of the household's programs) was the main result of *Dialogo Social* and it was implemented mostly to allow governability during the crisis rather than to alleviate poverty (Basualdo, 2010; Golbert, 2004). PJJHD was directed to the head of household – male or female – who was unemployed with children up to 18 years of age or disabled (in this case, the age limit was not considered) or with a pregnant woman in the family, in exchange of participation to a workfare program. The program should consist of 4-6 hours/day and it was

supposed to work as a tool to provide some services to the community and to function as training. Moreover, the requirements forced beneficiaries to present certificates that attested schooling and good health of children. Despite the existence of these constraints as a condition to receive cash transfer, there is little evidence that the requirements have been effectively enforced, thus the *Jefas y Jefes de Hogares Desocupados* lost its theoretical design as conditional cash transfer[42]. Most beneficiaries were women (predominantly young and with a low level of education), also due to the requirements of being alone with dependent children. The monetary transfer was around ARS 150 per month (Repetto and Potenza Dal Masetto, 2008).

A year later, the benefit was extended to elderly fulfilling some requirements (70 years old and more, living outside urban centers, and being below poverty line). A register of beneficiaries and firms that participated to the program was created (firms were indeed involved in training activities), with the purpose to made its implementation more efficient and less clientelistic. The attempt was unsuccessful. Indeed, although expenditure was quite high, and the program expanded very fast, there were problems both in the management of the measures, due to clientelism (Pribble, 2013) and in terms of coverage, since many households were excluded (Huber and Stephens, 2012).

This plan was dismissed soon. Its beneficiaries were transferred either to the *Plan Familias por la Inclusion Social* (Family plan for social inclusion), targeting the poorest households and managed by the Ministry of Social Development, or in the *Seguro de Capacitacion y Empleo*, which provided also training and assistance to find a job along with cash transfer, and it was under the liability of the Ministry of Labour. The original beneficiaries of PJJHD were thus divided in two groups: those who were not considered employable (mainly women with two or more children) ended up in the *Plan Familia*, while those who were thought to have a possibility of reinsertion in the labour market followed a path of education and formation, and they were inserted in the *Seguro de Capacitacion y Empleo* (Zaga Szenker, 2009). Therefore, decree 1506/2004 established a division of the beneficiaries of these plans according to criteria of "vulnerability" and "employability".

*Plan Familia* thus included the non-employable of the PJJHD and some of the previous beneficiaries of a little program managed by the Ministry of Social Development, the *Ingreso para el Desarrollo Humano* (IDH). The requirements to receive benefits were having two or more children with less than 19 years of age, or disabled at whatever age and a level of education below secondary school. It was possible to give the subsidy to fathers, if the mother was not

[42] Interview with Ministry of Social Development and Ministry of Labour 2

present; the beneficiaries could have further income, but this cannot overcome the *salario minimo, vital y movil*. The measure mostly targeted women, a category who was considered "vulnerable" rather than "employable" and they were thus excluded from programs of education and training (Campos, Faur and Pautassi 2007 CELS). Benefits varied from 155$ to 380$ per month, from 11% to 27% of the minimum salary depending on the number of children and it was conditional on schooling and vaccinations. The program had a narrow focus and its action was limited: people were taken out from indigence but not out of poverty (Zaga Szenker, 2009). Beneficiaries of the PJJHD who were considered employable accessed the *Seguro de Capatizacion y Empleo*. More than 50% of the people previously included in the PJJHD entered in this program. Job training and labour insertion were at the basis of this policy. If a beneficiary found a job, she could continue to receive money (for six months if she was employed in private sector, one year for public sector) (Cruces and Gasparini, 2008).

After the PJJHD, the *Plan Familia* and the *Seguro de Capacitacion y Empleo*, family allowances were institutionalized. Probably the most famous and efficient measure in this sense was introduced by President Fernandez de Kirchner in 2009 and it was known as *Asignacion Universal por Hijo* - AUH (Universal Child Allowance). It had the purpose to complement the *Asiñaciones Familiares Contributivas* (Contributory family allowances) and thus to enlarge coverage in the field of family allowances. The AUH was non-contributory; its beneficiaries were children of workers who were not registered (because they were informal) and they did not reach minimum living wage and those who were unemployed. Later, the benefit was extended to *monotributistas* and to the children of workers employed in domestic services. The word "*Monotributista*" identifies a category of registered self-employed previously in the informal economy. To facilitate their exit from informality, they have been given the opportunity to register to this special tax regime, which automatically entitled them also to social protection.

Clearly, it is difficult to identify these categories (unemployed and informal workers) and to separate them, as well as to define whether the income of informal (and domestic) workers exceeds minimum living wage. This can potential lead to the arbitrariness in the selection of beneficiaries and to the possible exclusion of children that potentially would benefit from AUH (Lo Vuolo, 2009).

For what concerns conditionality and level of benefits, eighty per cent of the benefits of AUH was provided in cash, the rest twenty per cent was deposited in a saving account with the name of the beneficiary with the Argentine National Bank. Money could be withdrawn after

presenting evidences of medical check-up, vaccinations or the completion of the school year. The amount of money was higher if the child was disabled. Eligible children must be Argentinian or living in the countries since at least three years (Bertranou and Maurizio 2012). The benefit was originally at $180, but it reached $220 in September, 2010. The AUH constituted 0,6% of the expenditure over GDP in 2010 (Hintze and Costa, 2011). The number of beneficiaries in the same year was huge, almost 3,5 million according to ANSES data (Bustos and Villafane, 2011). The total coverage of family allowances, both contributory and non-contributory, including also children incorporated through tax rebate, achieved 91% already in 2010. The contributory system covered 55% of children, AUH integrated 31% of the potential beneficiaries while the tax rebate was granted to 5% of families with children. Only 9% of the families with a component with less than 18 years of age was excluded (Curcio and Beccaria, 2011). AUH had huge effect on extreme poverty (with a reduction from 7% to 3% on the total popolation) and it also slightly decreased poverty (from 22% to 19%) (Hintze and Costa, 2011). The measure was financed also through resources absorbed from pension system. In particular, the *Fondo de Garantía y Sustentabilidad del Régimen Previsional Público de Reparto* (Guarantee Fund for the Sustainability of the Public Social Security Regime) – created by the state using the funds previously managed by the private sector, the AFJP, with the purpose to ease renationalization of pension system in 2008 – was employed (Lo Vuolo, 2013).

AUH was expanded with the *Asignacion Universal por Embarazo* (Universal Allowance for Pregnancy – AUE) in April 2011. The table below provides some insights concerning the evolution of family allowances in Argentina during the 2000s.

Table 5.6 Reforms of the family allowances system from 2002

| Name | Description |
|---|---|
| *Plan Jefas y Jefes de Hogares Desocupados - PJJHD* (2002) | Emergency measures; mean-tested; conditional cash transfer (although *de facto* conditionality was never respected). Beneficiaries were unemployed with children below 18 years old or disabled. |
| *Plan Familia/Seguro de Capatizacion y Empleo* (2005) | Mean-tested; conditional cash transfer. Beneficiaries were people previously inserted in the PJJHD. Women with two or more children in *Plan Familia* (only cash transfer), the others in *Seguro de Capatizacion y Empleo* (cash transfer and job training/labour insertion) |
| *Asignacion Universal por Hijo – AUH* (2009) | Introduction of a (long-term, institutionalized and non-transitional) non-contributory measure for informal workers. Schooling and heath care conditionality. |

Source: author's elaboration

***Moratoria and social pensions: inclusion through the contributory system***

The Argentinean pension system was reformed in the 2000s with the purpose to reverse the declining trend of coverage of the elderly population due to the large presence of informality in the labour market in the 1990s. The elderly coverage of people of 65 years of age and older had actually dropped from 76,8% in 1995 to 69,9% in 2002 (Ministerio del Trabajo, empleo y Seguridad Social y Presidencia de la Nacion, 2017).

Also, the Argentinean pension system crashed during the financial crisis in 2001. The AFJP (the private fund management) defaulted in 2002 due to the incorporation of national bonds. Despite the dramatic situation, reforms were enacted only from 2004. Unlike other countries, Argentina decided to cover individuals who did not meet contribution requirements (Arza, 2012): this means that workers could access the pension system through "exceptional contribution facilities" rather than through social assistance schemes (Arza, 2013).

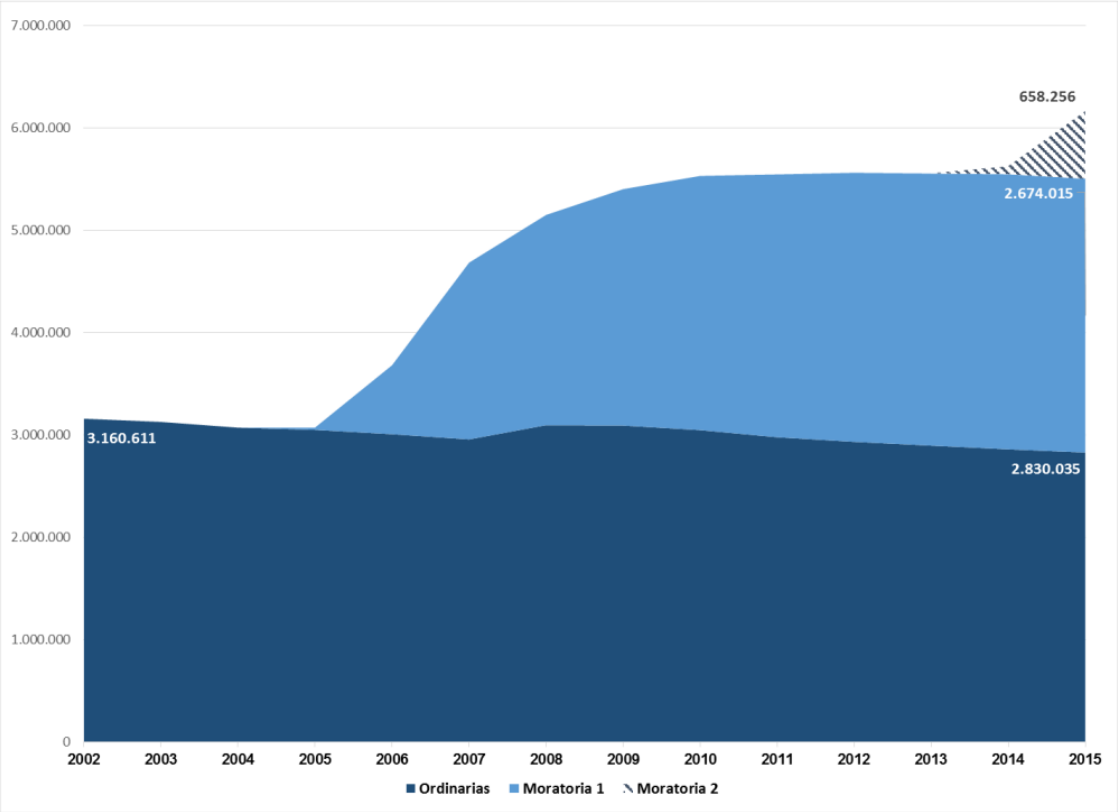
One of the first measures to be implemented with the purpose to alleviate the effect of the crisis was the *Ley de Jubilacion Anticipada* (2004). This law had tight requirements, allowing retirement for workers with 30 years of contributions who were not eligible because they had not reached the pensionable age yet and they were unemployed at the time of the reform. Notwithstanding limitations, it was helpful for people who were unemployed at the end of 2004. It lasted for two years.

The most important measure was, however, the *Programa de Inclusion Previsional* or Moratoria, implemented in 2005, coupled with *Ley de la Libre Opcion* and *Ley de Movilidad* in 2007 and 2008. While the first contributed to enlarge coverage, the second allowed workers to shift from the private to the public system (while directly enrolling new entrants in the public one) and the third indexed benefit to the *salario minimo, vital y movil*.

Clearly, the most important policy in terms of outsiders' inclusion was the Moratoria. To understand what is the Moratoria and how the policy-maker introduced such mechanism rather than simply expanding non-contributory pensions (which remained residual and marginal), it is necessary to step back and to introduce the concept of "pension debt" and the specific scheme for self-employment. Indeed, also self-employed had to contribute to social protection system; however, in case they did not, they accumulated a "debt" that they had the opportunity to pay (with the addition of interests) once they decided to access the pension system. The Moratoria can be understood as a sort of "regularization" of the debt of autonomous workers, without the payment of interests. Basically, the state offered the opportunity to solve the debt without interests, while self-employed could immediately receive pension benefits (if they have already reached pensionable age). A little deduction to the benefit was made during the first five years that pension was delivered, depending on how many years have been fixed by the Moratoria. *De facto*, the state paid both all the interests and a large part of the debt. This measure therefore allowed also workers who did not paid 30 years of contribution to access social insurance system, thus including many informal workers who did not satisfy the contributory requirements, whether they consisted of few months or of many years. Benefits remained low (close to the minimum wage) because the government connected them to minimum pensions, which corresponded to 33% of minimum wage. However, the moratoria had a huge impact on pension coverage, which expanded rapidly, from 69% in 2003 to 91% in 2010 (Beccaria and Danani, 2014), resulting in two million beneficiaries, predominantly women, representing 73% of the total beneficiaries in 2006 [43] and even 87% in 2012 (Arza, 2012). The graph below well represents the huge impact of the Moratoria on pension system coverage and, thus, inclusiveness.

[43] See https://www.pagina12.com.ar/diario/economia/2-74485-2006-10-15.html

Figure 5.6 Evolution of pension coverage, 2002-2015.




Source: Ministerio del Trabajo, Empleo y Seguridad Social, 2018.

The moratoria covered specifically poor families: in particular, 48% of the beneficiaries were below the poverty line, 34% slightly above, 16% belonged to middle class and only 2% of the people reaching the benefit were part of the high-middle class (Beccaria and Danani, 2014). Therefore, although its design included both mid-siders and outsiders, the most remarkable results were particularly visible among the latter. Notwithstanding the target to the needy, this measure included only a particular cohort of people who reached pensionable age: only the period of non contribution prior to 1993 was actually taken into consideration. Therefore, the Moratoria was designed to disappear as time passed because few years of contributions could be paid.

A second Moratoria was then implemented in 2014, with validity of two years. In this case, the period of contributions which could be paid was prolongued until 2003. However, the group of beneficiaries was reduced as the measure was means-tested and it targeted only those who had a financial and socio-economic situation such that they could not access any other forms of

regularization of their pension benefits. The purpose of the law was therefore to include people with vulnerability [44].

Before that the government intervened by eliminating the private system, the *Ley de Libre Opcion* settled that, in case workers did not choose whether to be part of the private or of the public system, they would be automatically included in the latter contrary to the 1994 reform, which had established a direct enrollment in the former. Finally, the system was re-nationalized in 2008. The private system was completely eliminated, and the state finally re-entered in the provision and in the management of pensions. Requirements concerning age and contributions remained the same of the 1996 reform. The new system was a PAYG and contribution-related and it was named SIPA – *Sistema Integrado Provisional Argentino*. With the *Ley de la Movilidad Previsional*, the levels of contributory pensions were indexed twice per year, in March and September. However, as the level of inflation was kept low, the benefits did not increase. *De facto*, this means that benefits for insiders (contributory pensions with full contributions) and for outsiders (inclusion through the Moratoria) achieved similar levels, as both approached the minimum pension (Ministerio de Trabajo, Empleo y Seguridad Social, 2018). In fact, while the level (both nominal and real) of the Moratoria was close to minimum pension, the real level of "ordinary" pension, though indexed, was also low because of the downsized inflation rate.

Reforms in the field of pensions also included non-contributory benefits managed by Ministry of Social Development. In 2003, requirements to access already existent social pensions were loosened when Duhalde established the *Plan a la Viejez* (Elderly Plan) as a part of the Heads of Households Program. From 2004 to 2010, the beneficiaries of these social pension increased disproportionally - by 207% for the considered period or by 15% annual - especially for what concerns invalidity and mother of seven children, while old age remained stable after climbing in 2004-2006 (Costa, Curcio and Grushka, 2014). The reason of the limited growth of social pensions (relative to old age) is probably to be attributed to the Moratoria, which was used as a mechanism for inclusion of possible beneficiaries who entered in the social insurance system rather than in social assistance old age pensions. Old age pensions increased from 2003 to 2005 because of the relaxation of requirements to access old age (Decree 582/03). Moratoria was more

[44] See article 3, Law 26.970/2014 at http://servicios.infoleg.gob.ar/infolegInternet/anexos/230000-234999/234847/norma.htm

effective than social pension (for the category of the elderly) because of the extremely tight requirements of the latter.

For what concerns the amount of benefits, while in 2010 contributory pensions averaged 1512$ per month, social pension only provided 1128$, while moratoria pensions – as most of people access pension system with minimum pension – were around 944$ (Grushka, 2014).

Table 5.8 Reforms of the pension system from 2002

| **Contributory system** | |
|---|---|
| **Name** | **Description** |
| *Ley de la Jubilacion Anticipada* (2004) | Possibility to access contributory system with 30 years of contributions, 60 (men) – 55 (women) years of age if unemployed on November, 2004. Validity: two years. |
| *Moratoria* (2005) | State pays contributions for people who have reached only age requirements but they do not have enough contributions. Contributions completion until 1993. |
| *Ley de la Libre Opcion* (2007) | People free to move between public and private system; new entrants allocate in the public system |
| *Ley de Movilidad* (2008) | Linkage of benefit to minimum salary, to be index twice per year |
| *Re-nationalization* (2008) | Elimination of fully-funded private accounts |
| **Non-contributory system** | |
| Pensión no contributiva / Prestación por vejez (2003) | Relaxing access requirements |

Source: Author's elaboration

Paragraph eight will analyze the role of trade unions in the policy making process of the 2000s, with reference to their support of (or aversion to) pro-outsider policies implemented by Duhalde and the Kirchners.

## 8. Trade unions and the "inclusive turn"

This section highlights the development of pro-outsider policies throughout their phases of emergence and consolidation. A particular focus is placed on trade unions proposals, support, and possible rejection of these measures.

### 8.1. Before the 2001 crisis: the *Frente Nacional Contra la Pobreza*

In December, 2001, Argentina experienced a complete collapse which invested finance, economic and politics. However, when the crash occurred, the economic situation was already deteriorated, with 24% of unemployed and poverty rate skyrocketing at 54%, including more than half of the population (Skidmore and Smith, 2005). The government, led by Fernando de La Rua, responded with retrenchment of public expenditure, the elimination of some workfare programs and the cut of public salaries and pensions. Also new programs were launched. However, their scope was extremely narrow and they reached a limited number of beneficiaries. *Solidariedad*, *Pacto para la Ninez*, *Jefas y Jefes de Hogares*, the Comprehensive System of Family Protection (SIPROF) – whenever they reached the final steps of legislative process - were launched mainly with the purpose to relieve social protests (Garay, 2010). Mostly because they were evaluated as insufficient efforts to reduce poverty [45], many of them were not supported by neither unemployed organizations nor by trade unions.

In a context of deep economic and political crisis, social movements came back on the scene, after their emergence in the 1990s. Unemployment movements played crucial roles in the adoption and in the implementation of policies such as *Plan Trabajar* and other small plans concerning housing, nutrition and other policy fields. Their participation has been defined as "welfare policy from below" (Dinerstein, 2008). Indeed, both during the 1990s and in the early 2000s, governments approved small social plans – at national and at local level - to reduce social movements' protests and it also included them in the implementation phase. However, what happened through mobilization just before the December 2001 collapse went well beyond these experiences.

[45] As Garay (2010) affirms, the SIPROF targeted informal workers but it was strongly opposed by literally all social actors. If unemployed movements and CTA did not support this new measure concerning family allowances due to its patchy nature, the CGT fiercely opposed it because it implied retrenchments of benefits for formal workers. Armando Cavalieri, a CGT leader, stated that - considering the new salary ceilings to get family allowances – there will be "a brutal drop (*in coverage*)". See "La CGT de Daer quiere acordar con De La Rua", La Nacion 17/11/2001. This does not mean that CGT followed a pro-outsider strategy rejecting outsiders' instances. Rather it struggled against retrenchment in the period of crisis; De La Rua himself reported extremely limited resources for the extension of family allowances. CGT's opposition is trivial, as the financing of pro-outsider measure was explicitly at the expense of insiders, since no other funding was available. SIPROF stood out as a very limited attempted reform in an extremely chaotic social-economic context, and it was never implemented.

Since government's responses to the deterioration of the socio-economic situation were considered too weak, social actors decided to actively present initiatives to fight against poverty and social exclusion. Between July 31st and August 17th, 2001, three national roadblocks were coordinated by the *Piqueteros* movements. In the same year, CTA created the FreNaPo - *Frente Nacional contra la Pobreza* (National Front against Poverty). CTA acted as an umbrella organization for some unemployed movements (Palomino, 2005; Serdar, 2011 and 2015). Indeed "FreNaPo would not be possible without the existence of the CTA…the CTA was (its) column" (Del Frade, 2011: 13). FreNaPo went beyond any social, political or religious organizations and it included a wide range of people and institutions. Civil servants, small and medium enterprises, organizations of human rights, other trade unions organizations coming from Brazil, Chile, Uruguay and Paraguay participated to the FreNaPo [46].

Beside the large mobilization, FreNaPo was essentially an initiative to combat poverty with concrete proposals. They asked for three precise policies: i) a *Seguro de Empleo y Formacion* of ARS 380 for unemployed head of the households, which included money transfer and job training; ii) an *Asignacion Universal por Hijo*, of ARS 60, for all children; iii) an *Asignacion Universal* of ARS 150, for people who have reached pensionable age but they did not receive any provisional benefit. While children allowances were asked to be universal, when it came to the elderly social assistance was preferred (identified as those who are not covered by the pension system yet). In addition, rather than a universal income for citizens, CTA asked for measures directed to unemployed, including income provisions and active labour market policies.

FreNaPo was also able to mobilize many groups from all over the country. The evidence can be found in the "March of the Seven Columns" which lasted from July, 26th to August, 9th 2001. Starting from Puerto Iguazù, Clorinda, La Quiaca, San Miguel de Tucuman, San Miguel y San

[46] More specifically, FreNaPo's Mesa Nacional (National Table) was formed by CTA - Central de Trabajadores Argentinos; APYME - Asociación de pequeños y Medianos Empresarios; IMFC - Instituto Movilizador de Fondos Cooperativos; FAA - Federación Agraria Argentina; FUA - Federación Universitaria Argentina; Madres de Plaza de Mayo - Línea Fundadora; Abuelas de Plaza de Mayo; MEDH - Movimiento Ecuménico por los Derechos Humanos; CELS - Centro de Estudios Legales y Sociales; APDH - Asamblea Permanente por los Derechos Humanos; SERPAJ - Servicio Paz y Justicia; Familiares De Desaparecidos y Detenidos por Razones Políticas; ATTAC – Argentina; CEMIDA - Centro de Militares para la Democracia Argentina; Díalogo 2000; Defensoría del Pueblo de la Nación; Facultad de Ciencias Sociales – UBA; Obispos Metodistas; Marta Pelloni; Polo Social; Comunidad BET EI; Mesa Coordinadora Nacional de Jubilados y Pensionados; Sindicato Fideero; UMA - Union de Mujeres Argentinas; LADH - Liga Argentina por los Derechos Humanos; ARI. Some national deputies was included as well: Marcela Bordenave, María América Gonzalez, Elisa Carrió, Héctor Polino, Alfredo Bravo, Jorge Rivas, Oscar Gonzalez, Jorge Giles, Eduardo Macaluse, Elsa Quirós, Alfredo Villalba. Source: http://www.alainet.org/es/active/2006.

Juan, Bariloche and Ushuaia, the columns reached Plaza de Mayo in Buenos Aires to ask the government the implementation of these reforms. Furthermore, the extremely large support to FreNaPo proposal was confirmed by a referendum hold on December, 13th, 14th and 15th 2001 when 3.106.681 people voted (Del Frade, 2011). The government did not allow CTA to call for a consultation, therefore the initiative was informal (i.e. not binding) and completely organized by the labour organization without counting on the state institutional and organizational machine. Although the percentage on a total population of 37 million may seem low, the referendum was relevant also because it was the first time that direct vote was used since it was inserted in the 1994 Constitution.

FreNaPo therefore made precise requests to tackle poverty, but its action was not limited to social policy expansion. Indeed, the organization also aimed to fight against wealth accumulation, "to fight for the wealth of all and not only for a group of privileged" (Del Frade, 2011: 19). Therefore, if the fight against poverty was conceived as the most urgent goal, in the long run the purpose was more ambitious. Indeed, FreNaPo – through the words of one of its main leader, Claudio Lozano [47] - affirmed that not only the (neoliberal) economic model mostly based on finance was wrong *per se*, but it also highlighted how political and institutional actors were guilty to support this type of economic model rather that fought against it. Government and trade unions (particularly CGT) were also "guilty" as they were accomplices with neoliberalism. The direct effect of neoliberal arrangements supported by important social actors would be a deterioration of democratic institutions in favor of a pro-entrepreneurial model. With particular reference to the CGT, "corporatist mechanisms (...) operate on the one hand as new center of exclusion, and on the other hand as a challenge for democracy and peace" (FreNaPo, 2002).

The "recovery" of the Argentinean democracy thanks to the re-establishment of citizenship's participation through the FreNaPo was highlighted by the CTA leader Adolfo Perez Esquivel[48]: "What FreNaPo did was to motivate participation. It was a popular consultancy, a plebiscite". He also pointed out the impact of mobilization which involved a large part of society: "It was a path to get participatory democracy rather than a delegate democracy, it was another space for social participation".

[47] Frente Nacional contra la Pobreza por el Trabajo y la Produccion. Apuntes para el debate politico del FreNaPo. Presentacion de Claudio Lozano en la asamblea del FreNaPo de capital (2000-2001) available at http://lae.princeton.edu/catalog/070vx#?c=0&m=0&s=0&cv=8&z=0.2373%2C-0.4416%2C1.5254%2C1.8003

[48] See the video on https://www.educ.ar/recursos/119382/FreNaPo.

FreNaPo thus proposed a political project which was not limited to the short run. The initiative was said to exclude any "enlightened" group that impose dictations, thus strongly contrasting the neoliberal period characterized by technocrats and the intervention of international institutions such as the IMF. The key for success would be a sort of dialogue to understand how society itself can be organized. Three principles were thus highlighted: the centrality of redistribution, national autonomy (with respect to other countries such as the United States and international organizations) and democratization (with particular reference to the elimination of a "national bourgeoisie" in the decision making-process and the active participation of workers, territorial associations, association of small and medium entrepreneurs, etc.) (IDEP-CTA, 2002)[49]. FreNaPo's main idea was to create a *redistributive shock* with the mobilization of large part of population that might push government to intervene with concrete actions. The redistributive shock aimed at facing inequality, consolidating democracy and reactivating economy through the three aforementioned measures (*Ibidem*).

CTA finally presented a socio-economic plan to the Parliament on December, 22nd 2001, based on referendum proposals [50]. Although some CTA's leaders admitted that they did not plan what would have happened *after* FreNaPo and they did not have a real strategy (Campos, 2015), Victor De Gennaro, CTA's Secretary, met Duhalde on January, 14th 2002 and he asked for the *Seguro de Desempleo* and for the participation of the FreNaPo in the concertation. However, due to the political and economic meltdown, the FreNaPo proposals were not directly taken into consideration.

After the 2001 crisis, social movements were further reinforced. Indeed, on the one hand, the experience of Duhalde constituted an opportunity for what concerned the management of the little plans implemented since the 1990s as *piqueteros* were included in their management; on the other hand, the fall of the government and the institutional crisis that characterized Argentinean politics after December 2001 allowed the development of different forms of political action, such as direct democracy and re-covered and occupied firms (Palomino, 2005). CTA continued its fight under the motto "*De piquete y cacerola, la lucha es una sola*".

[49] IDEP-CTA (2002). Shock distributivo, autonomia nacional y democratizacion. IDEP-Editorial, La Pagina, Buenos Aires.

[50] See "El Frenapo presentará un plan económico y social al Parlamento", La Nacion, 22-12-2001 at https://www.lanacion.com.ar/361370-el-FreNaPo-presentara-un-plan-economico-y-social-al-parlamento

### **8.2.** Social dialogue and emergency plans to overcome the crisis

The idea of a national dialogue was based on the need to unify all social actors, with the purpose to re-gain credibility in the political sphere, to overcome the economic collapse and to introduce at least emergency programs to immediately alleviate poverty (Garay, 2010). Although the Church tried to propose it during the government of De La Rua, it was only with Duhalde that *Dialogo Social* (Social Dialogue) was established as soon as he assumed the presidency, with decree 565/2002, in January, 14th 2002. The Catholic Church – through the President of the Argentinean Episcopal Conference, Monsignor Estanislao Karlic - acted as main coordinator of the Social Dialogue, with technical assistance of the United Nations, in particular with *Programa de las Naciones Unidas para el Desarrollo* (United Nations for the Development – PNUD) (Pautassi et. all, 2003)[51].

Social dialogue included the government, business, trade unions, agro-producers and unemployed workers [52]. Indeed, the scope of the government was "the participation of the political, entrepreneur, labour and social forces to face the collapse, posing limits to anarchy and fratricide violence, finding a solution through concertation for both medium and long run, and working at the definition of a sustainable national project"[53]. The participation of the civil society therefore replaced a small group of notables with international experience which had characterized the decision-making process during the neoliberal period.

The social dialogue was active from early 2002 to 2003, when Nestor Kirchner assumed the presidency. Although its work continued, it lost its power. The dialogue went through three different stages. The first was characterized by the *Dialogo con los Actores* (Dialogue with Actors), and it lasted from January, 14th to February 8th, 2002. The *Mesa Social* (Social Table) was set up, with 800 people and 300 institutions, to spread ideas and to decide how to proceed. Also traditionally excluded actors were included, such as unemployed movements. The *Agenda del Dialogo* (Dialogue's Agenda) was established, allowing further advancement. The document *Base del Dialogo* (Dialogue's foundation) came out with concrete proposals concerning six different issues. The Political Plan was based on the need to ensure the principles of representation, legitimacy, proximity and austerity; the Social Plan included important

[51] See also "Dialogo Argentino. 2002. Boletin Informativo n°1". Buenos Aires: Secreteria Tecnica.
[52] For a complete list of the participants, it is possible to consult "*Dialogo Argentino. Boletin Informativo N°1*" and Ugarte, J.M. (2005). Both CGT and CTA were present.
[53] From "Mensaje a la Nacion del Presidiente Eduardo Alberto Duhalde desde la Iglesia Santa Catalina de Siena" in "Dialogo Argentino. Boletino Informativo N°1".

measures to help concretely the citizens most hit by the crisis, including a sort of minimum income for poor and indigent families; the Economic Plan was based on debt elimination and wanted to give impulse to the economy also by providing support to small and medium enterprises; the Institutional Plan considered to reform the State as well as to increase transparency and public information; the formation of a concertation table to elaborate strategies concerning training, plan strategies to face emergency and specific programs for young people was the purpose of the Trade Union Plan; finally, a contribution to transparency was necessary to increase legitimacy and avoid clientelism (*Base para el Dialogo Social Argentino*).
The second step corresponded to the establishment of some *Mesas Sectoriales* (Sectorial Tables): socio-laboural-productive, health care, education, judiciary and political [54].
Basically, different groups reunited to discuss about relevant issues, with the technically experience needed for each sector, while keeping high the level of representativeness. In particular, the socio-laboural-productive table, although it stated that the solution to social problem could be find only with economy recovery and sustainable development, they agreed that some form of protection was to be guaranteed. Among the proposal, it easy to find some kind of unemployment benefits, a "universal" income provision for poor and extreme poor families[55], and extending social security to non-protected workers, such as many rural workers and elderly above 75 years old who lacked other form of protection.
The third and final step was developed from August 2002 until April 2003 when civil society organizations directly assumed the control of the dialogue, which was basically conducted by the most relevant political and social actors in the first stage. The main purposes concerned four different areas: Communication, *Dialogo con Todos* (Dialogue with all), incidence of the conjuncture, and Governability Agenda. However, the interest for the dialogue started to decline and it did not manage to have a strong and concrete impact after the convertibility ended and the new government by Nestor Kirchner was settled. In that period, the main relevant organizations were religious communities, ONGs, CTA and some representatives from the academic world.

Trade unions were quite detached from the Social Dialogue, although both CGT and CTA were present. The latter participated through some its civil servants' organizations and asked for

[54] See "El Diálogo Argentino le entregó sus propuestas al Presidente", Pagina 12, 01-03-2002 at https://www.pagina12.com.ar/diario/elpais/1-2421-2002-03-01.html.
[55] See "Bases para el Dialogo Argentino".

*Seguro de Desempleo* as formulated by FreNaPo. Also unemployed organizations and the *piqueteros*, despite invitations, were not effective: they debated over the possibility to launch new social measures and to improve democratic participation by settling an assembly to head the decision-making process (Naciones Unidas, 2004).

CGT was present with both its *oficial* and its *disidente* wings. The former was headed by Rodolfo Daer and it represented the branch of unionism which has always sustained governments in charge – with particular reference to Menem in the 1990s - while the second elected Hugo Moyano as it leader and it showed some kind of support for Duhalde at the first stage of its presidency. As a confirmation, while CGT *oficial* a-critically supported government [56], CGT *disidente* tried to be more active proposing the launch of a sort of unemployment benefit very similar to the one elaborated by CTA. This claim was done through some of its parliamentarians in the PJ (Merino, 2012). However, most of its request were directly connected and limited to the revival of the *Consejo Colectivos de Los Salarios* [57], that is the re-establishment of tripartite collective bargaining, after that they were eliminated in the 1990s. The contribute of CGT to the dialogue lasted shortly. Hugo Moyano left the Dialogue when it was clear that the government would refused to break with IMF dictates [58] [59] [60]. The leader considered it as a fundamental requirement to interrupt neoliberal ties with the past. After a while, also CTA rejected the dialogue for similar reasons. Although the labour organization never formally left the Dialogue, it preferred to concentrate its effort on the organization of protests on the streets. The purpose of the trade union was to create a new social and political front [61], coupled with either the CGT

[56] See "La eleccion/el nuevo escenario: plenario politico en la sede sindical. La CGT le animó la fiesta a Duhalde", Clarin, 17-10-2001 at https://www.clarin.com/politica/cgt-animo-fiesta-duhalde_0_SJZl8p8gRtl.html; "Moyano le hace su primer paro a Duhalde pero habrá transporte", Pagina 12, 22-05-2002 at https://www.pagina12.com.ar/diario/elpais/1-5419-2002-05-22.html and "Duhalde es un valiente y lo vamos a apoyar", Pagina 12, 13-02-2002 at https://www.pagina12.com.ar/diario/elpais/1-1813-2002-02-13.html.

[57] See "Duhalde lanzó la mesa de concertación socio-laboral productiva", La Nacion, 12-02-2002 at http://www.lanacion.com.ar/373577-duhalde-lanzo-la-mesa-de-concertacion-socio-laboural-productiva.

[58] See "Moyano lanzó un paro contra Duhalde", La Voz online, 04-05-2002 at http://archivo.lavoz.com.ar/2002/0504/portada/nota95238_1.htm and "Moyano abandona la Mesa de Diálogo", La Nacion, 26-04-2002 at http://www.lanacion.com.ar/391697-moyano-abandona-la-mesa-de-dialogo.

[59] See "Moyano le hace su primer paro a Duhalde pero habrá transporte", Pagina 12, 22-05-2002 at https://www.pagina12.com.ar/diario/elpais/1-5419-2002-05-22.html.

[60] See "Duhalde es un valiente y lo vamos a apoyar", Pagina 12, 13-02-2002 athttps://www.pagina12.com.ar/diario/elpais/1-1813-2002-02-13.html.

[61] During the Sixth National Congress, the CTA launched a "social, political and cultural movement to create a new social block and impress a direction to the community, against authoritarianism, retrenchment and repression (Retamozo and Morris, 2015). El 13 y 14 de diciembre de 2002 se desarrolló

*Disidente* or other organizations, such as *the Corriente Clasista y Combativa* (CCC) [62]. CTA organized its Sixth Congress in Mar der Plata where created this front and it also kept claiming the proposals of the FreNaPo - pensions for those who could not access social security, a universal children allowance and a "social salary" for those below poverty line (PUB-CTA, 2002). Its mobilization action went from protests to a general strike on May, 28th, a convocation of all social sectors after the assassination of Dario Santillan and Maximiliano Kosteki as a consequence of the unrests, an episode that basically signed the end of Duhalde's term. Finally, in December 2002, shouting "*Que se vayan todos*" (Everybody must go away), the CTA confirmed its full opposition to the government[63].

In terms of social policies, one of the most concrete result of the social dialogue was *Plan Jefas Y Jefes de Hogares Desocupados* (PJJHD). It was established with the decree 565/02 as an emergency program, and it was thought to be a transitionary measure. However, the situation of emergency was extended until the end of 2003 and it thus lasted for almost two years. Indeed, as the Ministry of Labour highlighted, the crisis was very deep, such that "a civil war could have happened if the money (*of the Plan de Jefas y Jefes de Hogar Desocupados*) did not arrive"[64] The plan was introduced by Duhalde, but it was promoted by the *mesa social*, which also pushed for its universalization, as the distribution of the benefit was originally linked to funds availability in its original design (Pautassi et. all, 2003). *Derecho Familiar de Inclusion Social* (Family Rights of Social Inclusion) was therefore the mesa counter proposal, and it was incorporated in PJJHD to guarantee its largest coverage.

With the purpose to avoid clientelism and increase transparency, the *Consejo Nacional de Administracion, Ejecucion y Control* (National Council of Administration, Execution and Control – CONAYEC) was created. It included three representatives each for employers, trade unions, ONGs, confessional institutions and representatives of the national government [65]. The main

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el Sexto Congreso Nacional de Delegados de la cta en Mar del Plata con el propósito de lanzar un "Movimiento Político, Social y Cultural" (Armelino and Pérez, 2003)

[62] See "Convocatoria de la CTA y la CCC a "un frente político y social", Pagina 12, 21-06-2002 at https://www.pagina12.com.ar/diario/elpais/1-6584-2002-06-21.html.

[63] See CTA book 1 "Historia en imagines de la central de los trabajadores argentinos 1991-2005" available at http://www.bibliotecacta.org.ar/bases/books/1/index.html.

[64] Interview with Ministry of Labour

[65] CONAYEC was integrated by: La Sociedad Rural Argentina (SRA), la Coordinadora de las Industrias de Productos Alimentarios (COPAL) y la Unión Industrial Argentina (UIA), la Cámara de Exploración y Producción de Hidrocarburos (CEPH), la Asociación de Bancos Públicos y Privados de la República Argentina (ABAPPRA) y la Asociación de Bancos de la Argentina (ABA). Por el sector sindical, la Confederación General del Trabajo (CGT), la Central de Trabajadores Argentinos (CTA), por los distintos

aim was to control the implementation of the program, to supervise budget use, to manage job and education training, etc. (Honorable Camara de Diputados de la Nacion, 1). The PJJHD thus represented an opportunity for trade unions concerning the management of an important national plan, as it occurred during the 1990s with the *Plan Trabajar*.

PJJHD is extremely different from the *Seguro de Empleo y Formacion* that the CTA proposed with the FreNaPo's mobilization in 2000. Notwithstanding the success and the large coverage (almost 3 million of people), the measure was not universal, nor it came closer to some sort of citizenship's income that FreNaPo wanted to launch. Moreover, it was not enough to reduce poverty and unemployment level; it was rather used with electoral aims and to reduce social conflicts in the short run (CELS 2003, Lo Vuolo 2013).

CTA thus supported it, but not without critics. In fact, PJJHD was said to be "a policy that helped people though it was also used to reduce the pressure of unemployed" [66]. Critiques were due to the lack of universalism, and to the absence of the redistributive shock that FreNaPo's proposal would have provoked in place of PJJHD. Indeed, "there is no universalism (…) and the policy is not redistributive. (…) Not all unemployed are poor and not all poor are unemployed (…). In addition, the plan comes without any relationship with labour *(as only generic "work with the community" were required)*, therefore the income provision is not coupled with coverage concerning health care and pension" (Lozano, 2002). CTA also claimed that, in order to be effective and promote redistribution, the measure should be indexed to inflation level. Indeed, Lozano pointed out also the new values that the policies promoted by FreNaPo should assume, such as ARS 420 for the *Seguro de Empleo y Formacion*, ARS 65 for child allowance and ARS 165 for elderly excluded by the pension system.

The positions of the two CGT and their motivations, on the contrary, are not straightforward: while CGT *oficial* supported PJJHD as a manner to show its loyalty to government, CGT

cultos: AMIA (Asociación Mutual Israelita Argentina), el Consejo Evangélico y Caritas Nacional. Por las organizaciones no gubernamentales, la Federación Argentina de Municipios (FAM), el Foro del Sector Social y la Corriente Clasista y Combativa (CCC). Por el Gobierno: el Ministerio de Trabajo, Empleo y Seguridad Social (Consejo Federal de Trabajo), el Ministerio de Economía y el Ministerio de Desarrollo Social (Consejo Nacional de Coordinación de Políticas Sociales) (Golbert, 2004).

[66] Interview with CTA 4.

*Disidente*, headed by Moyano did not attend consultation rounds [67]. They both showed their support to the plan to immediately alleviate the effect of the crisis. Although they admittedly did not contributed to the process of policy-making, "large part of affiliated unions (…) participated to the plan for example through food distribution (…) among the population that suffered because of neoliberal policies"[68].

Despite the support, Moyano then strongly criticized the government, unable to create "*trabajo digno*" (decent work), and accused Duhalde to follow neoliberal economic model [69]. He stated that CGT would avoid that "decent work would be exchanged with temporary social plans and with plans targeting unemployed". Indeed, it mainly evaluated PPJJHD as charity, like all the other cash transfer program, in contraposition to the promotion of jobs [70]. This reaction is not unexpected as trade unions tend to prefer employment promotion rather than non-contributory plans. Overall, CGT was more interested in family allowances for formal workers, an old claim since the Peronist period. Despite the large critics, CGT supported PJJHD from a "philosophical and social point of view, knowing that it was necessary due crisis" [71] .

### **8.3.** Nestor Kirchner: overcoming emergency measures and the Moratoria

In the aftermath of the crisis, some measures were adopted, both for what concerned income redistribution and active labour market policies, although the latter remained underdeveloped. In the field of family allowances, the two most important measures were *Plan Familia* (Family Plan) and *Seguro de Capacitacion y Empleo* (Insurance for training and employment), both resulting from the dissolution of PJJHD. CGT, with Moyano, described *Seguro de Capatizacion y Empleo* as "a very important step which improves and enlarges PJJHD" [72]. While PJJHD was strongly criticized – though supported - in 2002 – "when Nestor and Cristina Kirchner were in

[67] See "Daer dio su apoyo a la entrega de subsidios para desocupados", La Prensa, 03-04-2002 at http://www.laprensa.com.ar/315036-Daer-dio-su-apoyo-a-la-entrega-de-subsidios-para-desocupados.note.aspx

[68] Interview with CGT 2.

[69] See "Moyano encabezó una marcha de recolectores de residuos", La Nacion, 19-09-2002 at http://www.lanacion.com.ar/433032-moyano-encabezo-una-marcha-de-recolectores-de-residuos

[70] See "Moyano encabezó una marcha de recolectores de residuos", La Nacion, 19-09-2002 at http://www.lanacion.com.ar/433032-moyano-encabezo-una-marcha-de-recolectores-de-residuos and "Moyano y el empleo", Pagina 12, 30-12-2002 at https://www.pagina12.com.ar/diario/elpais/1-14781-2002-12-30.html.

[71] Interview with CGT 6.

[72] See "Barrios de Pie marcha en el microcentro por planes sociales", La Nacion, 26-01-2012 at http://www.lanacion.com.ar/1443549-se-moviliza-barrios-de-pie-y-espera-una-reunion-con-moyano

government, CGT started to play a more active role *(with respect to the previous period)* for what concerns social plans" [73].

Moreover, this program was coupled with employment promotion and training (such as *Programa de Formacion para el Trabajo* and *Obra Publica Local*). Trade unions could participate to the provision of such services, a factor that *per se* could have contributed to its positive evaluation, notwithstanding Moyano stated that "the enlargement of PJJHD is more important than whoever manages the new program" [74]. Among the largest unions which had the opportunity to participate to the implementation of such policies, there were OUCRA, UOM, and SMATA, belonging to CGT - either *independientes* or *gordos.*

The most relevant measure to include outsider in the pension system was introduced with decree PEN 1454/2005 and law 25.994 (art. 6). The moratoria, known as *Plan De Inclusion Previsional* (Pension Inclusion Plan), is a "*compra de los años de aportes*", which literally means that the State pays the missing contributions years to be entitled to pensions. Accordingly, if people already reach eligible age (60 years of age for women, 65 for men), they are included in the system irrespectively of their paid contributions. Moratoria passed in three weeks, as there was a general agreement among all political parts (Huber and Stephens, 2012). Trade unions, both CGT and CTA, largely supported the measure. Moratoria represented the first step for the state "comeback" (Arza, 2011 and 2012) to the pension system: government's idea was actually to enlarge coverage first, then to make the system fully public again.

Despite both labour organizations largely supported the introduction of Moratoria, they also criticised the amount of the benefit it entitled to retirees. In fact, although moratoria facilitated many pensioners in the achievement of retirement - the level of such benefit remained quite low. As CGT noted, only 28% of pensioners received minimum pension in 2002, but the percentage skyrocketed to 73% in 2009[75]. CTA also stressed the relevance of the Moratoria in terms of coverage but it criticized the amount of benefit. In fact, it proposed to increase it up to the 82% of *salario minimum, vital y movil* (i.e. minimum salary) rather than to the minimum pension.

[73] Interview with CGT 5.

[74] See "Moyano calificò de importantisimos los anuncios", el Cronista, 12-02-2006 at https://www.cronista.com/impresageneral/Moyano-califico-de-importantisimos-los-anuncios--20060213-0082.html.

[75] *Revista de la secreteria de estatisticas, registros y defensa al consumidor CGT*, 2010.

### 8.4. Cristina Kirchner and the phase of institutionalization of family allowances: the AUH

With the government of Christina Kirchner, the crisis was definitely over. Beside the renationalization of the pension system, the most important policy promoted by the president was the *Asignacion Universal por Hijo* (Universal Allowance per Child – AUH), established by the end of October, 2009 with Decree 1602/09.

AUH was the result of a long debate. Introducing a universal measure which was not linked to occupational status was first proposed by the research center CIEPP (*Centro Interdisciplinario para el Estudio de Politicas Publicas*) in 1995 with the book "*Contra la Exclusión. La propuesta del ingreso ciudadano*" written by Barbeito et all. and based on Van Parjis (1992). Moreover, already in 1997 the party *Coalicion civica* and in particular *Partido Afirmacion para una Republica Egualitaria* proposed a *Fondo para el Ingreso ciudadano para la Ninez*. Importantly, from the early 2000s, the issue was supported by CTA. After the national march and the referendum in 2001, FreNaPo adjusted its requests because of huge unemployment, poverty and inequality. The demand for *Seguro de empleo y formacion* was increased up to ARS 640, *Asignacion Familiar Universal* to ARS 60, and minimum pension touched ARS 308 (Lozano et al., 2005). *Coalicion Civica*, besides the 1997 proposal, asked for the launch of some child allowance also in 1999, 2001, 2003, 2004 and 2008. Also many other parties proposed similar measures: *Frente para la Victoria* - Christina Kirchner's party - submitted a law in 2008, *Partido Socialista* in 2009, *Union Civica Radical* in 2009, *Proyecto Sur, Solidariedad e Igualdad* and *Encuentro Popolar y Social* in 2009, *Union Celeste y Blanco* again 2009, and even the Catholic Church proposed a universal family allowance, for all children, independently from their parents' economic and labour status. Although these proposals differed in terms of requirements, target population, level of benefits, managing, etc. it is possible to highlight how all political parties agreed on some kind of family allowance (Hintze and Costa, 2011). Therefore, in the years 2008 and 2009 a broad consensus emerged (Garay 2017). Notwithstanding the possibility to discuss the measure, the government decided to implement AUH through decree, thus avoiding dialogue. The competition from other parties pushed for the introduction of family allowance, but probably the polarization between government and opposition is the reason why the government acted alone, although the issue was present in all parties' agendas. Blocking oppositions' demands represents another factor which may explain why government avoid dialogue on AUH (Lo Vuolo, 2013).

General critics to AUH concerned its limited universality, the decision-making process (introduction by decree rather than by ordinary law), the implementation process, the financing through ANSES (indeed, AUH was financed by the ANSES, which was also responsible for pensions, therefore there existed worries about the distribution of resources between elderly and young people with the famous sentence "*se le quita plata a los jubilados para darlo a los chicos*" [76]) and a potential loss of purchasing power due to inflation. In relations to such critics, the two main Argentinean trade unions reacted differently. CTA asked for universality [77] and for the direct indexation of AUH to inflation. Its evaluation was, however, fairly positive. It defined the new measure as "transcendental advance" [78] since it helps who were leaving in poverty and indigence, though without constituting a solution to solve the problem of inequality. CGT also supported AUH by stating that "the measure had an impact not only on income distribution, but also for what concerns poverty reduction of large part of the population" [79]. Moyano, while being favourable of AUH, he also strongly pushed for the indexation of other family allowances directed to formal workers. In particular, he affirmed that "it is necessary to link AUH to inflation, but also contributory family allowances must grow" [80], claiming that inflation was too high and it eroded the level of allowances (both contributoy and non-contributory).

## 9. Trade unions strategies in a post-neoliberal arrangement

To summarize from paragraph eight, CGT and CTA are analysed for what concerns their support to inclusionary policies. Both labour organizations can be broadly defined as pro-outsider. However, it is possible to consider a wider categorization rather than just a dichotomy between pro-outsider or (only) pro-insiders. In the following table, the first line represents the different strategies that the Argentinean trade unions followed. On the one hand, it emerges

[76] "You are taking money away from elderly to give to children".

[77] See "La CTA marchó a Plaza de Mayo y hubo caos de tránsito", Clarin, 08-06-2011 at https://www.clarin.com/politica/Arrancaron-movilizaciones-cortes-rutas-CTA_0_S1CgGIZawml.html when Micheli states that the reasons for the strikes were "82 por ciento móvil para jubilados, Asignación Universal por Hijo para todos, personería gremial para la CTA y libertad y democracia sindical".

[78] See "Para la CTA "es un avance trascendental"", Pagina 12, 29-10-2009 at https://www.pagina12.com.ar/diario/ultimas/subnotas/134326-43340-2009-10-29.html.

[79] Interview with CGT 5.

[80] See "Lo habitual, en otro contexto", Pagina 12, 08-09-2011 at https://www.pagina12.com.ar/diario/elpais/1-176331-2011-09-08.html and "Moyano: "El gran déficit de este modelo es la inflación"", Clarin, 08-06-2011 at https://www.clarin.com/politica/Moyano-inflacion-asignacion_universal_por_hijo-deficit_del_modelo_0_BysZFS-pPXx.html.

how CTA has played a more active role than CGT, directly proposing some initiatives to the government. On the other hand, the national trade union CGT found itself supportive but less proactive. Concerning the modes of actions, while CTA preferred to act through mobilization in opposition to the main political actors, CGT was most likely to cooperate with the government.

Table 5.9 Trade unions strategies and pro-outsider measures

| | **Initiator** | **Supporter** | **Neutral** | **Opponent** |
|---|---|---|---|---|
| **PJJHD (2002)** | CTA | CGT | | |
| **AUH (2009)** | CTA | CGT | | |
| **(Social Pensions 2003)** | CTA | | CGT | |
| **Moratoria (2005)** | CGT/CTA | | | |

Source: Author's elaboration

With this framework in mind, the next sections will be dedicated do the explanation of trade unions' strategies from the 2001 crisis, to understand why they proposed/supported pro-outsider policies.

### 9.1. The crisis: the CTA as initiator with the FreNaPo

Before the 2001 crisis, CTA launched FreNaPo. By the word of the CTA, it emerges how FreNaPo was born as a reaction to neoliberalism, which was accused to produce poverty and to annihilate the culture of labour. Indeed, "organizing society through the "strategy of inequality" *(with reference to the effects of neoliberal policies)* has led to current collapse" [81].

It was thus crucial to look for the unity between sectors and workers, in particular the ones which "did not have a job, a *normal* job" (Victor De Gennaro and Pablo Micheli[82]). In this context, the "working class" is used to define *all* workers, whether formal or informal, employees of self-employed, etc. thus overcoming its identification with only (formal) salaried workers. Indeed, some of its leaders claimed that "we are part of the class, we are part of the workers that we left unemployed"[83], with reference to the neoliberal era of the 1990s.

[81] Frente Nacional contra la Pobreza por el Trabajo y la Produccion. Apuntes para el debate politico del FreNaPo. Presentacion de Claudio Lozano en la asamblea del FreNaPo de capital (2000-2001). Available at http://lae.princeton.edu/catalog/070vx#?c=0&m=0&s=0&cv=8&z=0.2373%2C-0.4416%2C1.5254%2C1.8003

[82] https://www.educ.ar/recursos/119382/FreNaPo

[83] Interview with CTA 4.

Since its history, "the organization has, among its purposes, not only workers' salary, working conditions or collective negotiation; it also aims at fighting against poverty"[84]. From these words, it is possible to understand that CTA's far-reaching purposes take into consideration also outsiders' needs rather than only insiders' claims regarding better working conditions. A leftist ideology – although the CTA declares itself as "free" and autonomous from any party or ideology – identifies many of its leaders[85] through their historical battles against neoliberalism.
Faithful to its identity and past history – inextricably linked to the opposition to both Menem and international organizations which successfully imposed harshly neoliberal measures - CTA was able to mobilize large sectors of civil society to ask rapid responses from the government in light of the 2001 crisis and build a new social protection system.

CTA, with the establishment of FreNaPo, adopted a mobilization and coalition building strategy. This is not unexpected because of CTA's composition. Indeed, the inclusion of social movements in its internal structure and the organization of marches and blocks in the streets were typical features of CTA's mode of action since its origins. In addition, the FreNaPo mobilization carried on important proposals rather than being limited to protest.
With the purpose to highlight the relevance of social movements, especially in the period that goes from the end of the 1990s to the early 2000s, it is necessary to do a step back. Born in the 1990s to fight against the neoliberal policies imposed by the Menem government, they were composed by workers who lost their jobs due to privatizations of public firms and the increase of informal arrangements in the labour market. Unemployed movements were different, and they were not always directly included in CTA internal organizations. Among the others, Dinerstein (2003) highlights the existence of two different types of groups, identified with the terms "power" and "counter power". While the former looked for a new power of the working class and they advanced claims in terms of income distribution, the latter rejected any form of labour and political representation and they aimed at "change the logic of labour and capital" (Dinerstein, 2003: 2). In addition, the group of "power" fought to obtain "decent work" by claiming an improvement of working conditions, while the movements identified as "counterpower" rather asserted that it was impossible to obtain a decent work under the conditions imposed by the capitalist model (Retamozo, 2011). FTV - *Federacion Tierra y Vivienda* and CCC - *Corriente Classista Combativa* are close to the first approach and they cooperated with

[84] Interview with CTA 1.
[85] Interview with CTA 2 and 4.

CTA. In particular, the former is part of the labour organization since its emergence and it acted as CTA's liaison by coordinating unemployment movements and the trade unions thanks to its territorial presence and informal structure (Retamozo and Morris, 2015). Among the most radical movements, there are MTD - *Movimiento de Trabajadores Desocupados* and CTDAV – *Coordinadora de Trabajadores Desocupados Anibal Veron*. While the first types of movements were more likely to join CTA to elaborate strategy of mobilizations and re-distributive proposals, the second groups challenged the Argentinean labour organization with its refuse to be part of any traditional political institution. They proposed different forms of participation - for example through the so-called *asambleas barriales*, that is neighbourhood assemblies that took decisions by applying principles of direct democracy, in contraposition to participation to strikes and marches more typical of CTA.

The relationship between CTA and social movements, by the end of 1990s and the early 2000s, depended on the nature of unemployed movements. On the one hand, some of them helped the labour organization to enlarge its representation (i.e. indigenous people, women, students, etc.); as a consequence, also its interests and claims became more variegated. On the other hand, they provided an important networks able to act locally. Most of these moderate groups were either directly included by CTA or in coalition with it. However, there existed also some competition between the trade union and the most radical groups. Indeed, a CTA leader admitted that the *Bloque Piquetero Nacional*, (National *Piqueteros* Block) – part of the most radical group of movements - attempted to create a labour organization in 2002 called *Asamblea Nacional de Trabajadores Desocupados* (National Assembly of Unemployed), claiming to be "less bureaucratic and to really represent workers. (…). While in some moments there was mostly unity in the struggle, in others there was more distance among movements *(with reference to social movements and CTA)*"[86]. Although the *Bloque Piquetero* did not manage to become a trade union, unemployed representation was fragmented. Therefore, although CTA is mostly known to be a "social movement union", it did not manage to unify the entire world of unemployed movements, despite the same leader claims how the union has always tried to pursue "unity of action" among all the movements interested in fighting against "capitalism"[87].

During the 2001 mobilization, CTA managed to mobilize not only social movements already included or close to the organization, but also other parts of civil society. This shows how CTA -

[86] Interview with CTA 5.
[87] Interview with CTA 2.

moved by inclusionary ideas and adopting a conflict strategy with the government – mobilized large part of society to promote the adoption of pro-outsider policies, namely the *Seguro de Empleo y Formacion* for unemployed heads of the households, the *Asignacion Universal por Hijo* aimed at covering all children and the *Asignacion Universal* for the elderly who were not included in retirement schemes.

Left ideology demonstrated to be crucial for CTA to promote FreNaPo and encourage the adoption of pro-outsider policies. Moreover, the decision to act through mobilization depended on its membership, which was largely composed by social movements and unemployed organizations. However, also another factor affected the emergence of FreNaPo: the lack of institutional resources.

In fact, CTA never had close relationships with any party or government nor it managed to obtain the official recognition provided to workers' organization, i.e. the *personeria gremial*. The union chose to be excluded from institutional assets: the autonomy from any party, employers' association or government is also highlighted in its Statute. In the framework of the corporatist Argentinean model (regulated by the principle of unicity), this choice led to the exclusion of CTA in favour of CGT, more prone to cooperate or bargain with governments. Despite the Statute declares the total independence of the labour organization from any political force, CTA tried to obtain the *personeria*, but it was not successful. Therefore, it had no other option than to make its voice heard through mobilization and coalition building. Indeed, one of its leader admitted "we never took any political decision, we never got the *personeria gremial* (…)"[88]. Also Serdar (2011) confirmed that "CTA's failure in organizing workers in strategic sectors limited its structural power, and pushed it to seek alternative sources of power" (Serdar, 2011: 405). Again, the role of *personeria gremial* is highlighted. The difficulties to affiliate workers in core economic sectors are the result of the principle of representation which admits only the largest union within each sector. The possibility to enlarge membership in such core economic sectors – already occupied by CGT - is therefore limited. Due to the lack of institutional resources, CTA opted then for strategies based on mobilization.

To recap, CTA can thus be considered as initiator: its proposals were adopted, though with modifications, by policy makers in the following years. The director of its research centre admitted that "this strategy *(with reference to the 2001 National March and the referendum)* was so

[88] Interview with CTA 4.

successful that Duhalde's government and Kirchner's governments transformed CTA's policy proposals (concerning unemployment benefits, pensions and family allowances) into *their* proposals *(i.e. of the governments themselves)* (…). In 2001, FreNaPo (…) defined the political agenda of the following years (...). Our proposals were successful, although they were distorted because they ended up to be "palliative" and compensatory, while we imagined that those policies could transformed the model of production, the Argentinean development model, and this, obviously, did not happened"[89].

### **9.2.** Coping with the crisis: refusing social dialogue, keeping mobilization constant

The presidency of Duhalde was characterized by social dialogue among the most important actors. The main purpose was to find out a shared solution to overcome the crisis, but above all the president aimed at calming unrest that had lasted since months. The social dialogue was not successful and it had a limited impact on both reducing protests and favouring cooperation among social and political actors.

Both CGT and CTA, although they did participate to social dialogue, kept some distance from Duhalde's government and it proposals. As mentioned in the paragraph above, CGT *Disidente*, along with CTA, chose mobilization resources, while CGT *Oficial* supported the government. Indeed, although Duhalde represented Justicialism and thus the Peronist ideology so close to CGT, CTA's and MTA's legacy of fights against neoliberalism in 1990s was still very strong.

In such a context, CGT *Disidente* and CTA allied for a short period: after having organized two strikes together already in 2000 and 2001, they called for other three separates strikes in 2002: two were arranged by CTA and one by CGT (Armelino, 2004; Del Frade, 2011). CGT, with reference to its *disidente* wing, therefore refused any access to institutional resources which could have possibly obtained from Duhalde's government, who – in turn - was looking for support among social and political forces also to reduce social unrests. The fear that the president would have continued to carry on the neoliberal model of economic development was the main reason behind this choice.

The period after the 2001 crisis was particularly challenging for trade unions, due to the large distrust with respect to social and political actors. The main measures approved during the

[89] Interview with CTA 2.

social dialogue was the PJJHD. CTA supported PJJDH because it was the only measure that vaguely approximated their proposal of *Seguro*; however, they considered it insufficient in terms of efficacy to overcome the crisis. During the Sixth Congress, held in 2002, CTA claimed that it was necessary to introduce the *Seguro de Empleo y Formacion* (one of the three measures promoted by FreNaPo) and that "fighting against poverty is the main condition to fulfil human rights" (PUBCTA, 2002). However, according to CTA, PJJHD failed to reduce poverty and "it is not able to work not even as a compensation *(i.e. PJJHD is not able to compensate for the income loss caused the crisis)*" (Lozano, 2002) because "it does not respect the principle of universality nor it has a distributive nature (*it does not redistribute from high to low incomes)*" as it targets unemployed but it let behind some categories such as the working poors. CTA criticized the PJJDH because the measure was not connected with a real will to pursue the fight against poverty through policies which aimed to achieve universal coverage, but it was rather "palliatives that the Argentinean capitalist state proposes to reduce social conflicts and to generate consensus within the society"[90]. In addition, it would have failed in providing "a strong impact on demand and internal market (…) to re-activate economy and overcoming economic depression", that is the idea of the "redistributive shock" to be obtained through the *Seguro de Empleo y Formacion* (*Ibidem*). CTA's idea of an extensive welfare provision able to cover a large sector of the population and to re-insert it in the labour market through active labour market policies is substantially different than any other residual measure as the PJJHD implemented with the main purpose to reduce mobilization in time of crisis.

Also Moyano, though available to cooperate with Duhalde's government at the beginning of it presidency, it soon broke any relationship with it. In fact, he specified that if Duhalde would have not reverse its political pattern (in term of closeness to neoliberal model of development), he would isolate him. In occasion of the general strike launched on May, 22nd 2002 he affirmed that "the strike is against the economic model, but if the government sustains it, it will also be against it"[91]. As the IMF continued to dictate government's agenda, the inevitable rupture occurred.

[90] Interview with CTA 2.

[91] See "Moyano le hace su primer paro a Duhalde pero habrá transporte", Pagina 12, 22-05-2002 at https://www.pagina12.com.ar/diario/elpais/1-5419-2002-05-22.html and "Moyano, ante poca gente y duro contra Duhalde", La Nacion, 23-05-2002 at http://www.lanacion.com.ar/398969-moyano-ante-poca-gente-y-duro-contra-duhalde.

The criticism for PJJHD thus mirrored their disapproval of government's behaviour, especially with respect to IMF. For what concern social policies implemented during the crisis, CGT admitted its absence. "CGT at this time played a pitiful role, as it was absent from all of this (*the launch of emergency social policies*)"[92]. There is a general agreement coming from both policy makers and trade unions that PJJHD was necessary to avoid excessive unrests from the population on the street, but it was also considered as a partial way to break with liberal policies, although critiques remained strong[93]. Indeed, the need to search for an equilibrium in the social and the political system was a priority, therefore the requirements that the families have to fulfilled while receiving the benefits – as schooling and vaccinations – were rarely accomplished, and the plan was basically reduced to money transfer.

Despite trade unions did play a role in the implementation of PJJHD, from the analysis of interview and important documents, it did not emerge any element that pointed up the relevance of such potential resources a la Davidsson and Emmenegger. In fact, organized labour was part of PJJHD management through the CONAYEC, but the amount of economic resources deriving from this transitionary scheme was probably low.

### **9.3.** The left turn with the "K" era: pro-labour government and trade unions' strategies

The election of Nestor Kirchner in 2003 signed an important cut-off point in the relationship between governments and trade unions, especially when comparing it to the previous decade headed by Menem. When he assumed the presidency, both CGT and CTA were enthusiastic to have an elected Peronist president. Kirchner launched a policy of re-industrialization, he re-negotiated the debt, broke links with IMF and softened neoliberal policies for what concerned privatization of national enterprises and labour market regulation. Kirchner, after coping with the aftermath of the crisis, also adopted many pro-labour initiatives which helped labour organizations to come back into the political scene and workers to be empowered. In the field of social policies, he promoted both pro-insider and pro-outsider measures. In particular, while the former were included through *labour market*, the latter benefitted from the extensive coverage provided by the *social protection system*.

[92] Interview with CGT 5.
[93] Interview with CGT 6.

On the one hand, for what concerned salaried workers employed in the formal sector, the government re-called the "*Consejo de los Salarios Colectivos*", allowing tripartite collective bargaining among state, employers and employees, and providing both trade unions a crucial role on the scene and high salaries to workers. The council had been suspended for decades before being re-introduced. Concerning pensions, Kirchner defined as a benchmark the "82% *movil*", which means that the replacement rate for pension should be at least 82% of the minimum salary (also known as "*Salario Minimo, Vital y Movil*", which was also dramatically increased by the government over the years).

On the other hand, many policies were launched to fight against poverty, and thus they can be intended as pro-outsider initiatives. Formalization strategy to include informal workers in the labour market were pursued, for example sending more inspections to firms or creating *ad hoc* figures such as *monotributistas* (see above). In addition, many controls to avoid labour frauds were implemented, thus facilitating workers' registration in formal records. Moreover, new social assistance measures were introduced, including some conditional cash transfer measures, little programs concerning active labour market policies and other workfare plans.

In such a context, both CGT and CTA strategies were characterized by a strong support of government policies toward the inclusion of outsiders, although there are some differences concerning both intensity of efforts and the policy field.

***CTA during the Kirchner: the illusion of the personeria gremial and the 2009 split***

When it comes to the expansion of social protection schemes targeting outsiders (PJJHD, AUH, social pensions and Moratoria), CTA can be considered as an initiator. Although the labour organization always claimed autonomy from any party or government, at the beginning of Kirchner's government there was an extremely good relationship between its main representatives and, in particular, with Nestor. As Carlos Tomada – Kirchner's Ministry of Labour - noted "I was the first one to ever called CTA leader on the *Casa Rosada"*[94], a statement that at least suggests government's willingness to establish a dialogue with the labour organization. Victor De Gennaro, CTA' general secretary, seemed to be extremely close to the new government, such that in one of the first official trip of the president in Patagonia, Kirchner brought both Moyano and De Gennaro[95]. Notwithstanding the initial "honeymoon", CTA never

[94] Interview with Ministry of Labour 1. The *Casa Rosada* is the official residence of the Argentine President.
[95] Interview with Ministry of Labour 1

received the coveted *personeria gremial*: the access to institutional resources - which would have allowed it to be fully recognized to participate to tripartite collective bargaining and not to be discriminated by employers - was denied.

The lack of institutional resources - embodied in the non-recognition of the *personeria gremial*, despite the established relationship with both Nestor and Cristina - pushed CTA to find other channels to express its claims. Some of its modes of action often involved a conflict strategy with government. "The government of Nestor Kirchner had a lot of linkages with trade unions. (…) (…) We never had *personeria juridical* (*or gremial*), although we supported the political process in Argentina (…) You have to mobilize, you have to fight to achieve some conquers for workers regardless the interest or the will that any government may have" [96].

The government "played" with the trade union. According to Etchemendy (2013), the Kirchner pledged a double alliance, which included CGT[97] and one of the largest union belonging to CTA - the CTERA, the federation of teachers - which gained considerable benefits in terms of salary increase.

In addition, it also tried – with partial success - to soften the existent linkage between CTA and social movements. Indeed, while some of them split from the organization and became partner of the government (such as the FTV of Luis D'Elia who received many benefits in terms of social plans), other organizations (as the *Polo Obrero*) were considered too radical, and thus they were excluded [98]. Indeed, "the government will also keep its relation with the sector of *piqueteros* considered as "violent", but it will not give it any social plan" [99].

Kirchner thus initiated a dialogue with some sectors of CTA with the main purposes to reduce mobilization (which was still relevant in 2003). Indeed, "Kirchnerism divided the popular movement (with reference to CTA and its unemployment movements) looking for its absorption while, at the same time, it annihilates its mobilization" [100]. The government never fully embraced the economic and social model of development proposed by CTA [101] (i.e. the

[96] Interview with CTA 4.
[97] See https://www.pagina12.com.ar/diario/elpais/1-42317-2004-10-14.html.
[98] See "El cobro de planes por tarjeta tambien divide a los piqueteros", El Dia, 27/12/2003, at https://www.eldia.com/nota/2003-12-27-el-cobro-de-planes-por-tarjeta-tambien-divide-a-los-piqueteros
[99] See for example "Los piqueteros más duros se reorganizan contra Kirchner", El Pais, 12/11/2003, at https://elpais.com/diario/2003/11/12/internacional/1068591609_850215.html and "Kirchner se enojò con Duhalde por los piqueteros", La Nacion, 30/11/2003, at https://www.lanacion.com.ar/550254-kirchner-se-enojo-con-duhalde-por-los-piqueteros
[100] Interview with CTA 2.
[101] Interview with CTA 2.

abandon of the Argentinean capitalist society); rather, it adopted a *divide et impera* strategy while facing organization's claims, as the literature confirms (see Dinerstein, 2005; Svampa, 2008; Retamozo and Di Bastiano, 2017, among the others). Therefore, under the Kirchner, not only CTA failed in accessing institutional resources, but also its potential mobilization was reduced.

Notwithstanding these difficulties, the second trade union of the country was united when dealing with supporting the inclusive proposals of FreNaPo. In 2005, CTA launched a campaign called *El hambre es un crimen* (Hunger is a crime), highlighting once more its attention to issues related to fight against poverty and social exclusion. The campaign focused in particular on children's poverty which was considered to be "inadmissible from an ethic and a moral point of view (…) and it represents the fallacy of neoliberalism" (Lozano, Rameri and Raffo, 2005).
In addition, with the launch of a *Constituyente Social* in 2008 and the Ninth Congress in the following year, CTA re-affirmed the relevance of the three policies promoted in 2001 (i.e. unemployed benefit, non-contributory pensions and universal children allowance) and approved with the informal referendum. It defined social protection as a human right. The organization asserted that "the main priority is the right distribution of wealth, and it is thus necessary to implement policies (…) such as children allowance for all those who are below 18 years of age; the *seguro de empleo y formacion*; the *salario universal vital y movil* and a universal pension system based on solidarity. (…). Social protection is a fundamental human right" (ETS-CTA, 2009). In this framework, the role of the *Constituyente* would be the one to "guarantee citizens' representation, highlighting the presence of pensioners and workers in the main organisms that manage social security" (*Ibidem*). CTA thus demonstrated to keep searching for democratic representation to include the claims of many groups of workers and citizens, by posing emphasis on the fight against poverty and social exclusion, despite undoubtedly improved economic conditions with respect to the years when FreNaPo was established.

From the definition of social protection as a "human right", it is possible to point out how - in addition to the lack of institutional resources - also ideology was undoubtedly one of the factor that mostly pushed CTA toward the support for pro-outsider policies, whose range exceeded those proposed by the government. Indeed, CTA strongly criticized many social assistance measures, although it recognized their role while facing exclusion and poverty. Main critiques concerned the limited activation processes attached to them (for example, in the case of PJJHD,

the measure was passive, cash transfer had limited connection with insertion in the labour market) as well as the neoliberal design of social policies targeting outsiders, with consequent problems linked to the excessive focalization to prevent an excessive social expenditure. "The Argentinean state is a capitalist state, and the capitalist state does not aim to solve social problems, rather what it does is to calm down social conflicts, to generate palliatives trying to generate consensus as well" [102]. For this reason, CTA has always posed itself in opposition to governments, the closer their linkages with neoliberal policies, the higher the level of conflict. The struggle against the neoliberal model led CTA to choose an inclusive strategy to provide more attention to the ones left behind by the market.

Indeed, the plans launched under Duhalde and Kirchner governments were strongly criticized especially due to their lack of a "real universalism", their low level of benefits and their focus on cash transfer rather on effort to reinsert people on labour market. Indeed, "(*what we proposed with FreNaPo*) policies were expected to have an "active" component and the intention was to train unemployed such that they would be able to perform activities whenever a change in the economic model occurred. Duhalde, then Kirchner and now Macri's governments transformed them (*pro-outsider policies*) in a compensatory training to give money to the neediest families, furthermore providing inadequate quantities. Today social plans are minimum, they just cover the basic food basket" [103].

The same considerations were reserved for the moratoria, which was criticized both because of limited inclusiveness and the lack of linkage with the 82% *movil*: this means that people who entered the program perceived a lower benefit with respect to average pensioners. "It is clear that we agree *(with the moratoria)*, (…) but we need to give a salary that would allow her to live with dignity" [104].

Although CTA mostly acted through mobilization, it also participated in the parliamentary arena when it came to Moratoria by pushing this policy through some of its leaders (who were also members of the Congress) and, in particular, with Claudio Lozano [105].

The union underwent a split in 2009, following the "*Ley del campo*" (which regulated prices and exchange of soy, one of the most exported Argentinean primary good). While CTA *Autonoma*, leaded by De Gennaro, stood against the government, CTA *de los Trabajadores* supported Kirchner.

[102] Interview with CTA 2.
[103] Interview with CTA 2.
[104] Interview with CTA 5.
[105] Interview with CTA 1.

***The alliance between Moyano's CGT and the Kirchners on pro-outsider policies***

The case of the CGT is complex as its strategies are more variegated. CGT acted as an initiator when it came to Moratoria, but it was neutral for what concerned social pensions; in the field of family allowances, it supported social policies targeting outsiders, especially for what concerned the AUH, implemented by Cristina Kirchners. The relationship with the government and the consequent access to institutional resources seems to matter for CGT's choice, although there are fundamental differences between the first two Kirchner's governments (Nestor and Cristina I) and the second term headed by Cristina. More specifically, it is possible to observe different strategies already after the death of Nestor Kirchner, occurred in October 2010 [106].

Historically CGT has always had a strong relationship with the Peronist Party. Among its wings, the *Disidente* composed by the transport and other unions belonging to the old MTA stood out as the most relevant sector within CGT [107]. Hugo Moyano of the *camioneros* was a precious ally during the government by Nestor Kirchner and the first government of his wife, Cristina Fernandez de Kirchner. During the first round of election, CGT did not support Kirchner. Rather, its leaders were split among the six candidates of the 2003 election. Kirchner obtained the second place, just behind Menem. When it came to the second round, CGT finally showed its support. Kirchner became the president, but due to the political weakness of the Peronist Party and the little percentage of votes that he gained, such alliance became crucial for both government's survival and CGT empowerment. Kirchner, after a strategic but not durable alliance with CTA, chose the strength of CGT and its "Moyano" faction. Indeed, the old MTA was legitimized to represent workers being the only CGT's wing who fought against neoliberalism in the 1990s and it also had a high potential but controllable mobilization asset as it was mostly composed of trade unions representing the transportation sector – Moyano with lorries and Palacios with collective transports - convincing the government to get closer to the "old" ally. Therefore, besides the legitimacy of Moyano as spokesman, the power resources that he represented - due to its high numbers of affiliates and the strategic sector of transportation in

[106] See "El juego del Kirchnerismo y el enfrentamiento con socios estrategicos. Ofensiva K contra Moyano: ¿mala copia de la ruptura con Duhalde?", Clarin, 16-05-2011 at https://www.clarin.com/politica/Ofensiva-Moyano-copia-ruptura-Duhalde_0_HJ_BjIfTPQl.html.

[107] During Kirchners' era, trade unions split even further than during 1990s. The reasons that stand at the basis of these divisions are more connected with the personalism of their leaders rather than with substantial internal disagreements. It is safely to assume that Moyano, since it was chosen by the government, represented the wing who own institutional resources.

which he operated – are among the main reasons of the tight linkage with government. Kirchner, therefore, identified in the CGT the strongest institution to support the government (Armelino, 2013). For the aforementioned reasons, the leader of *Camioneros* was universally recognized as the main interlocutor also by the rest of CGT. Gambini and Sanchez of SMATA, one of the strongest affiliated union to CGT, affirmed that "there was nobody stronger than Moyano; CGT could not replace him with anybody else" [108].

The relationship among CGT and the PJ was peculiar. Although many leaders of the labour organization defined the link only as "strategic"[109], undoubtedly, both parts benefitted from this connection. Leadership exchanges have been quite common: after CGT demonstrated its support to Kirchner, the president included Hector Recalde – an eminent lawyer of the labour organization – among its candidates for the district of Buenos Aires. Indeed, faithful to its corporatist tradition, "CGT also aimed to affect public policies" [110]. Again, "I support the presence of 33% of unionized workers in the Congress (…). Workers are the only bearers of social justice, we need to be the main characters in the main spaces, the executive power can be easily conducted by a trade unions' leader. (…) We need to occupy both legislative and executive positions"[111]. Therefore, the relationship between Moyano and Kirchner can be defined as cooperation and political exchange *a la* Pizzorno. In terms of collective bargaining, the union managed to obtain huge salary increase for its affiliates (i.e. workers employed in the transport), which became a benchmark for the other unions (Soca, 2011). However, the two allies were not "at the same level", as the president never assumed a "confrontational" approach with the labour organization. Rather, "Kirchner was the one who distributed wealth and its relation with Moyano allowed him to influence trade unionism without underwhelming its leadership" (Reynoso, 2016). Institutional resources allowed Moyano and CGT to obtain a large growth of salaries and to keep the management of the *obras sociales*, the main trade unions' funding source. The re-establishment of corporatism between CGT and PJ led to labour organization's revitalization and its strong comeback on the political scene. However, this neocorporatism was defined as "segmented" because of the almost exclusive focus on bargaining concerning salaries, thus excluding any other claims coming from other sectors – or

[108] Interview with CGT 4.
[109] Interview with CGT 6 and with CGT 7.
[110] Interview with CGT 2.
[111] Juventud Sindical Peronista, 62 Organizaciones (2009). Vamos por mas. Compromiso, Militancia y Participacion. Entrevista al secretario general Canillitas: Cro. Omar Plaini. Edicion 1. Enero-Febrero 2009.

segments – of society (Etchemendy and Collier, 2007). For this reason, the CGT's case is extremely challenging.

CGT's expresses its support for the inclusion of outsiders in family allowances, but it was more active concerning pensions. Indeed, in the former case, although they supported the government when the reforms were enacted (in particular AUH), they did not directly propose pieces of legislation in this direction, nor they mobilized their constituencies around the issue while not being critical either. As two of the main representatives of the CGT said "we were never against these types of measures *(with reference to cash transfers)*, but we thought and we said that there must be a deadline, because the state has to create a jobs or the possibility to have a job *(rather than transfer money)*" [112].

As already highlighted above, these measure are considered to be only money transfer with little impact on employment level. The focus on CGT in Argentina seems to be more centred on employment's strategies – according to a Keynesian approach of full employment - including also programs of education and training [113]. This is not an unexpected. First, because "CGT is more interested in social insurance mechanism rather than social assistance (…) as the workers it represents have access to it" [114]. In fact, its membership is solely constituted by formal salaried workers who pay contributions and have access to social insurance schemes (including contributory family allowances or tax rebate).

However, CGT recognized that non-contributory measures contributed to growth of "internal economy" [115] by generating wealth that, in turn, it would increase internal consumes and production. As a result, the number of workers would arise [116]. Indeed, "*(more social policies)* would coincide with a greater economic activity and more consumes and, as a consequence of this virtuous cycle, also more work, more labour demand and more opportunities for all Argentinean"[117]. The positive effects attached to social policies as factors that may potentially impact on economic recovery contributed to the support of outsider-favourable measures in the two policy fields. In fact, the rise of employment would increase the number of insiders (thus, CGT's membership). Therefore, although not really interested in non-contributory measures, the union supported them because they may possibly impact on (formal) workers.

[112] Interviews with CGT 4.
[113] Interview with CGT 5.
[114] Interview with CGT 2.
[115] Interview with CGT 5.
[116] Interview with CGT 4.
[117] Interview with CGT 5.

When it comes to the analysis of the potential resources highlighted by Daviddson and Emmenegger (2013) and presented in chapter four - dealing with the role of organized labour in the process of policy making, implementation or management of social policies - the empirical investigation has not found any evidence. Some trade unions organized job training and placement for workers – especially as part of the *Seguro de Capatizacion y Empleo*, the policy that alongside *Plan Familia* substituted PJJHD in 2005 - showing inclusive strategies concerning active labour market policies. Unions affiliated to CGT – such as UOM (metal), SMATA (automotive) and UOCRA (construction) [118] - were among the most active in this sense, supporting governmental plans and offering training courses also to people enrolled in former conditional cash transfer programs, thus identified by the government. Trade unions thus did play a role in social plans [119], an aspect which can be seen as decisive in the support of such policies. However, it is important to re-call how the main organizational interests of trade unions are *obras sociales* – identified in the provision of services mainly in health care system, and the partial financing by the State – rather than training and formation of workers. The programs in which organized labour was involved were small, although the service was performed constantly. Therefore, the participation of the union to the plan is not likely to have a strong impact on CGT's strategy concerning pro-outsider policies as their magnitude is way limited than *obras sociales*.

Despite CGT did not act as initiator in the field of family allowances, measures such as the AUH (and its "earlier versions" such as PJJHD, the *Plan Familia* and the *Seguro de Capatizacion y Empleo*) are considered to have a strong impact on reducing inequality [120] and to "repair the injustice of the neoliberal period"[121]. Therefore, CGT recognized their utility and it claimed that "we do not go against our comrades"[122], thus showing solidarity with respect to outsiders, although they did not represent them.

When trying to understand the reason behind these sentences and thus the support for non-contributory policies in the field of family allowances during the Kirchnerist era – as CGT, contrary to CTA, has no left ideology nor it is committed with fight against poverty and social

[118] Interviews with CGT 2, 4 and 5.
[119] See also "Kirchner pidió a la CGT que capacite a los desocupados", La Nacion, 21-07-2004 at http://www.lanacion.com.ar/620390-kirchner-pidio-a-la-cgt-que-capacite-a-los-desocupados.
[120] Interview with CGT 7.
[121] Interview with CGT 6.
[122] Interview with CGT 4.

exclusion - it is important to consider the hypothesis concerning institutional resources and "pro-insiderness". The same Moyano recalled that "Peron said that Labour Movement is the column of the national and popular movement (…). Today we can say: "My general, relax with ease because the men of the labour movement are in the conditions to assume such a big responsibility" (La Corriente, 2009). This means that CGT, and in particular the Moyano faction, supported the Peronist government. According to the hypothesis, if a union has institutional resources (derived form a close relationship with the government) – as CGT - it is more likely to be pro-insiders. However, as the government launched outsider-favourable policies, CGT did not have to choose between reinforcing the access to the political arena through the government itself and strengthening its membership, trying to include new groups. The clash with the third hypothesis elaborated in the model in chapter four (relative to institutional resources) is only apparent. As Garay (2016) states, the expansion of conditional cash transfers and old-age pensions depends on both electoral competitions for outsiders and mobilization from below. While CTA and other social movements are responsible for the latter aspect (i.e. mobilization), the former (competition for outsiders) is evident especially during the policy-making process related to AUH. As aforementioned, parties, unions (with CTA) and even the Church competed for the introduction of non-contributory family allowance, and the government had to adapt to such a competitive environment by introducing AUH. Therefore, the Argentinean cabinet demonstrated not to be pro-insider - as the insider-outsider theory would state - but pro-outsider. Consequently, CGT - while strongly endorsing government choices – fully adopted an inclusive strategy. Though membership was still relevant for the labour organization, CGT understood government's project to include and protect outsiders with the implementation of social policies such as AUH. "Nestor and Cristina make us understand that (…) Argentina need to have an overall project to include everyone, and that was concerned about our citizens who still have difficulties" [123].

CGT acted as initiator in the field of pensions. Gutierrez, one of the most prominent CGT's leader and member of Parliament representing the little movement *Polo Social* and, afterwards, *Frente para la Victoria* (Kirchners' coalition), successfully proposed a law called "*Ley de la Jubilacion Anticipada*" [124] in 2004. The measure was devoted to unemployed who have not reached pensionable age yet. Despite its limits due to its narrow target - pro mid-siders rather

[123] Interview with CGT 5.
[124] For the text, see http://servicios.infoleg.gob.ar/infolegInternet/anexos/100000-104999/102726/norma.htm

than pro-outsiders - it is useful to understand the CGT's perception of its membership, composed also by workers who were not totally protected by the social protection system due to their unstable conditions in the labour market. CGT became aware that its membership was composed both by insiders and mid-siders, with the latter having limited access to social insurance. Gutierrez said that his action was limited to provide workers the opportunity to be entitled to pensions. He stated that the early retirement law he proposed was for men "the same that Cristina did for women with the moratoria"[125].

For what concerns the moratoria, CGT admitted that this was a necessary measure. Since during the Nineties many jobs were lost and the informal workers increased as a consequence of privatization policies, many people were not able to pay contributions. Therefore, the moratoria is literally considered as the "price of repair" for the lives of those workers who were excluded by formal labour market arrangements during the 1990s. Indeed "clearly, the moratoria benefited a lot of Argentinean who had worked but a lot of firms did not paid contributions for them. (…) Nestor and Cristina did justice (…): in fact, the population which was excluded could access not only pension and also health care" [126]. Again, "the state in many years was not able to guarantee that workers paid contributions, thus (…) it important to provide a compensation and a demonstration of solidarity"[127].

Beside guaranteeing access to social insurance system, Moratoria was strongly supported because CGT knew that many of their current affiliates and their families had not had the possibility to contribute to pension system in the past and therefore they could not access the pension system either [128]. "I was lucky, If I think to my parents they both worked all their lives and they took a pension, but I cannot say the same about my mother-in-law, I am supporting her such that she does not die in the street" [129]. As afore mentioned for the case of the *Ley de la Jubilacion Anticipada*, although many workers who in the 2000s had a job with regular contract and good working conditions, they were likely to be excluded by both social insurance - because of their interrupted careers – and, probably, she would not social assistance mechanism. The presence of this type of workers, the mid-siders - resulted from the persistent high level of informality - pushed labour organization toward more inclusive strategies, as it

[125] Interview with CGT 6.
[126] Interview with CGT 5.
[127] Interview with CGT 4.
[128] Interview with CGT 5.
[129] Interview with CGT 4.

was not possible to protect the membership only with (fully contributory) social insurance. Indeed, some of the conclusions regarding the section "work and poverty" of the commissions who worked in Mar del Plata with the *Corriente Nacional del Sindicalismo Peronista* [130] launched by Moyano explicitly referred to the end of neoliberalism (under Kirchner governments) which "asks us to work for a new one (*paradigm*), in which human work is considered with criteria that exceed economic market and that they are supported by the principle of social justice. Because job stability is a need of the human condition". CGT thus acknowledged that neoliberalism created instability in job conditions, and that even mid-siders need more protection.

In addition, the contraposition between social assistance and social insurance was strongly present in the discourse: for example, social pension was defined as charity, while moratoria - providing access to contributory system and to health care – was rather a workers' right [131]. "With the Moratoria, men and women pay something *(with reference to the small refund required by the state in exchange to the access to pension system)* but afterwards they have a right which nobody can take away. On the contrary, a social pension depends on poverty level, so one day you may not be able to meet the requirements and I can remove it, it is something that I give you if I want" [132].

Although in this work, CGT has been identified with the Moyano faction because of his prominent role and power within the main Argentinean labour organization. However, it is also interesting to investigate other CGT's wings to understand their role in the inclusive turn. The box below briefly recaps the *Nucleo* MTA, that is, the union that refused to keep the alliance with Moyano though they were part of MTA in the 1990s. It is particularly relevant because, as aforementioned, this wing played a role in supporting unemployed organizations during the neoliberal period, albeit its action was not as relevant in the 2000s.

Box 5.1. The Nucleo Mta

***The case of the Nucleo MTA***

When dealing with CGT strategies, it is necessary to make a reference also to MTA. When Moyano took CGT's leadership, MTA also split in two. Contrary to the larger faction which allied with Kirchner, the remaining *Nucleo* MTA (contraposed to Moyano-MTA), little unions were part of the nucleus.

Notwithstanding most of their activities was oriented to active labour market policies, they also strongly supported both inclusive measures for families and elderly. While pointing out similar

[130] La Corriente. El diario de la Corriente Nacional del Sindicalismo Peronista. Año 1, n° 1.
[131] Interviews with CGT 4.
[132] Interview with CGT 4.

motivation than the rest of CGT when it comes to the support of Moratoria, one of its main representative admitted that "to me, the most important measures was AUH because it allowed children to come back to school, obliges vaccines, and so on. Because it was conditioned" [133]. Therefore, the idea that social policies can improve socio-economic conditions of people left behind by the market was still present in their discourse as it was in the 1990s. However, *Nucleo* MTA lacked resources as its base was small and not concentrated in the crucial sectors of the economy. "We are a group of small trade unions that regularly met. We do not have big structures to generate big mobilizations, therefore we analyse, study and propose alternative tools" [134] . Therefore *Nucleo* MTA did not exhibit enough institutional resources (because only the wing leaded by Moyano forged an alliance with the government, although *Polo Social*, the little reference party of *Nucleo* MTA was allied with Kirchner [135]) nor it could count on mobilization or coalition building, because of its composition (small trade unions which did not occupy core sector of economy, such as millers) or linkages with social movements (typical of CTA rather than MTA). The impact of *Nucleo* MTA was not relevant in CGT's strategies as it was not powerful enough.

### 9.4. The second Cristina's government and CGT's loss of institutional resources

Things changed with the second term of Cristina Kirchner. For various reasons, the alliance between CGT and the government – and, more specifically, between Moyano and the presidents - broke after the death of Nestor in October 2010 [136]. Among the most quoted ones, it is easy to find the struggle on *obras sociales* – which means that the government may have denied an organizational asset to CGT - the lack of a good relationship among Cristina and Moyano, fight over the taxation on salary [137] or Cristina's choice to establish a direct relation with workers without intermediate association[138]. More specifically, the relationship deteriorated when the president started "approaching the working-class directly", without keeping trade unions as her main interlocutor. The famous confrontation between Moyano and Cristina Kirchner in the River del Plata stadium in October 2010 signed a point of no return between the CGT and the government when Moyano said the he would have liked to have

[133] Interview with CGT 3.
[134] Interview with CGT 3.
[135] See http://diarioepoca.com/48507/El-Polo-Social-correntino-apoyandoacute-a-Kirchner/.
[136] See "El Gobierno y Moyano, una relación que pasó del amor al odio", La Nacion, 21-06-2012 at http://www.lanacion.com.ar/1483917-el-gobierno-y-moyano-una-relacion-que-paso-del-amor-al-odio and "El juego del Kirchnerismo y el enfrentamiento con socios estrategicos. Ofensiva K contra Moyano: ¿mala copia de la ruptura con Duhalde?", Clarin, 16-05-2011 at https://www.clarin.com/politica/Ofensiva-Moyano-copia-ruptura-Duhalde_0_HJ_BjIfTPQl.html
[137] See "Las 10 claves de la pelea Cristina vs. Moyano", El Cronista, 22-06-2012 at https://www.cronista.com/we/Las-10-claves-de-la-pelea-Cristina-vs.-Moyano-20120622-0013.html.
[138] Interview with CGT 1.

president who was also a worker. Cristina answered: "I *am* a worker" [139]. A couple of sentences could stress even better the deterioration of the relationship between the "Kirchnerismo" and the "Moyanismo" – thus between the government and the CGT: "*Levanten las manos los soldados de Moyano"* pronounced by the trade unions association affiliated to the CGT Azopardo vs *"Yo soy argentino, soy soldado del pingüino [140]"*, words elaborated by the youth Kirchnerist's organization "La Cámpora" (Natalucci, 2014).

CGT strategies did not change; on the contrary, they were reinforced in terms of claims for redistribution. As it lost its institutional resources, it moved to government's opposition. Moyano found an important – but temporary - ally in the CTA. Due to the activation of the latter on pro-outsider policies, CGT also moved in that direction, with the scope to look for a new political ally and to increase its appeal among new possible members. Both CGT and CTA asked for indexing the *Asignacion Universal* in 2011. Moreover, the positioning of the two *centrales* around the AUH was extremely close also in 2013, when they both asked for "unification and universalization" of the benefit [141].

One of the most important move toward outsiders has been the Alliance with CTEP – *Confederacion de Trabajadores de la Economia Popular* (Confederation of workers belonging to popular economy). CTEP does not have the *personeria gremial*. Born in 2011, it mainly includes informal workers and those who work in cooperatives, therefore trying to represent workers who are not characterized by the traditional relationship employer-employee. It defines itself as independent from any political organizations and it is involved in the "recuperation of social and labour rights that neoliberalism took from us, and that we have not recovered yet" [142]. As a matter of fact, this was the first "political and trade union agreement between formal and informal workers (*for CGT*)" [143]. So far, the alliance is still informal, as CTEP does not have a

[139] See "Moyano llenó River y pidió un esfuerzo por los jubilados", La Nacion, 16/10/2010 at https://www.lanacion.com.ar/1315561-moyano-lleno-river-y-pidio-un-esfuerzo-por-los-jubilados and "Mensajes entrelíneas de Moyano y Cristina durante el acto de la Lealtad", La Voz, 15/10/2010 at http://www.lavoz.com.ar/noticias/politica/mensajes-entrelineas-de-moyano-y-cristina-durante-el-acto-de-la-lealtad.

[140] "Pinguino" is the name associated to Nestor Kirchner, according to his origins from Calafate, in Patagonia, and to his apparent similarity with a penguin.

[141] See http://ctanacional.org/dev/2013/03/hacia-el-14-de-marzo-conferencia-de-prensa-micheli-moyano/

[142] From the CTEP website, section "*Nosotros*" http://ctepargentina.org/nosotros/. See also http://www.resumenlatinoamericano.org/2015/02/08/argentina-que-es-la-ctep/ with the description made by its leader Juan Grabois.

[143] Interview with CGT 6.

defined “place” in CGT’s internal structure (in terms of voting and, more in general, for what concerns the participation to decision-making process).

# Chapter 6. PIT-CNT in Uruguay: a shared commitment to fight poverty and social exclusion under *Frente Amplio* government

## 1. Introduction

Like other countries, Uruguay managed to include outsiders in the social protection system. This chapter deals with the main reforms approved in the fields of pensions and family allowances. As the literature pointed out, credit for coverage enlargement must be given to left parties (Castañeda and Morales, 2008, Weyland, Madrid and Hunter, 2010; Levitsky and Roberts, 2011; Huber and Stephens, 2012). However, a detailed research on the role of trade unions during the inclusive turn is still missing. This chapter aims at filling this gap. This section thus points out how organized labour in Uruguay was a key player in the field of pensions while its was less focus on children allowances.

Uruguay is a very interesting case when it comes to trade unions and pro-outsider policies. It shows similar trends to Argentina for what concerns the labour market in the 1990s and in the 2000s. However, within Southern Cone countries, Uruguay stands up for its relatively low levels of informality, decreasing poverty rates and the relatively equal income distribution (in the regional context), while, similarly to Argentina, it strongly suffered from the early 2000s crisis, an event that affected macroeconomic policies and labour market structure. In addition, Uruguay has an inclusive, state-based welfare regime since its origin. The provision and the management of social benefits and services is mostly in the hand of the state. Moreover, the design of social policies is traditionally shared among social and political actors, according to an *inclusive bottom-up* approach (Pribble, 2013). The strong legacies concerning the constant presence of the state in the building and the management of social protection system as well as the participation of civil society associations prevented the neoliberal wave from hitting Uruguay as other countries with different traditions. Finally, trade unions in Uruguay are quite peculiar as there is a unique labour organization representing all sectors. The PIT-CNT (*Plenario Intersindical de Trabajadores - Convención Nacional de Trabajadores*) is thus quite representative of the Uruguayan labour market. In the considered period, PIT-CNT could also count on the relationship with the *Frente Amplio* (FA), that managed, for the first time in the democratic history of Uruguay, to form a government. The peculiar links between the two actors and their shared leftist ideology were thus crucial in the definition of PIT-CNT's strategies.

With these key points in mind, the structure of the chapter is the following. The next paragraph will provide a general overview about the economic development of the country, from the end of the XIX century until recent times. Paragraph three will present labour market characteristics by using the main indicators highlighted by the literature and already presented in chapter three for LA. Section four will introduce the Uruguayan political arena through a description of political regimes, party systems and the most relevant parties. The following part will be devoted to studying trade unions, by first providing a historical characterization (section five). The evolution of welfare state – with particular attention to the "inclusive turn" – will be described in paragraph six. Finally, the analysis of the policy-making process concerning the expansionary phase of the welfare state will be the object of section seven, particularly focusing on the reconstruction of trade union strategies in relation to the theoretical framework presented in chapter four.

## 2. Economic phases and development models

Economic expansion in Uruguay followed a similar path than other countries in the Southern Cone. By the end of the XVIII century and the beginning of the XIX, economy was basically driven by European demand: export of meat and wool constituted the root of development for many decades. Entrepreneurship activities were prompted by large state intervention, which directly entered the management and production processes. Between the 1910s and the 1920s, the state issued a strong pro-labour legislation and promoted both social and economic modernization. In the following decades, an industrialization strategy was pursued, although it remained limited in its scope. Since a long phase of stagnation followed, militaries decided to keep the control of the country, favouring financial deregulation and trade openness. Therefore, like Argentina and Chile, Uruguay experienced authoritarianism. However, implemented austerity measures did not bring to the desired outcome and they rather led to a debt and currency crisis, which were not solved in the following decades. Indeed, the excessive exposure and the dependency of Uruguayan economy on external markets, and in particular on Argentina's, provoked a huge currency and bank crisis in 2002. Recovery was boosted by the commodity boom and the increasing prices of export goods. The rest of the paragraph is thus devoted to an in-depth explanation of these phases.

### 2.1. The export period and the Batllismo: 1870s-1920s

After Uruguay obtained its independence in 1852, its economy was still dependent from European and Northern American demand. Production and export of raw material was the main source of wealth. Wool and meat were the most traded goods, along with other primary goods (Bulmer-Thomas, 2003). GDP growth was thus based on rural production, although in Montevideo there were also some developed industries, constantly attracting immigrants from Italy and Spain.

During the export period, José Batlle y Ordoñez was the president of the country in 1903-1907 and again in 1911-1915. His legacy is so strong that such era has been called "*Batllismo*". Batlle became famous because of his modern and innovative view of the Uruguayan society, conceived as egalitarian and open to solidarity. Among the most important promoted policies, divorce, free and secular education, and advanced workers' rights are probably the most significant. Concerning economic policies, he was strictly in favour of state centrality. He imposed the nationalization of few private firms, and the subsidisation of internal production, he collected services in the hand of the state at the expense of foreign enterprises. Batlle wanted Uruguay to be competitive on international markets; however, the industrial sector needed to be modernized to face international competition. For this reason, he set up a protectionist system (which was thought to be transitory) and the state itself entered soon the market with the creation of national firms and the foundation of a national bank. The state also built and managed public firms that produced service and goods, becoming a producer and a seller (Yaffè, 2000). Within this positive economic framework, productivity and exports increased, and the country experimented a period of prosperity. "*El pequeño pais modelo*" swung between statalism and liberalism, with the introduction of public firms and of advanced workers' rights. Although it may appear contradictory, Batlle was able to avoid an excessive closure to international economy, and to reduce constraints on entrepreneurship activities (Yaffè, 2000).

### 2.2. From ISI to economic liberalization: 1930s-1970s

Stagnation began in the early 1930s, mostly due to the fall of export prices caused by the 1929 international crisis and the decrease of production of primary goods. Indeed, the excessive dependency of the country from foreign economies and the exhaustion of the production model

strictly connected to agriculture (which was not affected by the moderate industrialization process promoted by Batlle) led to a stagnation of the economy.

As a response, Uruguay set up the Import Substitution Industrialization model (ISI), based on the promotion of industrial sector and coupled with protectionism (i.e. the introduction of barriers and tariffs). Despite these premises, the model was not a success and it was dismantled soon, as internal consumption was fairly limited and the existent few firms were not able to compete in the international market notwithstanding the high level of subsidies. Meanwhile, the II World War had a double effect on Uruguay. On the one hand, prices increased due to the strong demand and the impossibility of producing nothing but military material in US and Europe, and contributed to a fairly good balance of payment. On the other hand, only some sectors were able to benefit from this opportunity because Uruguayan technology often lacked the necessary development, and it was thus dependent on imported materials for the elaboration of primary goods (Bertino et all, 2001). In the decade from 1955 to 1975 both agriculture and industries stagnated, the former as the result of lack of investment and subsequent drop in production, and the latter due to little room for competition and scarce revenues (Filgueira, 1995). The economic consequences were immediately visible, with negative balance of trade, inflation, ad contraction of production. Moreover, the system elaborated by Batlle, with subsidies, public firms that compete on the market, and a generous welfare regime contributed to the deterioration of financing and economic conditions.

In the 1970s, in the context of dictatorship the first macroeconomic policies following the advice of the Washington Consensus were implemented. From 1973, barriers and tariffs were gradually diminished, welfare benefits were retrenched and wages were reduced. Currency was devalued to increase exports volume. Exchanges with foreign economies were promoted through liberalization of goods and financial markets, and integration with Argentina and Brazil was supported. The authoritarian period managed to reduce inflation, but it also led to a large increase in the public debt and to the failure of non-competitive banks bailed-in by the state. Despite government efforts, a huge debt crisis broke out because of the adoption of an anchored exchange rate with the purpose to reduce inflation (Oddone and Marandino, 2016). Indeed, such a fixed rate was responsible of the worsening of trade balance, currency devaluation and growth of inflation (*ibidem*).

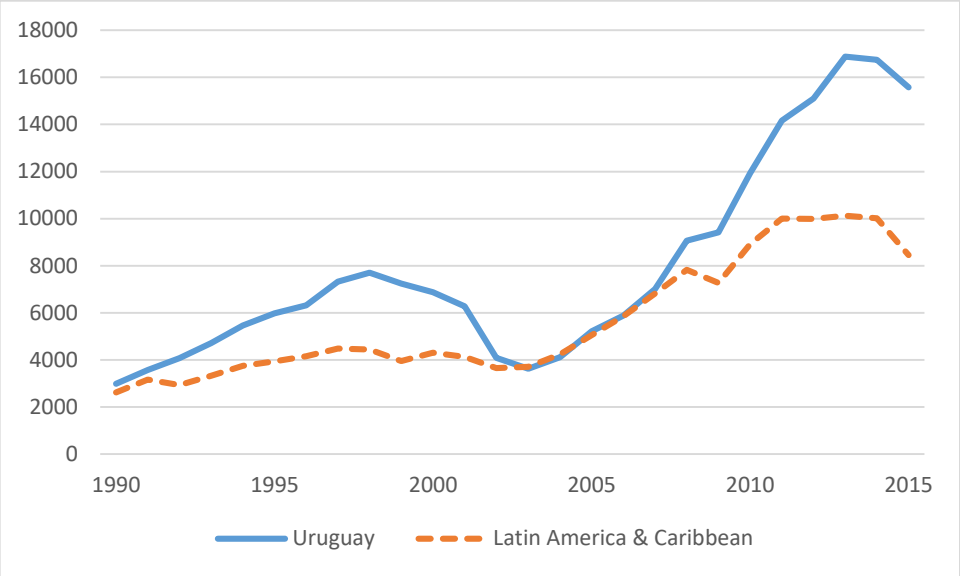
### 2.3. Recovery, the 2002 crisis and the commodity boom: 1985-2015

The economy recovered starting from 1985 with a plan set up by the IMF and approved by Julio Maria Sanguinetti, the first president after the dictatorship (1985-1990). His main objective was to sharply reduce inflation, and to boost GDP growth. The success was limited. Inflation decreased only partially, and unemployment was still high. A lot of unresolved questions such as currency weakness, growing debt and the big expenditure for public sector hindered a successful problems management.

The following government, headed by Luis Alberto Lacalle (1990-1995), had the opportunity to enjoy a relatively quiet period: as a result of a new plan to reduce inflation – also necessary to be integrated in the MERCOSUR – Uruguay was able to keep inflation below 10% for all the 1990s. However, both the country dependency on foreign assets (as the debt was still composed by foreign currency, mainly dollars) and the presence of wage indexation brought to a real appreciation of the currency that worsened the trade balance (Oddone and Marandino, 2016). The large exposure of Uruguayan economy did the rest. The break of convertibility plan in Argentina had direct effects on Uruguayan banking system: in 2002, a bank run occurred and financial conditions weakened.

After 2003, Uruguay experienced a period of commodity boom, when prices of exported goods grew exponentially due to foreign demand. The economic situation thus sensibly improved. In such a context, the exchange-rate system was consolidated, financial system regulated and the exposure of Uruguayan economy was limited. Although growth was mostly based on the commodity boom, many structural reforms were promoted by president Tabarè Vasquez (2005-2010) to favour labour. The government restored the *Consejo Colectivo de Salarios* (Council of Collective Salaries), a tripartite process of bargaining between the state, workers and employers' associations. Although it was not an innovative tool in industrial relations, previous governments never called for it. Therefore, it constituted not only a precious sign of sympathy towards labour, but it also had the concrete effects of increasing real salaries. Notably, also an important tax reform was introduced: the progressivity of such measure allowed for a better redistribution of resources among the whole population (Acerenza and Barrios, 2016). The figure below shows the per capita GDP growth in the last decade, providing a picture of Uruguay as a country with higher income per capita as compared to the average of the Latin American region, though with some relevant oscillations.

Figure 6.1 GDP per capita (US$) in Uruguay and in Latin America and the Caribbean, 1990-2015




Source: the World Bank online database.

In the next paragraph, the most recent economic trends are recalled as they are among the determinants of labour market evolution.

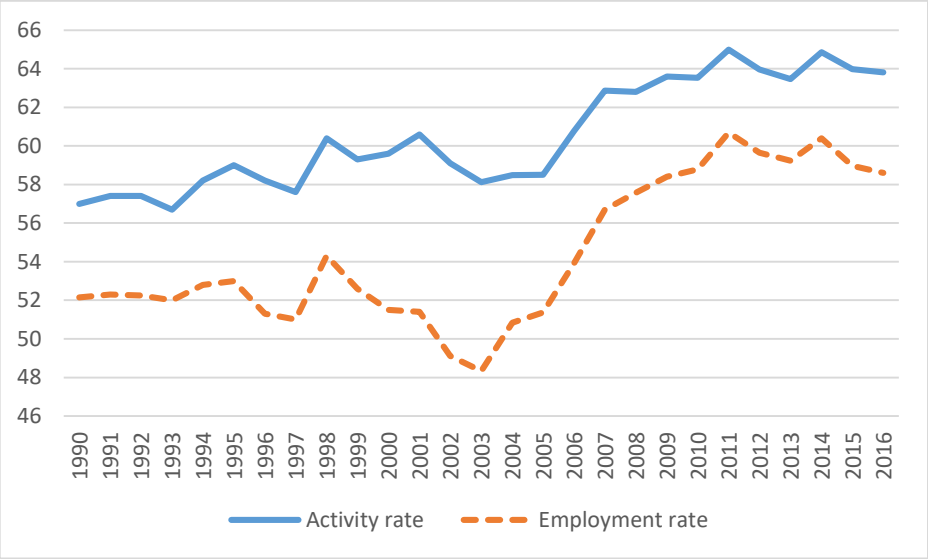
### 3. Labour market trends: the long term effects of neoliberalism

Although it is not always possible to present reliable data from the 1990s, it can be highlighted how labour market trends changed in Uruguay in the last decades. More specifically, the authoritarian government imposed tight neoliberal measures and in 1985 – when democracy was restored – Uruguay exhibited an index of market reforms ahead of Chile by 0.18 points (Escaith and Paunovic, quoted in Huber and Stephens, 2012). On the contrary, during the 1990s, the country slowed down neoliberal policies, and the index of labour market reforms was inferior to those of Chile, Argentina and Costa Rica (Huber and Stephens, 2012).

The trend was definitely reversed in the 2000s, when *Frente Amplio* took the power. Labour market was regulated and further protected. As a result of both political choice and commodity boom, unemployment and informal employment diminished.

The evolution of labour market in Uruguay is closely related to its Argentinean counterpart. After remaining stable throughout the 1990s, in 2003 both activity rate[144] and employment rate fell to 58,1% and 48,3% respectively. This was the consequence of the currency and bank crises that hit Uruguay in 2002, which in turn resulted from the 2001 Argentinean collapse. With the recovery of the economy, both indicators improved, with a peak in 2011 when the commodity boom exploded with a skyrocketing employment rate in the private sector.

Figure 6.2 Activity and employment rates (%), 1990-2016

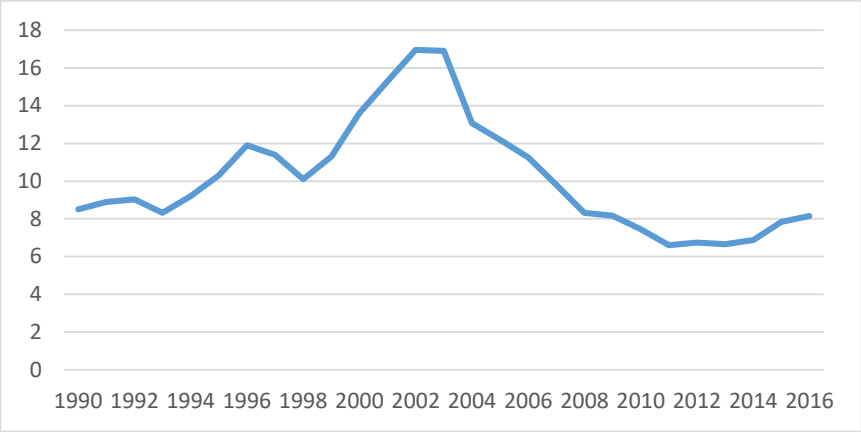



Source: the Instituto Nacional de Estadistica del Uruguay online database.

The unemployment rate was also affected by the crisis, touching 17% in 2002 and 16,9% in the following year. It finally dropped to 6,6% after 2011, an outstanding result for the country, whose level of unemployment was never below 8% in the 1990s.

[144] INE (*Instituto de Estadistica del Uruguay*) provides data concerning active population, rather than labour force participation (the indicator used in chapter three). This indicator expresses the percentage of people with at least 14 years of age either employed or seeking for a job on the total working age population (see *Ficha Tecnica Encuesta Continua de Hogares* at http://www.ine.gub.uy/web/guest/encuesta-continua-de-hogares1).

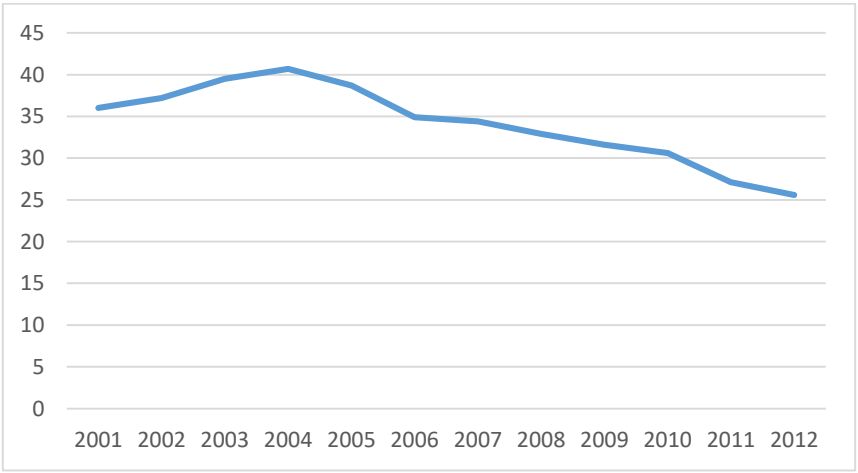
Figure 6.3 Unemployment rate in Uruguay (%), 1990-2016




Source: the Instituto Nacional de Estadistica del Uruguay online database.

Informality is widespread, although Uruguay is one of the country with the lowest rate. The graph below shows the evolution of informal employment from 2001. It is possible to observe a constant drop after 2005, when the 2002 economic crisis was overcome. In 2012, only one quarter of the working population was informal.

Figure 6.4 Informal employment on total employment in Uruguay (%), 2001-2012




Source: ILO, 2014 [145].

For what concerns the percentage of time-related underemployed over the total employed – namely people who work a limited amount of time even though they are willing and available

[145] ILO (2014). Reducción del empleo informal en Uruguay: políticas y resultados. Forlac: programa de promocion de la formalizacion en America Latina y el Caribe.

to work more - values are quite low. Indeed, restrictive laws regulate short-term contracts. Less than 10% of employees is in this type of labour arrangements, according to ILOstat.

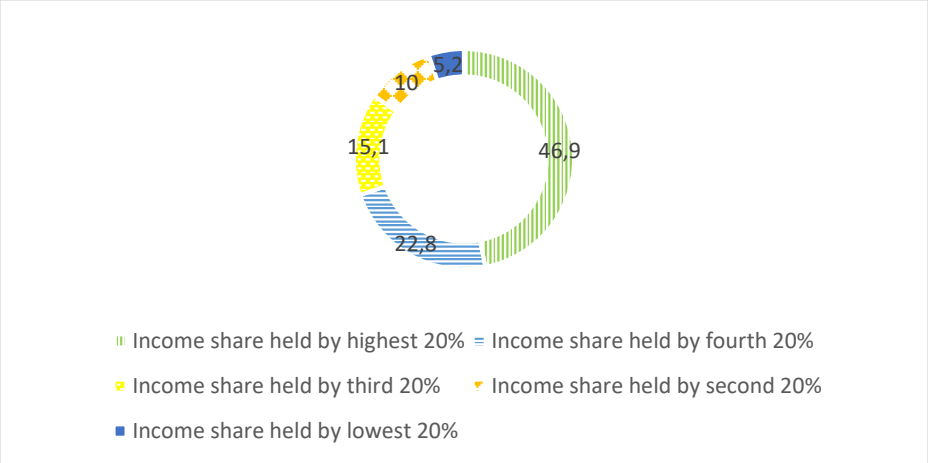
Table 6.1. Time-related underemployed on the total employees (%), 2009-2015

| Year | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|
| **Temporary workers** | 8,7 | 8,6 | 7,2 | 7,1 | 6,7 | 6,7 | 7,1 |

Source: ILOstat online database.

Despite the crisis of the early 2000s, Uruguay was able to reduce the levels of both poverty and inequality. By recalling data presented in chapter two, poverty rate was below 10% in 2015, a very low percentage compared to other LA countries. Also the Uruguayan income distribution was among the most equal among all Latin American countries. The figure below represents the income share by quintiles. It is possible to observe how the highest income group holds less than 50% of the total income available, while the lowest three quintiles hold more than 30%.

Figure 6.5 Income distribution (quintiles), 2016




Source: The World Bank (Poverty and Equity DataPortal)

After having highlighted labour market trends, the next paragraphs shift the attention towards political actors. A characterization of the party system in Uruguay is provided in section four, while the fifth paragraph concerns trade unions. The information included in those two parts will be used to analyse trade union strategies in the process of policy-making of pro-outsider policies.

## 4. Regimes and party systems

This paragraph analyses the political regimes in Uruguay, with particular reference to the alternation between authoritarian and democratic periods. Afterwards, party system is presented, while the last section focuses on party fractionalization in the country and describes the main features of *Frente Amplio* within the context of the "left turn".

### 4.1. Political regimes: an interrupted long-term democracy

Uruguay has a long history of democracy despite interruptions in 1933-1942 and again in 1973-1985. According to Haggard and Kauffman (2008), the first period can be defined as a "soft authoritarianism" and the second "bureaucratic authoritarian period". According to the criteria highlighted by Perez Linan (2001)[146] and recalled in chapter 2 - elections must occur in a context of open and fair competition; suffrage must be universal; civil rights protected; elected authorities must exercise a real governing power (i.e. not overshadowed by other forces such as the army) - none of the two cases is a democracy. The difference stands in the electoral competition – that is the possibility for opposition parties to compete in the electoral arena and to mobilize their constituency - which was present in the first period, but it was completely absent during the 1973-1985 dictatorship. Therefore, the former is defined as "soft" authoritarianism while the second is "hard". Moreover, the Uruguayan regime belongs to the "bureaucratic" category – along with Argentina and Chile – as technocrats were responsible for macroeconomic policies with the support of financial elite.

The last dictatorship, as many other in the region, was characterized by a ban of left parties and trade unions, and by physical repression of left *guerrilla* movements (the *Tupamaros* – *Movimiento de Liberación Nacional* in particular). Only the two traditional parties, the *Blancos* and the *Colorados*, (see below) were allowed, though with restrictions. The authoritarian regime was established after Juan Maria Bordaberry (of the *Colorado* party) - initially democratically elected in 1971 - was successful with his *golpe* in 1973. He led the country until 1976. Alberto Demicheli

[146] In chapter 2, the author makes a reference to the work of Perez Linan in 2008 and in 2013, while Haggard and Kauffman rely on an older version elabourated in 2001. Notwithstanding the differences, the four considered criteria are the same. If government does not commit significant violations, then the regime is democratic; if violations are partial but not flagrant, it can be defined as semi-democratic; finally, if one or more flagrant violations occur, the regime is said to be authoritarian.

followed him, but he was soon replaced by Aparicio Mendez (1976-1981), and then by Gregorio Alvarez (1981-1985). The dictatorship ended in 1985.
Authoritarian rule has thus been an exception: in the Uruguayan history, traditional parties have democratically governed for 168 years (Altman, Castiglioni and Luna, 2008).

### 4.2. Party system: the decline of the two-party system and the advent of *Frente Amplio*

Following the criteria elaborated by Mainwaring (1995) and reported in chapter two, the party system in Uruguay is among the most institutionalized in Latin America (Buquet, 2016). Moreover, it is one of the oldest in the region, as already during the first half of the XIX century many parties surged. *Blancos* (now *Partido Nacional* – PN) and *Colorados* (which kept its original name as *Partido Colorado*) have been for a long time the only two existent political groups on the Uruguayan political scene. Initially, *Blancos* spread in the internal part of the country mainly representing traditional landowners; *Colorados*, on the contrary, were the political expression of the most urbanized and industrial workers concentrated on the coast.
Political struggle was often translated into physical violence: in 1904 *Colorados* defeated the *Blancos* rebellion and they became the dominant party. However, after 1904, *Blancos* and *Colorados* stroke an agreement known as "*de las armas a las urnas*" (from weapons to polls) which brought competition back in the political arena (Lanzaro, 2013).
Under the *Colorados*, Uruguay was modernized in political terms: universal male suffrage was allowed in 1917, while the female one was reached in 1932, some decades in advance with respect to some European countries. *Blancos* won their first election only in 1958 (Huber and Stephens, 2012). The country was thus characterized by a two-party system for large part of its history. Both parties moved toward the centre, with PN standing at the right/centre-right and the PC representing centre or centre-right positions depending on which fraction was leading the party at that moment (Pribble, 2013). Ideological polarization was therefore very limited. In 1971, the *Frente Amplio* (FA) was funded, turning the traditional two-party system in a multi-party system. FA set up a coalition of parties, mainly of leftist tradition, including Marxist and Socialist. FA managed to win the presidential election in 2004. It has been confirmed as the most voted party also during the following two elections, such that run-off at the second turn was not always necessary, as it achieved more than 50% of the votes already at the first turn. In the table below, a short summary of the turnover is presented.

Table 6.2 Presidents and winning parties in the post-dictatorship period

| President | Legislature | Party | Government coalition |
|---|---|---|---|
| Julio Maria Sanguinetti I | 1985-1990 | PC | PC |
| Luis Alberto Lacalle | 1990-1995 | PN | PN |
| Julio Maria Sanguinetti II | 1995-2000 | PC | PC + PN |
| Jorge Luis Battle | 2000-2005 | PC | PC + PN |
| Tabaré Vasquez | 2005-2010 | FA | FA |
| José Mujica | 2010-2015 | FA | FA |
| Tabaré Vasquez II | 2015-current | FA | FA |

Source: Author's elaboration

Apart from the period 1985-1995, PC failed to reach a majority in the Parliament; the second Sanguinetti's government and Battle's government relied on national coalitions, characterized by PN co-participation to the government. Compromises were the essence of such coalitions, and they involved the direct co-participation in public firms and in policy design. The two parties were also able to modify electoral rules, with the aim to keep FA outside the game also through the introduction of a second round (run-off) in the election procedures.

Alternation ended suddenly in 2005. FA managed to have three presidents in a row. During the first term, run-off was not necessarily since FA took power with 51,7% of votes. In 2010 and 2015, figures are similar although a second round determined the results: in the former turn, it gained 49,3% and 49,4%, respectively, and it was confirmed with 52,4% in 2010 and 53,5% in 2015, as a result of run-offs. The oppositions were left with only the crumbs (Pribble, 2012).

It is particularly striking how traditional parties lost votes during time, while a non-traditional one as FA gained such a strong support. This pattern can be explained by many factors: the most common explanations are ideological moderation of FA (a feature which was not shared with some of the left parties in the region), centralization (and tendency toward the right) of PN and PC (Buquet, 2016) along with changing rules, which had the unintended consequence of favouring FA and making it extremely powerful. The economic crisis of 2001-2002 should not be set aside (Altman, Castiglioni and Luna, 2008).

### 4.3. Party fractionalization

One of the most striking feature of the Uruguayan parties is extreme fractionalization. Many fractions are present in the three main parties - the fourth one, the *Partido Independiente* (PI) is

more homogenous due to its modest dimension. Each of these wings has its own name and leaders who coexist underneath the umbrella of the party (*Partido Nacional, Colorados and Frente Amplio*). Internal competition is remarkable. Fractionalization is so high that it was institutionalized through the tool of the double simultaneous vote during the 1990s. It is possible to elect at the same time the president and the vice-president belonging to a party and, to express a preference for deputies – both at the high and at the low chamber – which are the expression of a party fraction (Altman, Castiglioni, and Luna, 2008). The reason behind this choice is the fragmented nature of parties, which are likely to be born as coalitions of different parties, that later turned into wings. Often, although the president is actually the leader of a wing, it does not really control the entire party.

Parties are thus more than just electoral coalitions, but they are not as homogenous as many of their European counterpart in which fractions – when they exist – are chosen by party elites rather by the electorate. As one of the main features of Uruguayan parties is their extreme fractionalization, all the fractions of PN, PC and FA are said to cover the whole political spectrum, from left to right (Pribble, 2012).

### 4.4. The *Frente Amplio*

FA was born in 1971, initially as a coalition between Socialists, Communists, Christian Democracy and other leftist groups. After democratization in the 1980s, it became a party, and the former political groups composed its internal wings (Yaffè, 2005). FA definitely stands on the left of both PC and PN, and it is considered a left party in the recent literature (Castañeda and Morales, 2008; Weyland, Madrid and Hunter, 2010; Levitsky and Roberts, 2011; Pribble, 2013 among the others).

FA was considered a "movement" party until the 1990s as close relations with social actors – trade unions, students' groups, etc. - were prominent. Also in the following decades, it kept "a semi-institutionalized system for consultation and coordination between base organizations and the party elite" (Pribble, 2013, 128). Committees and councils allow the party to be constantly in touch with its constituencies, and FA presidents does not bypass them. According to Pribble (2013), FA is considered a "constituency-coordinating party": besides the highlighted strong ties with its constituency, it relies on policies provision to gain electoral support rather than on clientelism, corporatist arrangements or charisma (*ibidem*).

Like Pribble (2013), other authors highlight the relationship of FA with groups, defined the party as "catch-all" (Lanzaro, 2013). Moreover, it has also been described as a social-democratic party in a context of "peripheral social-democracy", due to the limited development of the Uruguayan welfare state with respect to the European counterpart. According to Lanzaro (2011), "the social democratic governments are those made up of institutionalized left parties, with socialist leanings and kinship to the labour movement, which have undergone processes of political change and replaced their revolutionary ideologies with moderate but effective reformism, as a result of the electoral strategies that they adopt, when acting in the framework of competitive and relatively institutionalized party systems". Its constituency is thus formed by large and diversified groups of voters. Luna (2007) confirmed that "FA had evolved by 1990 into a labour-oriented mass party with a relatively weak capacity for encapsulating non-working-class subordinated sectors which had already been co-opted by traditional parties". This feature changed when FA was finally part of a government from 2005.

Describing the characteristics of FA is thus relevant not only to sketch the main features of the party that formed the government, but also to understand the relationship between party and organized labour, a topic which will be debated in the next paragraph, focused on trade unions.

## 5. Organized labour: a single confederation in a pluralist framework

The history of Uruguayan trade unions begins – as in many countries of the Southern Cone – with migrations of European workers. More specifically, they gained strength during the process of industrialization and they became a "mass" phenomenon between the 1940s and 1950s. The main labour organization, *Plenario Intersindical de Trabajadores - Convención Nacional de Trabajadores* (PIT-CNT) emerged only in 1984 and it was the result of CNT, born in 1964 with the aim to unify and coordinate Uruguayan trade unions, and PIT, funded in 1983 by union leaders while protesting against the Bordaberry-DeMicheli dictatorship when CNT was outlawed. PIT-CNT was able to directly mobilize and involve large sectors of the civil society to actively propose and participate to the process of policy-making especially concerning measures to tackle the economic crisis in 1964.

Despite efforts, in the 1990s the labour institution kept loosing membership, reaching a very low value of 126.200 affiliates in 1996 (data from PIT-CNT congresses). Although the authoritarian period ended – thus letting more room of *manoeuvre* for trade unions – the process

of de-industrialization and the neoliberal wave strongly weakened PIT-CNT. A new era began when *Frente Amplio* gained the presidential elections in 2005, deepening its alliance with its historical ally in the labour sector. The paragraph will be devoted to an in-depth description of these phases.

### 5.1. The emergence of the first unions and the Terra dictatorship

The history of trade unions in Uruguay is strongly linked to the migration process from Europe - Italy and Spain in particular - which set up the basis for the first labour movements. Anarchism was the main ideology represented, thus claiming a perfect autonomy from any political organization, including parties. At the beginning of the century, unions developed in a scarcely industrialized society, and they were mostly concentrated in the city of Montevideo. For this reason, they had a weak base in terms of blue collars which was, on the contrary, the most represented category within trade unions around the world at their origins (Porrini, 2002).
Their development was pushed by the advent of president José Batlle y Ordóñez (1903-1907; 1911-1915), with the nationalization of foreign industries and the approval of many pro-labour measures, such as the introduction of the eight-hour per day. Those reforms moved most of the labour organizations from an opposition strategy to a strategic alliance with the government, despite the prevalence of anarchism could have hindered such linkage with an institutionalized political force. The Uruguayan labour movement immediately claimed favourable salary's adjustment and better working conditions (Zapirain et al., 2016).
The decade of the 1930s is known as a transition period for trade unions. Indeed, trade unions began to spread in the industrial sector, although they did not manage to affiliate large numbers of workers (Zapirain et all. 2016).
When the military *golpe* run by Gabriel Terra (1931-1938) succeed in 1933, trade unions were extremely fragmented and they were not able to fight against this anti-democratic force. Both left parties and trade unions were repressed, although they were not completely eliminated. Strikes occurred since 1934, and they constituted an important factor for the end of the authoritarian government.

### 5.2. The ISI and the FMI intervention

With the restoration of democracy, Uruguayan trade unions were reinforced because of the implementation of the ISI model, which promoted the increase of national industries and of salaried workers in the industrial sector. Working conditions were enhanced and also the level of salary improved. Indeed, in 1943 the *Ley de los Consejos de Salarios* was approved, favouring agreements at a tripartite level between employers, employees and the state. Organized labour grew and the first trade unions for white-collar workers were established. The 1940s-1950s can be therefore identified with the advent of mass unionism (*Ibidem*).

With the advent of the *Partido Nacional* government and the increasing influence of IMF in the design of Uruguayan economic politics, trade unions decided to form a unified organism of coordination in 1959, *Central de los Trabajadores del Uruguay* (CTU). By 1964, this organism was re-named in *Convención Nacional de Trabajadores* (CNT). CNT immediately called for a strike which saw a broad participation among workers. Moreover, it set up in 1965 a Congress to promote a participatory solution to the crisis that the country was living. Trade unions, students and pensioners' organizations, small producers and institutions representing culture and education delivered a *Plan* which included many proposal concerning agriculture, commerce, tax system, education and responses for the poorer parts of population (Bouzas, 2017).
In 1966, another Congress was called with the purpose to unify trade unions. CNT became the only labour organization of the country, unifying Uruguayan trade unions. Among the main requests, CNT claimed freedom of action and independence from state, parties and employers emerged. These demands were inserted within a declaration of principles and in the new statute (Porrini, 2015).

### 5.3. The emergence of PIT-CNT between the authoritarian regime and the establishment of democracy

In 1967 a new constitution was established. Among the different controversial measures, government was given much more power than before. This allowed the new president of the *Colorados*, Jorge Pacheco (1967-1972), to repress any type of protest and dissent, to limit the press, and to constrain opposition and social movements, with the excuse of fighting against the left *guerrilla* which have developed in the country. For what concerned trade unions, he got rid of the *Consejos de los Salarios,* thus reducing the possibility for trade unions to impact workers' salaries. Organized labour was not able to provide unified resistance because – despite being

formally united - the movement was *de facto* divided between the majority of the Communists and an antagonist wing. CNT called for another congress, but it was too fragmented, and it thus failed to respond Pacheco's attacks. The situation worsened with the election of Juan Maria Bordaberry, ending up with a *golpe* in 1973, with the support of the army and by part of employers' associations and elites. CNT initially reacted with a general strike, but it was soon outlawed. Notwithstanding the strict control and the bloody repression, CNT increased the number of its affiliates, although it operated outside the law (Zapirain et all, 2016). Things started to change with the failed plebiscite around the new Constitution in 1980 and the re-admission of some parties in the electoral arena, where the opposition won. Trade unions fought with strikes, protests and the creations of new institutions which called also for human rights. The government arbitrarily constituted *Central Autónoma de Trabajadores Uruguayos Demócratas* (CATUD) but it had a short life and a limited impact on labour movement (Bouzas, 2017).

In 1983, one of the last years of the dictatorship, which would have definitely ended in 1985, trade unions decided to celebrate the 1st of May as International Workers' Day. In this occasion, *Planario Intersindical de Trabajadores* (PIT) was born. The following year, PIT united to CNT and create PIT-CNT, unifying organized labour.

With the end of dictatorship, labour rights were re-established. President Julio Maria Sanguinetti, called for *Consejos de Salarios Colectivos*. However, the legitimacy of this tripartite agreement was questioned, as neither employers' nor worker organizations were able to elect their representatives, who were instead appointed by the State (Salsamendi, 2016). President Luis Alberto Lacalle, in the following term, definitely dismantled *Consejo de Salarios* in 1992.

In the same period, trade unions stood up in particular for the support of pensioners' organizations to avoid retrenchment of the pension system. In 1989, PIT-CNT and *Organización Nacional de Asociaciones de Jubilados y Pensionistas del Uruguay* (ONAJPU) promoted a successful referendum to anchor pensions to "*indice medio de salarios*" (Salsamendi, 2016).

Since democracy was established, trade unions started to lose membership. This trend continued from 1985 to 2001, when slight improvements were visible. However, data relative to 2003 show a reduction of 27.500 affiliates with respect to 2001 (data from PIT-CNT congresses). As in many Latin American countries, de-industrialization and the consequent increase of informal jobs are among the main causes of affiliation decline, although a huge role was also played by socio-political factors and by government's preference for labour disqualification.

Indeed, although Uruguay did not experiment extreme labour reforms in neoliberal terms, some measures in favour of employees were introduced, especially concerning working day hours and salaries (Zurbriggen, Senatore, Doglio and Caetano, 2003).

### 5.4. The 2000s: the membership recovery and the alliance with the FA government

With the advent of *Frente Amplio* in 2005, PIT-CNT re-gained its centrality in the political arena. FA strongly reinforced pro-labour legislation, for instance by reintroducing the *Consejos de Salarios Colectivos* for the first time since 1992, including domestic and rural workers. In addition, due to both improved labour market conditions (i.e. more formal jobs and less unemployment) and an affiliation campaign, membership considerably grew. PIT-CNT obtained two benefits: "First, *(with the Consejo de Salarios Colectivo)* it satisfied a historical demand of the labour organization, one of the key pillars in the relationship with its historical membership. Second, it contributed to rebalancing the internal distribution of power within the PIT-CNT, reducing the relative proportion of state employees through the incorporation of private sector workers who were never unionized or who had lost their unions during the 1990s. Still, in 2005, public sector unions were the ones obtaining greater wage increases" (Altman, Castiglioni, and Luna, 2008). Therefore, PIT-CNT was able to attract also workers employed in the private sector (Carracedo and Senatore, 2014).

One of the main features of trade unions in Uruguay is the total independence from any type of political organization. Indeed, the literature defines as "*autonomia y hermandad*" the linkage between FA and PIT-CNT (Lanzaro, 2010), that is, party and union have different tasks according to sectors though they share a leftist ideology. The relationship between the two actors turned up to be a fairly fruitful alliance although "full autonomy from state and political parties (thus in contraposition with other experience in the region such as Argentina), a privileged relation and articulation with political left and the inscription within the institutional net of tripartite collective agreements prevailed" (Yaffè, 2004). Clearly, there are corporatist ties as labour is one of FA main supporter, although their relationship was never symbiotic *a la* Mattina: there is autonomy for what concern financing and organization and the party is not submitted to the group.

Their similar ideologies emerged when FA adopted a union manifesto in 1971, thus "appropriating" labour programs (Luna, 2007). Hence, FA is the natural representative of trade

unions in the political arena while organized labour deserves the merit of having contributed to the birth of a real alternative on the left side of the political spectrum, although PIT-CNT acted "as the nucleus of enrolment and mobilization, with own vitality and autonomy" (Lanzaro, 2010). Indeed, there was a large overlapping when it comes to their leaders. When Frente Amplio came into government, around 30 of both executive and legislative components were part of the PIT-CNT, including deputies, senators and one of the president of chambers. In addition, within the Ministry of Labour, the Minister, its sub secretary and the National Director were all unions members or they had a unionist background (*Ibidem*). Therefore, though PIT-CNT claims its autonomy from FA, they share many of their highest representatives. The relationship with trade unions and the communications between the two actors mostly occur through the Communist party (Altman, Castiglioni and Luna, 2008).

Their alliance underwent some changes during the three FA governments. With the first legislature of Tabaré Vasquez (2005-2010), PIT-CNT provided a "reasoned" support to the government, without eliminating conflict especially concerning labour market regulation. It managed to stay united in the confrontation with the government. Nevertheless, some internal divisions existed, especially on issues concerning the closeness to FA cabinet and, interestingly, among the elite and the new base, in expansion during the last decade, younger and less ideological than the already existent membership (Carracedo and Senatore, 2013). The relationship was strategic and it was established "under a series of political interchanges which included a moderation of claims concerning short term objectives and a "cooperative" attitude in income policies and "global proposals" of redistributive policies which favoured high proportion of workers, such as: the tax reform, the health care reform, the investment increase in education, the new regime of family allowances (PANES), and labour reforms (Carracedo y Senatore, 2013a).

During the presidency of Josè Mujica (2010-2015), PIT-CNT switched toward a more conflictual relationship than with Tabaré Vasquez. Although Mujica chose to act in continuity with its predecessor in terms of labour relations (and more specifically for what concerned *Consejo de Salarios*), he also provoked splits between the unions. More specifically, some union representatives opted for a close tight with government, while others preferred short-term agreements and thus they were prone to fight to achieve their purposes. Moreover, Mujica istigated a conflict with public employees by claiming that they enjoyed too many privileges, due to their over-representation within unions. The linkage between FA and PIT-CNT was

therefore more tense under the second legislature than under Vasquez' (Carracedo and Senatore, 2014).

After having analysed trade unions, the next paragraph shifts to another main focus of this dissertation: the development of Uruguayan welfare state following the four phases highlighted in the third chapter. Indeed, to understand the processes that led to the adoption of pro-outsider policies, it is crucial to illustrate the roots of social protection system in which such measures were inserted. Therefore, the sixth section is devoted to a characterization of welfare state in Uruguay from its birth until the inclusionary turn of the mid-2000s.

## 6. Welfare state development: the role of Frente Amplio in re-structuring the system of social protection

The Uruguayan welfare regime followed a gradual development. According to Mesa-Lago (1978), Uruguay belongs to the group of "pioneer countries". Indeed, the main structure of the welfare regime was built well before the adoption of the ISI model, which in Uruguay brought modest results. The roots of the Uruguayan social protection system were set by Batlle, who put the state at the centre of both provision and management of social benefits. Efforts in the direction of liberalization and privatization were limited, thus leaving the public vocation of management and provision almost unchanged. Attempts to modify such system resulted in partial failures, and even during the neoliberal era welfare arrangements remained mostly public and retrenchment was limited, a unique example in the Southern Cone countries.

The Uruguayan welfare state enlarged its coverage and generosity during the 2000s, with the adoption of measures to tackle the crisis – which were later institutionalized – and the relaxation of contributory requirements to be entitled to social insurance schemes.

The most relevant reforms in the two selected fields of pensions and family allowances are showed in tables 6.3 and 6.4 below. The section continues with the description of welfare state developments throughout the Uruguayan history.

Table 6.3 The development of pension system: a historical overview

| Year | Type of measure | Other characteristics | Beneficiaries |
|---|---|---|---|
| 1829 | Social insurance | Voluntary. Covering invalidity and survivor. | Military |
| 1838 | Social insurance | Voluntary. | Public employees |
| 1884 | Social insurance | Voluntary. Old age. | Military |
| 1896 | Social insurance | Compulsory. Covering old age, invalidity and survivor. | Teachers |
| 1904 | Social insurance | Compulsory. Covering old age, invalidity and survivor. | Civil servants |
| 1919 | Social insurance | Compulsory. Covering old age, invalidity and survivor. | Industry, commerce and services |
| 1919 | Social assistance | Means-tested. | Needy |
| 1925 | Social insurance | Compulsory. Covering old age, invalidity and survivor. | Bank employees |
| 1941 | Social insurance | Compulsory. Covering old age, invalidity and survivor. | Notaries |
| 1943 | Social insurance | Compulsory. Covering old age, invalidity and survivor. | Rural workers |
| 1954 | Social insurance | Compulsory. Covering old age, invalidity and survivor. | University professionals |
| 1954 | Social insurance | Compulsory. Covering old age, invalidity and survivor. | All workers in private sector |
| 1996 | Social insurance | Introduction private mandatory pillar (AFAP) | Workers below 40 years of age and monthly income above 800$ |
| 2008 | Social insurance | Relaxing requirements to access old age pension (*Jubilacion por edad avanzada)* | Individuals without enough contributions |
| 2008 | Social insurance | One year of contribution added to women accounts for each child born or adopted | Women with children |
| 2008 | Social assistance | Age for non-contributory pension lowered from 70 to 65 | Needy |

Source: Author's elaboration from multiple sources.

Table 6.4 The development of family allowances: a historical overview

| Year | Type of measure | Other characteristics | Beneficiaries |
|---|---|---|---|
| 1943 | Social insurance | Value: 8% of minimum wage. | Workers in industry and commerce |
| 1958 | Social insurance | Extension of the measure. | Unemployed workers |
| 1995 | Social insurance | Increase of the value from 8% to 16% of minimum wage. | All workers included family allowance regime according to 1943 and 1958 measures |
| 1999 | Social assistance | Introduction of a non-contributory pillar. Mean-tested. | Those unable to contribute, income below three minimum wages + other requirements concerning household |
| 2004 | Social assistance | Extension of the non-contributory pillar. Mean-tested. | Same as 1999, but with softened household' requirements |
| 2005 | Social assistance | PANES (*Plan de Atención Nacional a la Emergencia Social*). Emergency plan. Mean-tested. | People below poverty line not receiving other benefits |
| 2008 | Social assistance (+ social insurance) | *Plan Equidad*. Institutionalization of family allowances. Mean-tested. | Children living below poverty line, *regardless* parents' contributions status |

Source: Author's elaboration from multiple sources.

### 6.1. The Battlle reforms and the ISI period

Uruguay introduced the first compulsory welfare schemes in 1896, and they were directed to teachers, the first category to be protected after the militaries. However, it was only with Josè Battlle y Ordoñez (1903-1907; 1911-1915) that a proper welfare state began to develop. Overall, the Uruguayan welfare state was considered to be very innovative for the time (Filgueira, 1995; Huber and Stephens, 2012) and also very close to its European counterparts. The roots of the Uruguayan social protection system are public and inclusive.

It is possible to observe these aspects looking at education. With Batlle, education was defined as secular, compulsory and free; secondary education and universities were reformed, and large economic investment were done under his presidencies. According to Filgueira (1995), this

investment reflected the libertarian and egalitarian view of the government, with the establishment of industrial training, the focus on secondary education, the promotion of intermediate education specifically directed toward women, and a special attention for immigrant integration practices.

1919 was the year of major developments for the pension system. In addition to the first pension fund that was introduced already in 1896 directed to teachers – later including also civil servants in 1904 – social insurance retirement schemes were extended also to workers employed in industry, commerce and services. Moreover, means-tested social pensions were established for indigents, thus making Uruguay a social assistance pioneer in the region. With the expansion of contributory schemes to other sectors – thus following a Bismarckian design - coverage was widened among workers employed in the formal sector already during the 1930s, well before the advent of the ISI (Huber and Stephens, 2012).

As many other countries of the region, Uruguay implemented the ISI model in the 1930s and the 1940s. That period was characterized by the consolidation of measures which were already in place and the introduction of new schemes.

In 1943, contributory pensions were extended to rural workers. In the same year, the first family allowance measures were set up for both public and private sector workers (Pribble, 2012), while rural workers were included only in 1954. In 1958, the measure was extended to unemployed (Huber and Stephens, 2012). Notwithstanding the Bismarckian nature of the social protection system, Uruguay managed to reach an important level of inclusion, although with fragmentation among sectors (Filgueira, 1995).

### 6.2. The crisis of the ISI and the dictatorship: keeping the state "in"

After 1955, the sustainability of the system was threatened. As prices of export products fell, the state lost its financial resources to fund social programs. In addition, demographic aging increased the number of beneficiaries with respect to active workers thus furthering worsening welfare state financial conditions. In 1967, *Banco de Previsión Social* (BPS) was established with the purpose of managing pensions centrally (Castiglioni, 2005).

The advent of the civic-military dictatorship did not constitute a radical change for the system of social protection. Only few reforms were introduced in the well institutionalized system of public social policies. The level of social expenditure moderately dropped from 16% in 1964 to

13,4% in 1984 (Filgueira, 1995). Many sectors were centralized: this was the case of family allowances, health insurance and unemployment benefits, which were administrated together.

In 1980, during the dictatorship, contributory family allowances were redesigned. Just few categories considered "weak" had access to the benefit, including unemployed which also perceived the unemployment subsidy, workers employed in domestic service, some groups of retirees chosen arbitrarily by the government with criteria different than income thresholds, small agricultural producers, and other selected groups. The law set the lowest level of benefit at 8% of minimum salary and it eliminated employers' contributions (Caristo 2005a and 2005b).

The pension system was rationalized and centralized. The pensionable age to access contributory benefits increased from 55 to 60 years, while some early retirement options were eliminated. BPS was soon substituted by *Dirección General de Seguridad Social* (DGSS), under the strict control of people appointed by militaries (Castiglioni, 2005).

Education - universities in particular - was put under the control of the army, to prevent any attempts of revolt coming from *guerrilla* movements; the state maintained control on health care, letting also other mutual societies to work. Overall health care expanded, but its quality declined and segmentation among classes rose, depending on whether families could afford a private insurance or not (Filgueira, 1995).

Notwithstanding retrenchment, the dictatorship in Uruguay did not dismantle public welfare state system, as occurred in other countries in the region. The management of all policy sectors was centralized, but the structure of the public regime was almost unaltered.

### 6.3. The advent of democracy: the eluding attempts of pension privatization and the expansion of family allowances

In 1985, *Colorados* prevailed in the first democratic election after the dictatorship and Sanguinetti became president. Immediately, he re-established BPS. However, during both its presidencies (1985-1990 and 1995-2000) there were few attempts of privatization in the field of pensions, most of which failed. Indeed, pension coverage and generosity – along with expenditure – have always been high and the pension system has been the main concern in the agenda since the restoration of democracy (Huber and Stephens, 2012).

The IMF addressed a letter to Uruguay in 1985, with the purpose of giving some advice to the government to retrench expenditure. However, due to high mobilization, the attempt failed. Pension organization (ONAJPU), unions and left opposition called for a referendum against

IMF advice in 1989 and they won with 82% of the votes (Castiglioni, 2005). In the following years, many modest bills failed, and the only one that passed was overthrown by another referendum in 1994.

In 1996, a reform was finally approved. A private compulsory pillar was introduced (*Administradoras de Fondos de Ahorro Individual* – AFAP), but it remained extremely small and limited to high income earners (more than 800$ per month), and to those who were lower than 40 years old, along with new entrants. In the PAYG, benefits were earnings-related and they were calculated on the basis of the best 20 years. The pensionable age increased for women (from 55 to 60), and it was completely equalized to men's. Also contribution years were moved up from 30 to 35.

Aside introducing a private pillar and slightly modifying the PAYG, the 1996 also reformed the old age pension, i.e. a pension whose access requirements are connected to both age and a minimum contributory period. Pensionable age for old age pension from 65 to 70, while the number of contributions was kept at 15.

Finally, also the access to non-contributory pension was made more difficult, as the requirement of 70 years of age was introduced (before the reform, potential beneficiaries could also be 65 years old). In addition, the new rules established that also relatives' incomes of the potential beneficiaries are taken into consideration when deciding whether she could be entitled or not to receive the pension.

Besides pensions, Sanguinetti did not implement huge reforms. It mostly let the existing institutions in place, in some cases increasing their monetary benefits. Innovation can be observed starting from the 1990s under president Batlle Ibanez. In the field of family allowances, three laws modified the system (Pribble, 2012). In 1995, the level of benefit was increased from 8% to 16% of the minimum wage. Moreover, the law instituted a progressive mechanism that attributed larger payments to lower incomes, while it eliminated benefits for those who earned more than 10 times the minimum wage. The benefit thus became means-tested (CEPAL, 1997). In 1999, non-contributory family allowances were introduced. In particular, families with annual income below three times the minimum salary were targeted. However, other requirements were set up: it was possible to obtain the benefit if the household was hold by a single woman, or if the head of the household – whether male or female – was unemployed and he or she received unemployment benefits or the household included a pregnant woman. In 2004, a new law - which established another allowance in addition to the

one set up in 1999 without substituting it - dropped these requirements and all households with an annual income lower than three times the minimum salary were targeted (Caristo 2005a and 2005b). With the 1999 law, the system of family allowances started to include outsiders thanks to the enlargement toward non-contributory benefits. Although these non-contributory versions of family allowances were added, the value of the benefits "remained extremely low" (Pribble, 2008 as quoted in Huber and Stephens, 2012: 184). Therefore, as the measures were residual both in coverage and in the amount, in this dissertation they are not considered as part of the "inclusive turn".

The two tables below summarize the *status quo* of both pension and family allowance systems in 2005. Afterwards, a description of the policies implemented by the *Frente Amplio* in light of the inclusive turn is provided.

Table 6.5 Composition of pension system after the 1996 reform

| ***Contributory system*** | |
|---|---|
| **1st pillar** | **2nd pillar** |
| Compulsory, public, PAYG, (called *Pilar de Solidariedad Intergeneracional*) | Compulsory for workers below 40 years and above 800US$ per month (this category must contribute to BOTH pillars), private, individual capitalization account (called AFAP – *Administradoras de Fondos de Ahorro Individual*) |
| Pensionable age: 60 years<br>Years of contributions: 35<br>Benefits: earning-related. Sum of 50 % of the average of the best 20 years of higher income plus 0.5% for each additional after 35 years of contribution (with a maximum of 2.5 %) and 3 % for each year after have reached 60 years old (with a maximum of 30%).<br>Financing: employers; employees; general revenue | Pensionable age: 60 years<br>Years of contributions: 35<br>Benefits: calculated according to savings, interests and life expectancy (defined-contributions). Bonus for those who choose to voluntarily contribute to private pillar (50% of the contribution is computed as 75%)<br><br>Financing: employees above 800US$ |
| Old age pension: retirement allowed with 15 years of contributions and 70 years of age (before 1996, 65 years of age were sufficient)<br>Calculation of requirements: *Registro de Historia Laboural* to formally certify working years (before the reform, only the presence of two witnesses was required) | |
| **Non-contributory system** | |
| *Pension a la Viejez:* social assistance measure, mean-tested, 70 years of age required (before 1996, 65 years of age were sufficient) | |

Source: author's elaboration

Table 6.6 Family allowances after the 1999 and 2004 reforms

| **Contributory** | **Non-contributory** |
|---|---|
| Beneficiaries: formal workers belonging to specific categories (domestic workers, some rural workers, unemployed receiving unemployment benefits, …) | Beneficiaries: informal workers (+ with only woman head of the households, or with unemployed head of the household, or household with pregnant woman in 1999 / new law which eliminated these requirements in 2004) |
| Requirements: mean-tested (only from 1995). | Requirements: mean-tested proof (income less than three minimum wages) |
| Benefits: 16% of the minimum wage, doubling if the beneficiaries are disabled (from 1995). | Benefits: depending on children grade in schools |
| Conditionality: only for children between 6 and 18 years of age (school attendance) | Conditionality: only for children between 6 and 18 years of age (school attendance) |

Source: author's elaboration

### 6.4. The inclusive turn

With the advent of *Frente Amplio*, a strong effort was devoted to family allowances. Although Uruguay showed levels of coverage which were higher than the majority of the countries in the region – thanks to the presence of both contributory and non-contributory plans – the level of benefits was marginal (Arim and Vigorito, 2006). Such low benefits were also the consequence of the link between family allowances and the minimum wage, which had been declining since the 1970s (*Instituto Nacional de Estadistica* online database). Therefore, some action was needed.

In 2005, as a response to the crisis that hit Uruguay after the Argentinean default, the government set up PANES – *Plan de Asistencia Nacional a la Emergencia Social* (Assistance Plan for Social Emergency). It was targeted people living in extreme poverty, and it was the first program ever managed by the MIDES - *Ministerio de Desarrollo Social* (Ministry of Social Development). The plan provided income supplement to indigents (around 65US$ monthly). In addition, families received subsidies for water, electricity and a food card. PANES covered 320.000 people, roughly one tenth of the whole population (Altman, Castiglioni, and Luna, 2008).

As it was thought to be an emergency plan, it was soon substituted by the government with *Plan Equidad* (Equity Plan), which was enacted in 2008. Law n.18.227 substituted the non-contributory benefits established in 1999 and in 2004. Moreover, it increased the amount of benefits and created differentiation among children according to school grade and family's

wealth: in particular, benefits grew for children between 13 and 18 years old, thus providing incentives for secondary education. With *Plan Equidad*, children were entitled to family allowances *regardless* parents' contributory position, therefore, the benefits were equalized and segmentation was reduced. Indeed, the measure targeted children below poverty line, considered "vulnerable", whether their parents were formal or informal workers.

It is possible to observe the evolution of both contributory and non-contributory family allowances in the table below. The total coverage increased constantly from 2004 to 2009. Data from 2009 show lower level than in 2008 because of the elimination of the 1999 and 2004 laws (the ones that established non-contributory benefits) whose beneficiaries were absorbed by *Plan Equidad*. In addition, the introduction of a relevant measure such as *Plan Equidad* (2008) changed the architecture of Uruguayan family allowances: some of the recipients of contributory benefits established in 1980 were incorporated within the 2008 measure. The number of those who benefitted from *Plan Equidad* overcame the recipients of contributory family allowances.

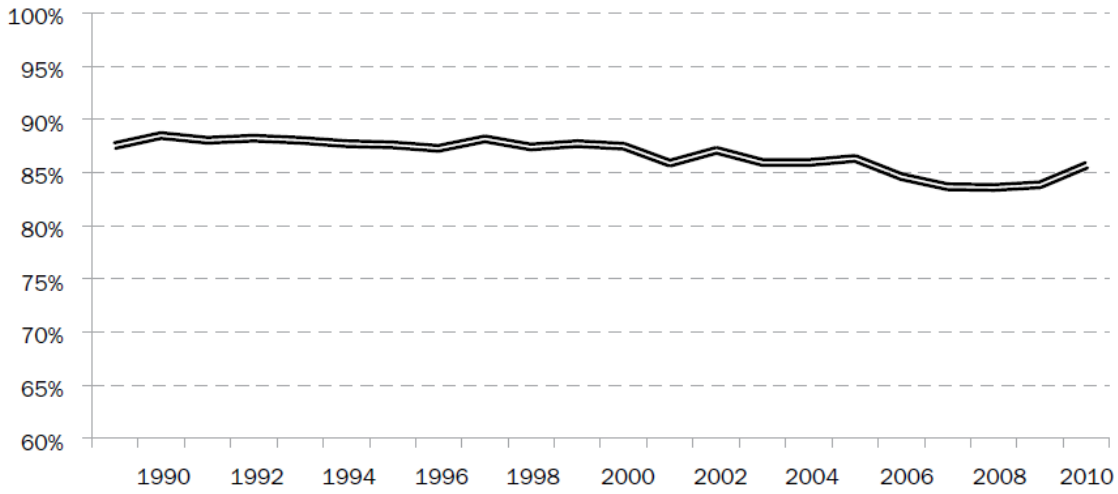
Table 6.7 Beneficiaries of family allowances in Uruguay 2004 and 2009

| Laws / years | 1980 (contr., "weak groups") | 1999 (non-contr.) | 2004 (non-contr. "enlarged") | 2008 (Plan Equidad) | Total |
|---|---|---|---|---|---|
| 2004 | 315200 | 105406 | 65685 | - | 486283 |
| 2005 | 324001 | 85396 | 112508 | - | 521905 |
| 2006 | 335304 | 69081 | 140436 | - | 544820 |
| 2007 | 341794 | 55540 | 155816 | - | 553151 |
| 2008 | 256207 | 15636 | 49471 | 257318 | 578631 |
| 2009 | 189075 | abolished | abolished | 374690 | 563765 |

Source: Uruguay Social – Consejo Nacional de Politicas Sociales, 2009

The field of pensions exhibited little gap in coverage. The figure below shows that almost 90% of the elderly was covered in 1990. It is possible to observe a declining trend for the considered period due to the fall of contributory pensions – which, in turn, resulted from the rise of informality and from the 1996 reform that increased requirements to access retirement's benefits – while social pensions grew from 65.486 in 2001 to 71.999 in 2009 (Rofman, Apella and Vezza, 2013).

Figure 6.6 Pension coverage among the elderly (%), 1989-2010




Source: Rofman and Oliveri (2012) in Rofman, Apella and Vezza (2013)

The government intervened in the field of pensions in 2007 by making a parametric reform that included three adjustments of the contributory system. These measures targeted mid-siders, i.e. workers that switched back and forth formal and informal sectors thus having limited, or no, access to the social insurance system. Most notably, requirements were relaxed. The effects of the reform reversed the declining trend in terms of coverage, as shown in the figure above.

The first measure affected old age pensions. In fact, with 70 or more years of age, people had the opportunity to access the contributory system with 15 years of contribution. With the 2008 law, age could also be lower, but in this case contributions should be collected for a longer period. More specifically, it was possible to access retirement with different years of age and contributions: for example, 65 years of age and 25 years of contributions, 66 years of age and 23 years of contributions, 67 years of age and 21 years of contributions, 68 years of age and 19 years of contributions, 69 years of age and 17 years of contributions, 70 years of age and 15 years of contributions (OECD/IDB/The World Bank, 2014; see table 6.9).

The second measure was thought to facilitate women who were also mothers: for each child born alive or adopted, one year of contribution was added to total contributions. In this case, women benefited from such year(s) only if they had partially interrupted career, but it was not useful if they worked in the informal sector for their entire life.

Finally, contribution requirements were lowered, from 35 to 30.

Also non-contributory pensions were reinforced. The *Subsidio a la Viejez* was created with the purpose to cover those who could not achieve *Pension a la Viejez* (the social pension introduced back in 1919) because they were too young. In fact, *Subsidio a la Viejez* targeted the elderly from 65 to 70 years old, while *Pension a la Viejez* included the ones above 70 years old. The changes relative to non-contributory pensions were introduced under the umbrella of the *Plan Equidad*. The tables below outline these reforms.

Table 6.8 The 2005 and 2008 family allowance reforms

| **PANES** | |
|---|---|
| **Composition** | **Benefits and beneficiaries** |
| *Ingreso ciudadano* (cash transfer); schooling, training courses, labour insertion, etc.; food card | Fix sum (65US$ monthly) People below poverty line (first quintile). Food card *only* for families with children below 18 years of age and pregnant women; variation according to the number of children. |

| ***Plan Equidad*** | |
|---|---|
| **Composition** | **Benefits and beneficiaries** |
| Cash transfer; *Uruguay Trabaja* (labour insertion), subsides for low qualified jobs; food card | Children living below poverty line, regardless of parents' contributory status. Higher for children going to secondary rather than primary school. For the former, increase from 13US$ to 50 US$; for the latter, increase from 13 US$ to 35 US$. No linkage with minimum wage. |

Source: author's elaboration

Table 6.9 The 2007 pension reform

| **Contributory** | |
|---|---|
| **Type of flexibility** | **Description** |
| Old age pension | Different combinations age/working years: 70/15; 69/17; 68/21; etc. For each reduction of 1 year in pensionable age (minimum 65), working years increase by two unities |
| *Jubilación Comun* (contributory pension for those who worked more than 15 years) | Minimum contribution period reduced from 35 to 30 years |
| Flexibility for women with children | One year of contribution automatically paid for each child born alive or adopted |
| **Non-contributory** | |
| *Subsidio a la Viejez* (modification presented in the framework of *Plan Equidad*) | Introduction of a new scheme for those between 65 and 70 years old |

Source: author's elaboration

The next paragraph will explain the processes of policy-making concerning the introduction of non-contributory policies (and the relaxation of requirements to access the contributory system). The role of PIT-CNT and its support to such paradigmatic shift will be highlighted.

## 7. The policy-making process: *Dialogo Nacional* and the commitment of PIT-CNT

Trade unions in Uruguay contributed to build a more inclusive welfare state system after the advent of FA in 2005. The party was indeed able to push trade unions back in the political arena, both providing them new opportunities in terms of union rights and favouring employment and formalization strategies. For instance, as in other countries of the region, legislation to guarantee workers' freedom in their union activities was set up, the *Consejo Colectivo de Salarios* was re-established after interruption in 1992, thus strengthening the relationship with the government with respect to previous ones (Mendez and Senatore, 2011; Notaro, Quiñones, Senatore and Supervielle, 2011). These changes allowed trade unions to regain power, thanks to their new power resources in the industrial relation arena. Moreover, reduced levels of both unemployment and informality – as presented in paragraph three, the former was less than 8% and the latter achieved 39,8% in 2009 – also contributed to increase union membership in the 2000s and to make their demands more visible.

For what concerns outsiders, in addition to promote a legislation in favour of domestic and rural workers and for inclusive health care and education reforms, requirements to access pension system were relaxed to cover a larger amount of people. In the field of family allowances, non-contributory measures were strengthened.

Actually, when FA won elections in 2005, an important shift toward the inclusion of outsiders occurred. For the first time, a Ministry of Social Development (MIDES) was created. The political meaning of the new-born MIDES can be found in the government willingness to count on an institution specifically devoted to social policies targeting outsiders, in contraposition to the neoliberal decade of the 1990s, when retrenchment of welfare provision occurred and non-contributory measures were residual. It was therefore a strong commitment of the state that acted as the driver of social expansion since the first government of the *Frente Amplio* (Fernandez, 2016).

The policy-making process was different in period of emergence and in the subsequent phase of recovery. On the one hand, FA government introduced PANES in 2005 without dialogue with trade unions; on the other hand, in 2007 the *Dialogo Nacional sobre Seguridad Social* (National

Dialogue on Social Protection) was established. Though it mostly dealt with pension system reform, it also addressed the *Plan Equidad*. The National Dialogue included Uruguayan social and political actors thus resulting in a bottom-up decision-making process. The two paragraphs below describe the process of policy-making in the sectors of family allowances and pensions, highlighting the strategies adopted by PIT-CNT.

### 7.1 PIT-CNT and family allowances

As aforementioned, the first measure that the government headed by *Frente Amplio* adopted was PANES. FA, in fact, elaborated an electoral program[147] whose highlights were universal social policies in the fields of health care and education alongside an emergency plan. This measure was thought to be transitionary and it would include also a cash transfer for families living in poverty. However, "here *(in the PIT-CNT)* there was no participation" [148], thus the union did not make any specific proposals for what concerned family allowances, neither through mobilization or through parliamentary acts. Though excluded by the process of policy-making, PIT-CNT helped the government by providing services such as job training and labour insertion, whose attendance was compulsory to obtain cash transfer that the PANES provided. The construction union played a major role in this sense [149].

In 2008, the establishment of the *Dialogo Nacional sobre Seguridad Social,* which allowed the redefinition of pension system, also addressed the issue of family allowance. *Plan Equidad* was thus proposed by the government and it was then approved by all the actors within the Dialogue. Moreover, organized labour participated – with skilled personnel and in collaboration with the MIDES – in setting up the database which was used to implement family allowances in the country [150].

In general, PIT-CNT demonstrated its support for non-contributory measures in the field of family allowances by making a comparison with pensions: "Why - if old age pension exists since almost 90 years - it is not possible to have a pension to childhood or a similar concept?" (ERT-PIT-CNT, 2011: 115). The union thus criticized the lack of a strong non-contributory

[147] See "Grandes lineamentos programaticos para el gobierno 2005-2009. Porque entre todos otro Uruguay es posible". Approved by the IV Extraordinary *Frente Amplio* Congress, 20 and 21.12.03.
[148] Interview with Ministry of Social Development.
[149] Ministry of Social Development, 19-04-2007, Commision "Especial Poblacion y Desarrollo Social", Lower Chamber.
[150] Interview with Ministry of Social Development.

measure targeting children alongside the elderly. The need to have a social assistance measure for children was therefore highlighted by the labour organization in Uruguay.

### 7.2 The parametric reforms of pension system and the role of PIT-CNT

The national dialogue established in 2007 allowed pension system to be redesigned. However, before describing the process of policy-making, it is necessary to step back and introduce some elements which impacted on PIT-CNT strategies. This paragraph will thus point out the relevance of the BPS – *Banco de Prevision Social*, that is, the institution in charge of the provision of welfare benefits. Then, the proposal carried out by PIT-CNT in 2003 to modify pensions will be described. In fact, it is particularly relevant because the union reproposed it in the National Dialogue. Finally, the *Dialogo Nacional sobre Seguridad Social* will be highlighted, with a focus on PIT-CNT contributions.

***The Banco de Prevision Social: an institutional device for trade unions***

The presence of trade unions in the process of pension policy-making was facilitated by a constitutional device. In 1967, the BPS - *Banco de Previsión Social* (Social Provision Bank) was created with the purpose of centralizing the management of pension benefits, while including representatives of retirees, workers and employers in the social protection system. The executive board of the BPS is composed by seven people, four of them appointed by the executive, and the other three are elected by each of the most representative social sectors. In particular, one represents pensioners (through the *Organización Nacional de Jubilados y Pensionistas del Uruguay* – ONAJPU, which is totally independent by any political organization), one workers (through the *Equipo de Representación de los Trabajadores* - ERT) and one stands for employers. This composition is established by Constitution and it cannot be changed by decree or ordinary law.

The president of BPS is elected within the BPS itself, thus it does not depend on the executive. The representatives have been mostly appointed, but since 2006 they are elected. PIT-CNT decided to present a unique list for the election to unify its voice for what concerns social protection policies. Indeed, the relationship between the PIT-CNT and the ERT is really good, with the former acquiring prestige also in the political sphere. The interest of the major labour organization for welfare system is also highlighted by the presence of the *Comisión de Seguridad*

*Social* (COSS) of the PIT-CNT: a limited group of unionist discusses periodically about BPS management elaborating concrete proposals.

The presence of ERT thus highlights trade unions' relevance in the process of policy-making within BPS. The Uruguayan labour organization can thus count on important "organizational resources" *à la* Davidsson and Emmenegger (2013), that is, its presence – and its contribution – in the definition of social policies ensured by a constitutional device.

***PIT-CNT in BPS: the 2003 counter proposal***

In 1996, pension system in Uruguay was partially privatized, through only workers above 40 years old and above a certain income were included. ERT strongly criticized this decision. Although such changes did not have the same impact of Argentinean and Chilean counterparts – which experimented the juxtaposition of a private compulsory pension pillar to the already existent public one and a full privatization respectively - PIT-CNT admitted that it did not have any alternative proposal at the time. Only in 2003 the labour organization designed a new system. The figure below explains the main features of the plan presented by trade unions.

Table 6.10 PIT-CNT's counter proposal

| **Pillars** | **Main features** |
|---|---|
| 1st pillar | Social assistance measure for people below poverty line and above 65 years of age |
| 2nd pillar | PAYG, mandatory, public, with contributions paid by employers, employees and the state, and flexible pensionable age to be as inclusive as possible |
| 3rd pillar | Complementary system, funded, public, voluntarily, only for people above a certain threshold of income, who *must* participate in the fund management |

Source: author's elaboration from ERT - PIT-CNT, 2011:112.

The new pension system should achieve universality of coverage among elderly and enabling everybody who reached pensionable age to receive some kind of benefits. The first pillar would be constituted by a social pension for the elderly below poverty line; a PAYG, mandatory and contributory would constitute the second pillar. Finally, workers above a certain income threshold have to be enrolled in the complementary system, managed by public institutions rather than by private funds. This proposal however was not considered by the government.

Subsequently, PIT-CNT did play a role also in the parametric reforms of the pension system in 2007. In particular, it was active in the national dialogue that the government set up to discuss

issues concerning social protection. The next section thus focuses on the process of policy making in the field of pensions.

***The 2007 national dialogue***

On July, 1st 2007 President Tabarè Vasquez and the Ministry of Labour, Jorge Bruni, called for a national dialogue to modify the pension system with the contributions of the main national actors. The first *Dialogo Nacional sobre Seguridad Social*[151] counted on the support of the *Universidad de La República* and of the Uruguayan academy, the United Nations and the International Labour Organization of Uruguay, along with the *Agencia Española de Coperación Internacional*. The National Dialogue was set up when the period of crisis was already overcome and it was thus devoted to modify the system in a stable way rather than to just set up transitionary emergency measures.

The National Dialogue was developed in five different *mesas* (roundtables): *Demografía and Seguridad Social* (Demography and Social Security), *Inclusión, Trabajo y Seguridad Social* (Inclusion, Work and Social Security), *Seguridad Social y Protección Social* (Social Security and Social Protection), *Cobertura del Sistema de Protección Social* (Coverage of Social Protection System) and *Financiamento del Sistema de Seguridad Social* (Financing of System of Social Protection). Within the Social Dialogue, short, mid, and long-term measures were proposed. In the roundtable dealing with "Inclusion, Work and Social Security", it was established that more attention should be given to workers who could not count on adequate protection once they were inactive. In fact, it was observed that half of the population between 20 and 59 years of age did not contribute to the pension system due to either unemployment or informality (BPS, 2008). The relaxation of requirements to access the contributory pension and the reduction in the pensionable age to receive social pensions were among the most important results of the National Dialogue.

When the national dialogue began, PIT-CNT decided to stick to its alternative proposal – elaborated as a response to the 1996 reform - concerning the pension system. For what concerned the private pillar, labour organization opted for its complete elimination. This idea was in contrast with both retirees' and employers' representatives who only agreed on reducing

[151] The second dialogue was set up on November, 23rd 2010 under president José Mujica, but it did not produce any significant change.

management costs. Indeed, in the system conceived by PIT-CNT, equity stood at the centre: individuals with higher income must help financing benefits of those who earn less (BPS, 2008: 63). Therefore, as PIT-CNT failed to convince the other actors to drop AFAP (the private pillar introduced in 1996), the labour organization asked for more redistribution also through the reduction of management costs for retirees. In addition, it encouraged a growth in terms of resources devoted to the system of social protection, achieving 15% of the GDP rather than 11%, which was the level of social expenditure at that time (*ibidem*, 62). Then, the discussion shifted to pensionable age and years of contributions to access the system. For contributory pensions, PIT-CNT proposed to reduce the years of contributions from 35 to 30, and from 70 to 65 the requirements for old age pensions. All participants agreed on these points which were later incorporated in the law [152]. PIT-CNT also proposed another modification concerning old age pensions (*Jubilacion por Edad Avanzada*), that is, to reduce contributions to 10 years (in 2007, 15 years were needed). However, this proposal was refused.

Moreover, for what concerns the *Asistencia a la Viejez*, PIT-CNT pushed for its universality (ERT-PIT-CNT, 2011). Indeed, "the alternative proposal of the PIT-CNT wanted to serve excluded *first* (ERT-PIT-CNT, 2011: 121), priorities are the ones who have been lagged behind, the less protected, the excluded, the one who need more (*Ibidem*, 145) and again, "social security can and must be universal, solidaristic and no-profit" (*Ibidem*, 130).

PIT-CNT statements within the social dialogue demonstrated that the Uruguayan labour organization supported the parametric reform of the pension system that occurred with the National Dialogue, acting as an initiator by proposing the relaxation of some requirements after that its 2003 proposal was rejected.

## 8. Non-contributory family allowances and the flexibilization of pension system: the reasons behind PIT-CNT's support

The table below retraces trade union strategies concerning these pro-outsider policies.

As aforementioned, PIT-CNT acted as a supporter for what concerned the policies that *Frente Amplio*'s government proposed in the field of family allowances. When it came to pensions, the union was an initiator. In light of the 1996 reform – which introduced private sector in the

[152] See also "Dialogo Nacional sobre Seguridad. Informe y Documentos. Abril 2008" available at www.dialogoseguridadsocial.org.

pension system – PIT-CNT elaborated its personal proposal that reiterated during the National Dialogue. Flexibility to access contributory system (concerning both pensionable age and contributions) was strongly promoted.

Table 6.11 Trade unions strategies and pro-outsider measures.

| | Initiator | Supporter | Neutral | Opponent |
|---|---|---|---|---|
| **PANES** | | X | | |
| ***Plan Equidad*** | | X | | |
| **Social Pensions** | X | | | |
| **Flexible requirements for contributory system** | X | | | |

Source: Author's elaboration

When it comes to the reasons that lead PIT-CNT to support the inclusive policies proposed and implemented with the advent of FA, it is useful to recall the hypotheses highlighted in chapter five. In particular, the first hypothesis states that if the membership is composed by outsiders, then the union is likely to be in favour of inclusive policies. The argument seems trivial. In the case of PIT-CNT, it is necessary to provide some information to rule out such hypothesis and show that affiliates' interests were not the main reason why the Uruguayan labour organization showed a support of family allowances and they played an active role in the redefinition of the pension system.

In the early 2000s, PIT-CNT membership underwent some changes. As unemployment and informal jobs rose in the 1990s and in the early 2000s, membership declined. After 2003, however, the trend was reversed mostly because of improving labour market conditions. In the figure below, data concerning affiliation to PIT-CNT are presented.

Table 6.12 Evolution of contributors to PIT-CNT congresses (*x1000*, 1985-2015)

| | **1985** | **1987** | **1990** | **1993** | **1996** | **2001** | **2003** | **2006** | **2008** | **2011** | **2015** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ***Total*** | ***250.9*** | ***235.8*** | ***222.3*** | ***173.7*** | ***126.2*** | ***129.3*** | ***101.8*** | ***141.0*** | ***181.4*** | ***199.2*** | ***230.2*** |
| **Publ.** | 105.7 | 104.0 | 106.8 | 98.6 | 82.7 | 80.5 | 70.2 | 81.8 | 95.4 | 113.0 | 113.4 |
| **Priv.** | 131.6 | 116.5 | 100.0 | 61.7 | 43.5 | 49.3 | 31.6 | 59.2 | 86.0 | 86.2 | 116.8 |
| **AEBU**[153] | 13.6 | 15.3 | 15.5 | 13.3 | | | | | | | |

Source: data form PIT-CNT congresses.

[153] AEBU – *Asociación de Los Empleados Bancarios de los Uruguay* - is counted separately until 1993 and in the following congresses it has been absorbed within the private workers.

However, PIT-CNT membership did not increase only because of improved labour market conditions, but also because the labour organization started in 2002 a large campaign called "*Ud. tiene derechos*" ("You have rights"). The campaign was developed in three different phases. While the first stage lasted for three years and it involved actions in both firms and places such as supermarkets and squares, the second started when FA won the election and it was focussed on the advantages of collective bargaining for workers. The last stage – in light of the *Ley de los Fueros Sindicales* which impeded discriminations of unionized workers – was centered on communication on mass media (Pereyra, 2005).

In addition, PIT-CNT enlarged its membership through the creation of new unions representing unorganized professions and allowing the inclusion of informal workers. The PIT-CNT statute – *contrary* to many cases in the Latin American region, i.e. CGT in Argentina – has never denied affiliation of unemployed and workers without a regular contract. Indeed, this practice was already common among unions that aggregated precarious and informal workers, such as in the construction sector. However, as one of the main leader stated, "although the unionization rate stands at 25% and it is quite high for Latin America and for the entire world, we still do not manage to reach all the sector we need"[154], highlighting PIT-CNT willingness to expand representation toward outsiders.

PIT-CNT thus created unions for the representation of traditionally non-unionized workers, such as domestic workers and the "*recicladores*", people who recycle different materials within a plant and then they sell to external (mostly informal) market. Actually, the *Unión de Clasificadores de Residuos Urbanos Sólidos* (UCRUS) was established in 2002 within PIT-CNT, with the scope to represent workers who worked without contract and in precarious healthy conditions. PIT-CNT thus fought for minimum salary and decent job conditions. Another example is constituted by the *Sindicato Único de Trabajadoras Domesticas* (SUTD), funded in 2005 within the PIT-CNT Gender Secretary with some representatives of textile and dress-makers sector. Indeed, during the crisis, many of these workers were expelled from formal labour market and they ended up in domestic jobs. Efforts were also done in rural areas, where rural workers' rights were reinforced especially with the recognition of the same working day (eight hours) of their urban counterpart. Particular attention was devoted to migrant workers [155]. Also outsourced workers – called *trabajadores tercerizados*, who often had worse salaries and working

[154] Interview with PIT-CNT 2.
[155] Interview with PIT-CNT 5.

conditions than their colleagues who were directly hired for the firm they work in – became the object of trade union attention. PIT-CNT successfully proposed three "solidarity laws" which established rules for employers' who decided to outsource[156].

PIT-CNT thus enlarged the number of workers and represented sectors with the purpose to include also more disadvantaged groups. Even after the crisis was officially overcome and the affiliation campaign was concluded, PIT-CNT leaders admitted that they "did not managed to reach all the sectors we wanted to include (…) and that we need to shrink the gap between formal and informal workers" when it comes to representation. More specifically, they pointed out that domestic workers, rural employees and those who work from home – despite the large improvements in terms of affiliation and of achievements to ameliorate their working conditions – were still little unionized [157].

PIT-CNT thus goes well beyond the interests of its membership, by trying to include the most disadvantaged groups. Indeed, "it is a very ideological movement which often comes up with policies that overcome its membership and they rather concern the entire citizenship"[158]. Again, "since its origins, PIT-CNT has a policy that not only considers its members trade unions and its affiliates, but it also aims to have an active and encompassing role in the entire society" (Pereira, 2005). The main Uruguayan labour movement thus seems to be inclusive and prone to take into account larger interests than the ones of its rank-and-file. However, these new groups often have limited power because, in order to have the right to vote at PIT-CNT congress, it is necessary to achieve a minimum number of unionized workers who pay the enrolment fee to the labour organization. Although the threshold is quite low (200 workers), trade unions that organized workers such as domestic employees or *recicladores* are often small [159]. In addition, they do not always have the *licencia sindical* (i.e. when union's representatives are committed with union's activities during working hours, they are not funded by PIT-CNT)[160].

[156] Interview with PIT-CNT 10. PIT-CNT formally established the *Comisión de los Trabajadores Tercerizados* (Commission of Outsourced Workers) responsible to protect this particularly category of workers. *Trabajadores tercerizados* tend to have a regular contract although they are likely not to benefit of the same working conditions and protection of people directly hired by the firms they work for.

[157] Interview with PIT-CNT 2.

[158] Interview with BPS 2.

[159] Interview with PIT-CNT 3.

[160] Interview with PIT-CNT 4.

In addition, the main Uruguayan labour organization could count on its traditional allies which represented pensioners, student and organizations who fought for the rights to housing, respectively UNAJPU (*Organización Nacional de Asociaciones de Jubilados y Pensionistas del Uruguay*), FEUU (*Federación Estudiantes Universitario del Uruguay),* and FUCVAM (*Federación Uruguaya de Cooperativas de Vivienda por Ayuda Mutua*). The three mentioned groups are historically linked to PIT-CNT when dealing with fights against pension privatization, the expansion of investments in education and to guarantee housing rights. In particular, the PIT-CNT Statute, article 1c, established that the FEUU has the right to vote in the *Mesa Representativa*[161] of the organization. This partially characterized the PIT-CNT as "movement-union" – a definition that many of its leaders support and legitimized - although the organization is quite structured and quite "vertical" rather than horizontal.

PIT-CNT's goals seems therefore able to go well beyond its membership that, despite enlargement, is mostly composed of formal and salaried workers in the public and in the private sector. The paragraph will thus proceed with the explanation of the factors that contributed to the support of the "new" family allowances and pensions.

### 8.1. Family allowances: claiming universality for children in "coalition" with FA

As already highlighted, PIT-CNT did not play a direct role in the definition of non-contributory family allowances, i.e. PANES in 2005, implemented during the emergency phase, and the Equity Plan, which substituted the previous non-contributory programs in 2008. However, it asked for the increase of family allowances and for its universality. In particular, while PIT-CNT proposed a new tributary system in 2011, it also stated that it was necessary to "equalize the level of family allowance benefits obtained through law 15.084 (…) to the amount of Law 18.227 relative to the Equity Plan (…) as a first step toward universalization"[162]. Such measure would allow the values of contributory and non-contributory cash transfers to achieve similar levels (the former were, in fact, lower than the latter). In addition, it proposed to increase the amount of benefit established by the *Plan Equidad*: "Equity Plan (...) should be duplicated or triplicated (…) to consequently increase the attention to health care and education[163] which are

[161] The *Mesa Representativa* is the main decision making organ of PIT-CNT.
[162] "Propuesta de modificaciones en el sistema tributario", PIT-CNT – Febrero 2011.
[163] As the *Plan Equidad* includes conditionality concerning school attendance and health care controls.

also parts of this process of social inclusion and of citizenship, and they are relevant to us in the path of social protection" (Murro, 2014).

PIT-CNT, although not directly involved when family allowances were introduced, has always supported such measures by claiming that social inclusion and poverty reduction also depend on overcoming social insurance mechanisms. "What can we do with those who are excluded from social protection? (…) Youth, women, informal workers and street vendors, precarious and temporary workers, occasional seasonal workers, *unipersonales (people who work alone but they do not constitute a firm)*, rural workers, people with disabilities, etc. Undoubtedly, social insurance was and it is still perceived for "employees" with stable employment conditions and with an open-ended contract, in a context of traditional families" (ERT-PIT-CNT, 2011). The introduction of non-contributory measures was thus welcomed by PIT-CNT as the only way to cover also those usually excluded from labour market.

The attention to both poverty level and those socially excluded highlights the identification of PIT-CNT with a left ideology, although the labour organization claims to be independent from any party and political or philosophical ideas.

The union demonstrated to be aware of the huge levels of poverty after the crisis and the positive effects of PANES and *Plan Equidad* to reduce it. "There are academic studies that highlight how PANES and *Plan Equidad*, with their cash transfers allowed to reduce poverty, and (…) poverty and extreme poverty strongly hit families with children (…) In the middle of the crisis, there was more awareness concerning these issues and the social policies need to fight against it, while in this period it is likely that people associate social exclusion to the lack of effort of the individuals"[164].

The Uruguayan labour organization shows interest in redistribution: "the main purpose of a social movement is the construction of a fully democratic society, such that it can be inclusive and it can redistribute the wealth it generates"[165]. Again, "How can we fight for a fairer, more balanced and solidarity-based society, with a more equitable distribution of wealth, if we do not start to build it right now?"[166].

PIT-CNT concerns for issues which strongly affect outsiders is also the result of *Frente Amplio* government. "Facing the brutal levels of poverty and extreme poverty that exist in our region,

[164] Interview with PIT-CNT 1.
[165] Interview with PIT-CNT 1.
[166] Interview with Ministry of Social Development.

we need to check the measures adopted by the government of Uruguay (…) that increase public spending to implement *Plan de Emergencia* (i.e. PANES); it increased family allowances and the coverage of health care plan, reducing the level of poverty"[167].

Not-unexpectedly – as the party was born by the will of trade unions to have a political representation - there are several ideological similarities between FA's and PIT-CNT's programs. However, there are also differences, as PIT-CNT is "more on the left than FA, and while the former counts a Communist wing and a second one composed by "other lefts", the latter is divided in at least seven factions, and it includes also more conservative forces[168].

"*Somos independientes pero no somos indiferentes* (We are independent but not different), we were aware of the changing process (with FA at government), we did not feel absent, we feel part of the process[169]". Both Fernando Pereyra as president of PIT-CNT and Daniel Olesker as Ministry of Social Development - but also militant of the main labour organization - use the metaphor of "children of the same mother". FA and PIT-CNT are said to perform different tasks, as "government must serve the interests of the entire country, while trade unions deal with workers and with the weakest"[170].

PIT-CNT therefore could count on a historical ally – although a strong corporatist model such as in the Argentinean was absent – when FA was finally able to form a government in 2005. The left ideology - which led both political and social actors to support anti-poverty measures – and the institutional resources are thus the key to understand the support for family allowance reform. Although trade unions did not directly formulate policy proposal for non-contributory family allowances, they strongly supported the government, composed also by large part of PIT-CNT militants, because they embraced the vision of a fairer society and the need of income redistribution.

### 8.2. Pension system: the "right" to social protection

In the field of pension, PIT-CNT was very active and it participated to the process of policy-making with concrete proposals. Indeed, not only the National Dialogue encouraged the adoption of shared solutions, but also the presence of ERT provided a direct channel to the

[167] "Por major redistribucion de la riqueza y por justicia social" in Trabajo y Utopia, "Vamos por mas! Mas negociacion, mas derechos, mas democracia", Montevideo, Junio de 2009 – Año X – N° 89, PIT-CNT official press.
[168] Interview with Ministry of Labour 1.
[169] Interview with PIT-CNT 2.
[170] Interview with PIT-CNT 2.

Uruguayan labour organization to influence the process. Indeed, ERT represented what Davidsson and Emmenegger (2013) have called an "organizational resource", that is, an "institutional role of the unions in the formulation of policies *and* administration" (where the latter is referred to a concrete role on the management of such benefits). In relation to such definition, despite the constitutional guaranteed presence of ERT within the BPS allowed the presence of PIT-CNT, the labour organization did not manage nor administered any pension scheme.

One of the main reason that induced PIT-CNT to support the introduction of flexibility in the pension system was the fear that some workers – also including part of its membership – would not be entitled to contributory pensions. Indeed, as many other countries in the region, Uruguay experienced a period of high unemployment and informality levels, making difficult to achieve the required 35 years of contributions. Such conditions were the result of the neoliberal policies such as privatization of national firms, large openness of the economy and predominance of the finance over industry, especially in the 1980s and in the 1990s. Worker representatives within BPS admitted that "flexibility [of eligibility conditions] was crucial, otherwise nobody would get a pension. (…). For a long time Uruguay experienced a path of high level of informality within labour market forces" [171] and "What we are trying to do it today is to separate our actions from neoliberal ideology[172]".
The power of private firms *vis à vis* employees during the neoliberal period is blamed. "Some registers did not exist because firms did *not* register" (…). For this reason, we need to increase flexibility in the pension system, because people have the *right* to retire. There were people who were obliged to work without a contract"[173].

As aforementioned, also PIT-CNT membership was affected by the labour market conditions in the labour market during the 1990s. For example, also groups such as domestic workers and *recicladores* and employees with a regular contract with "gaps" in their contributory records could not access the contributory pension system. Organized labour had to recognize that some parts of its membership was in danger of not entering pension system and it had to do something not to lose it.

[171] Interview with BPS 2.
[172] Interview with BPS 1.
[173] Interview with PIT-CNT 1.

Requirements to access pension system were considered too strict, in particular for some categories. Indeed, "(*the requirement of 35 years of contribution to access pension system*) did not allow people to retire. Unfortunately, everybody lost some years (…) in particular workers in the private sector and people living in inner areas, women, workers on low incomes (…) The most affected were those who suffered from closing firms during the Nineties, and those which were hit by the 2002 crisis"[174]. Not only outsiders (i.e. those outside labour market because informal workers or unemployed) but also mid-siders were damaged by the structure of the pension system. In fact, none of them could achieve 35 years of contributions as they could not pay them for some periods in during their working career. In addition, mid-siders were not eligible to receive social pensions.

Changing labour market conditions can concern both the past and the future. Indeed, PIT-CNT is committed to provide protection and to defend workers' rights also in a future era of possible technological advancement. According to the labour organization, as a consequence of the pervasive use of technology, many workers will be excluded from labour market. Therefore, although from 2005 membership grew and trade unions in Uruguay enlarged their representation to new sectors, they admit that they should "exit the comfort zone"[175] to guarantee workers' protection, that is, looking for new solutions also for those who can be considered as insiders in the current labour market structure. While reflecting on the role of technology, which can substitute existing jobs, Uruguayan organized labour states that "it is crucial to introduce discussions on universal basic income and on the reduction of working day. (…) We need to discuss the issue of equity within work (…). How can we explain that workers who use to work 14 hours per day will work only 6 hours per day and they will need to survive with that money?" [176]. Therefore, the advent of technology is a condition that contributes in perspective to reduce the gap within insiders and outsiders and to the support pro-outsider policies.

Besides external labour market conditions, also another factor stands out as crucial to determine PIT-CNT's strategy. From interviews with key actors and documents, it emerged how the access to social protection is deemed to be an essential right. Union leaders admitted that "without this

[174] See Entrevista a Ernesto Murro, 06.10.2008 EN PERSPECTIVA, El Espectador. Murro: "Gradualmente, estamos mejorando las pasividades y el acceso a la jubilación"
[175] Interview with PIT-CNT 1.
[176] Interview with PIT-CNT 2

flexibility, nobody could access pension system for the difficulties created by neoliberalism, (…) but, most importantly, I think that social protection is a fundamental human right"[177]. By defining access to pension system as "human right", it is clear that PIT-CNT considers social protection in light of its potential effects in terms of social exclusion rather than a mere correspondence between paid contributions – thus, effective (formal) working periods – and benefits. Indeed, worker representatives in the BPS state how "social security comprehends benefits in cash and in services (…). In addition to social protection benefits and services established by the Constitution, laws and international agreements that Uruguay signed, some principles must be respected, such as the one of universality (…) and of solidarity"[178]. More specifically, the principle of universality envisages that "all human beings, without exceptions (…) will receive equal coverage. This involves universal access to health care services, replacement of lost income (i.e. unemployment subsidy), basic income and guaranteed social insertion or re-insertion"[179]. The concept of solidarity, which identifies both "the horizontal distribution, between generations (intergenerational, income transfer among different cohorts), and the vertical distribution (intragenerational, between people of the same cohort, with transfer from the richer to the poorest)" also contributes to build the image of a labour organization whose interests are dictated by ideas such as fight against poverty and social exclusion, thus embracing a left ideology. Again, "as workers do not stop to protest against this system *(with reference to pension system)* (…) and we oppose to a system of social insurance which is not devoted to the principles of solidarity, participation, universality"[180].

[177] Interview with PIT-CNT 1.
[178] Capital letters and bold in the original.
[179] See "Que es la seguridad social?", Equipo de Representacion de los Trabajadores en el BPS, brochure attacched to ERT (2016), "Manual de prestacion en Seguridad Social" available at https://issuu.com/ert-comunicacion/docs/manual_prestaciones
[180] "El camino hacia la seguridad social solidaria y universal" in Trabajo y Utopia, "Defender el salario, controlar los precios", Montevideo, Julio de 2008 – Año IX – N° 80, PIT-CNT official press

# Chapter 7. Comparing Argentinean and Uruguayan labour organizations: the determinants of trade unions' strategies

## 1. Introduction

The purpose of this chapter is to summarize the results of the research by using a comparative approach. The starting point of this work was the so called "inclusive" turn. In fact, Latin America welfare states, inspired by the Bismarckian model, were based on occupational status; due to both high labour market informality and underdeveloped non-contributory schemes, they have traditionally "left behind" large part of the population which was outside formal labour market, especially unemployed and informal workers, i.e. the *outsiders*. The welfare state expansion that Latin America experienced from the early 2000s tried to fill this gap targeting outsiders through non-contributory schemes and the introduction of flexible contributory requirements to access social protection systems.

The literature has argued that long term democracy and left parties were the main responsible for such departure from a Bismarckian model and the attempt to achieve "universalism" of social protection systems (Haggard and Kaufmann, 2008; Huber and Stephens, 2012; Pribble, 2013 among the others); electoral competition for outsiders and social mobilization also mattered (Garay, 2016). In contexts where democratic regimes prevailed and left parties were in government, trade unions came back strong in the political arena, after years of authoritarianism and the imposition of neoliberal economic and social policies.

Against this backdrop, the research presented in the previous chapters aimed at highlighting the role of organized labour in the "inclusive turn" by analysing the cases of Argentina and Uruguay in the fields of family allowances and pensions. Which role did they play in the policy-making process? Did they support the adoption of pro-outsider policies? Why? Which modes of action did they choose with respect to their membership and the government?

The hypotheses elaborated from the already existent theories have guided this work in the identification of the factors that induce trade unions whether to adopt a pro-outsider strategy or not. As discussed in chapter four, the composition of the *membership* affects labour organizations' strategies: the insiders/outsiders theory states that if the rank-and-file is composed also by outsiders, the organization will be likely to support expansionary measures

that target this group of workers. Also *ideology* seems to play an important role: labour organizations with leftist ideology have been proven to promote actions in favour of the most disadvantaged categories of workers even though they may not be part of their membership. When it comes to the relationship with external actors, the connection between unions and governments have been investigated for a long time. In particular, a trade-off between the effort that organized labour devotes to keep and strengthen the relationship with the political ally *vis a vis* the focus on (old and new) membership seems to exist. The existence of *institutional resources* would thus hinder trade unions' interests in the representation of other groups of workers than its rank-and-file, while its absence would favour it. Finally, *ceteris paribus*, external conditions strongly influence workers' representatives: in a context of dual labour market, the interests of insiders and outsiders are diametrically opposed. However, if the gap between the groups is reducing, and their interests become closer, they would opt to support outsiders, with the purpose to reassure insiders.

Trade unions were part of the policy making process for what concerns most of the analysed policies and they can be considered as key actors when it came to the promotion of some measures devoted to mid-siders and outsiders. Notwithstanding their presence, they acted differently. In a nutshell, CTA chose mobilization with the creation of the FreNaPo - National Front against Poverty, CGT acted through the parliamentary arena and used its priviledged communication channels with the government, while in the case of Uruguay a national dialogue was preferred, thus providing the opportunity to PIT-CNT to carry on its claims. In spite of the variety of actions adopted in the process of policy-making, the results show that all unions have supported pro-outsider policies. While in the case of CTA, findings are unsurprisingly, CGT and PIT-CNT did not always confirm expectations.

For what concerns CTA, its membership compositions and affiliation rules – direct affiliation was possible, thus many informal workers were included alongside social movements – coupled with the absence of privileged relations with political actors and a clear leftist ideology pushed CTA to be the initiator in the two selected policy fields and to set up the agenda for the following governments. The cases of CGT and PIT-CNT are more challenging because the former was expected to be pro-insider, while for the latter the hypotheses were not convergent toward a pro-insider or pro-outsider strategy. In both cases, institutional resources represent the factor that mostly was expected to hinder the adoption of pro-outsider policies; however, the empirical research demonstrates that this is not the case. The relevance of institutional assets

was particularly visible in family allowances, probably the sector that – in comparison to pension - is traditionally less shaped by trade unions' actions. However, AUH in Argentina and PANES and *Plan Equidad* in Uruguay were supported by CGT and PIT-CNT respectively, although they were mostly governments' initiatives. In addition, for what concerned pensions, also external factors mattered, with the persistence of informality that blurred the boundaries between insiders and outsiders and encouraged CGT's and PIT-CNT's initiatives to expand pension systems' coverage.

The chapter is organized as follows. The first paragraph highlights welfare state change, resulted by the adoption of non-contributory measures in the aftermath of a period of retrenchment due to the 1990s neoliberal doctrine. Then, the main features of trade union models in the two countries are recalled, and the three labour organizations are sketched in their essential traits. Finally, a large section is devoted to explain trade unions' strategies in Argentina and in Uruguay and to understand what are the implications of these results with respect to initial expectations and the existent literature.

## 2. The inclusive turn: family allowances and pensions in Argentina and in Uruguay

As aforementioned, Argentinean and Uruguayan welfare states have Bismarckian origins, thus they automatically excluded those who were outside the formal labour market from any type of social protection. The neoliberal phase of the 1990s, characterized by the dictates of IMF and WB, strongly contributed to expand the non-covered sectors of population: as informality and unemployment rose, last resort safety net was absent or residual, while the requirements to access social insurance schemes were impossible to be achieved. This path was reversed in the 2000s, when "outsiders" were finally included in social protection system: the "path toward universalism" introduced non-contributory policies, with the aim to guarantee the access to social policies to most of the population *regardless* labour market status.

This paragraph provides a description of the *status quo* of family allowances and pension system in the 1990s and recalls the "inclusive turn" that occurred in the early 2000s in Argentina and in Uruguay.

Until the early 2000, in Argentina, family allowances used to be only contributory, covering only insiders (i.e. formal workers). They were composed by two elements: a tax rebate targeting families above a certain income threshold and a contributory income transfer for the families below that threshold.

In Uruguay, contributory children allowances were defined by a law set up in 1980 by the military *Junta* and it targeted specifically categories of formal workers. A second tier was established in 1999 when the first non-contributive measures were *de facto* introduced. However, the eligibility requirements were extremely tight and coverage was residual. In 2004, a second law dropped some of the requirements, but the benefit remained limited.

The countries implemented relevant transitionary plans during the crisis: the PJJHD – *Plan Jefas y Jefes de Hogares Desocupados* (2002) in Argentina and PANES (2005) in Uruguay, two conditional cash transfer programs. Although conditionality was attached to both measures (i.e. schooling and health care certificates were required), it was hardly respected, especially in the case of Argentina. Both were designed to fight against the high levels of extreme poverty and poverty that skyrocketed in the early 2000s.

Once the crisis was over, the two countries adopted different measures. In Argentina, where a valid contributory allowance was already in place, a policy that specifically targeted outsiders was implemented in 2009: the AUH – *Asignacion Universal por Hijo*. Therefore, most of the children received benefits according to parents' positions in the labour market. While tax rebate covered "rich" insiders, contributory allowances were received by middle-low income insiders, and AUH was directed to outsiders. In Uruguay, *Plan Equid* (2007) substituted PANES and the already existent non-contributory measures. Those who were not entitled to receive the contributory benefit were included in the new plan *regardless* parents' contributions, provided that they were below the poverty line.

Therefore, both countries were able to implement inclusive measures to make coverage more extensive. The figure below summarizes the main features of the reforms, with a particular focus on the way they targeted outsiders.

Table 7.1 The inclusive turn in the field of family allowances

| Country | Name of the measure | Target | Type of measure |
|---|---|---|---|
| Argentina | PJJHD - *Plan Jefas y Jefes de Hogares* (Emergency Plan) | Outsiders (unemployed but below poverty line) | Social assistance |
| | AUH - *Asignacion Universal por Hijo* | Outsiders (informal workers, unemployed) | Social assistance |
| Uruguay | PANES (Emergency Plan) | Mainly outsiders (connected to poverty line) | Social assistance |
| | *Plan Equidad* | Mainly outsiders (connected to poverty line) | Mix (beneficiaries below poverty line *regardless* of contributions) |

Source: Author's elaboration

Beside family allowances, pension systems were also modified and re-designed after the neoliberal wave. Contrary to Chile, neither in Argentina nor in Uruguay full privatization occurred, although a private pillar was introduced and strongly promoted in both countries. While in Argentina workers were given the possibility to choose between fully public and mixed systems, in Uruguay the private scheme was compulsory for workers above 40 years old with high earnings, thus leaving most of the workers in the public system. By the end of the 1990s, due to the high rates of unemployment and informality, elderly coverage dropped in both countries.

Pensions systems were adjusted in the mid-2000s. Argentina underwent a huge reform through the Moratoria, that allowed coverage to be extended also to those who did not have a regular career throughout the years. As requirements to access social pensions were still tight, both mid-siders and outsiders were included through this policy, which allowed them to retire even though they did not complete contribution's payment.

Uruguay implemented only parametric measures to reinforce the inclusion of outsiders and provided flexibility in terms of pensionable age and contributions for mid-siders. Therefore, non-contributory schemes (i.e. social pensions) targeted outsiders, while mid-siders benefitted from the flexibility offered by the contributory system. In both countries, social pensions were reinforced, although in Argentina they remained residual.

The table below illustrates the changes that occurred in the 2000s, highlighting the beneficiaries of the inclusive turn.

Table 7.2 The inclusive turn in the field of pensions

| Country | Name of the measure | Target | Type of measure |
|---|---|---|---|
| Argentina | **Social pensions** | Outsiders | Social assistance |
| | **Moratoria** | Outsiders (and mid-siders) | Mixed (access to social insurance but few links between contributions and benefits) |
| Uruguay | **Social pension** | Outsiders | Social assistance |
| | **Flexibility of requirements for contributory system** | Mid-siders | Mixed (mostly insurance but for the women contribution payment) |

Source: Author's elaboration

Both countries managed to include some weak social groups in the fields of family allowances and pensions. While in the former sector, non-contributory benefits targeting outsiders were preferred, in the latter policy-makers opted for improving coverage of both mid-siders and outsiders through contributory schemes (though in Uruguay social pensions exclusively targeting outsiders were also strengthened).

### 3. Trade union models and workers' organizations main features

After presenting the major welfare state changes that occurred in Argentina and Uruguay, this paragraph focuses on the different trade unions in the countries.

Following the insiders/outsiders theory that stresses how trade unions' strategies are affected by their *membership* composition, the inclusion (or not) of outsiders is highlighted; in addition, from the revitalization theory, it is reported whether labour organizations are allied with social movements or organizations of civil society. In fact, if trade unions do not solely represent their rank-and-file, they are more likely to expand their claims behind traditional interests such as salary's increase, mostly devoted to insiders.

CTA is the most inclusive union in terms of outsiders: unemployed and informal workers are both part of its membership. In fact, its allows both *direct* affiliation and *direct* vote for the union

secretary, overcoming the classical mechanisms of representation that include only formal workers affiliated to sectorial unions. In addition, many organized groups composed by disadvantaged categories are either part of CTA itself or they collaborate with it. Alongside CTA, also PIT-CNT represents outsiders (though most of its membership is composed by insiders): in fact, some of its unions are mostly constituted by informal workers, such as the union of domestic employees and the one of garbage collectors. However, contrary to CTA, their vote is less valuable as there exist a minimum number of contributors to achieve the right to vote in the Union Congress. In some cases, the affiliated unions failed to achieve it; therefore, outsider representation is less effective than CTA. PIT-CNT also includes some organizations, such as the organization for the right to housing, students' and pensioners' associations. Finally, CGT prevents the presence of outsiders in its rank-and-file as unemployed lose their rights of representation after they spend six months outside the labour market and informal workers cannot be part of any union affiliated to CGT. To sum up, if outsiders constitute a relevant percentage of CTA's membership, they also find some spaces within PIT-CNT, but they are completely excluded by CGT.

The table below is useful to sketch whether the most disadvantaged workers are supported by the Argentinean and Uruguayan labour organizations.

Table 7.3 Trade unions and outsiders' representation

| Union | Representing outsiders | Including outsiders in the decision-making process | Alliance with groups of outsiders |
|---|---|---|---|
| **CGT (Arg)** | No | No | No |
| **CTA (Arg)** | Yes | Yes (direct affiliation, direct vote) | Yes, some even included in the organization |
| **PIT-CNT (Ur)** | Yes | Partially | Yes |

Source: Author's elaboration

When it comes to *ideology*, differences emerge. In Argentina, although it is hard to label parties and trade unions' ideologies by using "classical" European terms, CGT and CTA are clearly at the opposite side of the political spectrum. While CGT defines itself as "Peronist" and it has been identified by the literature as the "integrative-type of union by Hyman (Zorzoli, 2017), CTA has clear anti-capitalistic ideas. In addition, many of its leaders admit to be "leftist" (Abel-Medina, 2015) and the organization defines itself "classist, anti-imperialist, anti-capitalist and

for socialism". In the case of PIT-CNT, there exist a lot of internal factions, all sharing some "leftist" identities, such as Communism.

Some peculiarities that defines unions may depend on trade union model in place in the country. As aforementioned, in Argentina the model of unicity characterizes unions' activities, while in Uruguay the model of plurality holds. Therefore, while in the first case only a single union can represent workers in an entire sector or industry, in the second case this restriction does not exist. Nonetheless, in Argentina there are two labour organizations (CGT and CTA), while in Uruguay PIT-CNT is the only workers' representative in the country. In Argentina, the presence of two trade unions - where the model of unicity regulates unions' activities - has some important effects. In terms of representation, only one union has the right to represent workers within a sector and it is officially recognized by the state through the provision of the *personeria gremial*. To achieve this right, the organization has to cluster more workers than the others. Intuitively, this union "wins" the representation of insiders in the entire sector. For historical reasons, CGT has the *personeria gremial* and represents workers in core economic sectors. CTA never found its space in the formal sector because CGT was majoritarian. As the competition was hindered, CTA was pushed towards outsider representation, and to insiders in the public sector, where the mechanism of *personeria gremial* was not present.

The concept of *personeria gremial* is particularly relevant when it comes to the relationship between labour organizations and their "reference" party. In fact, one of the main feature highlighted by the literature when analysing trade unions' strategies in relationship to outsiders is the existence of institutional resources, i.e. if there is any connection between the party and the workers' representative so that the latter may obtain a privileged channel to access the political arena. In this research, the linkage with the government is taken into account because during the "left" turn, left parties in Argentina and in Uruguay were in cabinet. In the case of Argentina, the provision of the *personeria* further reinforces access to intuitional resources.

CTA is the only labour organization without links with any party or political force. Besides moving closer to Nestor Kirchner's government during its very early stage, it did not access institutional resources, and it did not obtain the *personeria gremial*. On the contrary, both CGT and PIT-CNT accessed to institutional resources thanks to their allied parties, *Partido Justicialista* and *Frente Amplio*. CGT shows elements that remind corporatism as, historically, it has always been controlled by PJ. This was not the case when Nestor Kirchner gained election in 2003 because the government coalition was weak and the president looked for a strong ally,

identified with CGT. Also during the first government by Cristina Kirchner their relationship was still extremely close although the government could count on a strong electoral majority. The mainstream literature concerning CGT and PJ highlights how the main Argentinean trade union kept its tight connection with the government to obtain benefits in the industrial arena, for example the *Consejo de salarios colectivos*, that is the re-establishment of collective bargaining (Senen Gonzalez and Haidar, 2014). The nature of the CGT-PJ relationship can thus be defined as *neocorporatismo segmentado* (Etchemendy and Collier, 2007), i.e. a corporatism based on the achievement of tripartite bargaining between the state, employers' associations and majoritarian trade unions (that is, the ones with *personeria gremial*) thus obtaining benefits for formal workers. The access to institutional resources is guaranteed for CGT, whose leaders are often militants of the PJ, and, sometimes, they are also part of the executive.

In Uruguay, *Frente Amplio* was born from PIT-CNT to provide workers some representation in the political arena. Trade unions have always contributed to shape left parties in Uruguay, and they also acted as "agents of recruitment and mobilization" (Lanzaro, 2011). When FA finally was in government, it revived the *Consejos de Salarios* (tripartite councils), similar to what happened in Argentina. PIT-CNT clearly supported the government. However, "this does not put a stop to labour conflicts or political protests. In the framework of this social democratic corporatism, unions are a pillar of the government, preserving however true autonomy" (*ibidem*). Therefore, PIT-CNT has access to institutional resources thanks to the alliance with FA. As in the case of CGT, the union provides some leaders to the government as to the FA representatives in Congress, facilitating the exchange between the social and the political actors and questioning the nature of the "full autonomy" of PIT-CNT with respect to FA.

The table below highlights organized labour's access to institutional resources, also pointing out whether unions and governments share ideology.

Table 7.4 Argentinean and Uruguayan trade unions in relationship with the governments

| **Union** | **Ideology (shared with the party)** | **Shared membership and leadership** | **Access to institutional resources** |
|---|---|---|---|
| **CGT** | Peronism (Yes) | Yes, extensively (within PJ) | Yes |
| **CTA** | Leftist (No) | No (although some leaders became part of the "front" that support Kirchner) | No |
| **PIT-CNT** | Leftist (Yes) | Yes, extensively | Yes |

Source: Author's elaboration

## 4. Trade unions' strategies and pro-outsider policies

This paragraph is devoted to the explanation of labour organizations' strategies with respect to pro-outsider policies. The tables presented in chapter five and six are re-proposed with the purpose to highlight differences among trade unions support for outsiders. In fact, CGT, CTA and PIT-CNT promoted the adoption of outsider-favourable policies, acting as *initiators* (actively proposing inclusive policies through mobilization or in the parliamentary arena), *supporters* (showing support to the policy or to some of its aspects) or being *neutral* (not addressing the policy or not recognizing its relevance, *without* hindering its adoption). None of them opposed to pro-outsider measures in family allowances or pensions.

The reasons behind these strategies are highlighted with particular attention to potential differences linked to policy sectors and unions' main features.

Table 7.5 Trade unions' strategies with respect to pro-outsider policies

| Country | Measure | Initiator | Supporter | Neutral | Opponent |
|---|---|---|---|---|---|
| **Argentina** | PJJHD | CTA | CGT | | |
| | AUH | CTA | CGT | | |
| | Social pensions | CTA | | CGT | |
| | Moratoria | CGT/CTA | | | |
| **Uruguay** | PANES | | PIT-CNT | | |
| | Plan Equidad | | PIT-CNT | | |
| | Social pensions | PIT-CNT | | | |
| | Introduction of flexible requirements to access contributory schemes | PIT-CNT | | | |

Source: Author's elaboration

### 4.1. Argentina: CTA

CTA is the second trade union in Argentina in terms of membership; its rank-and-file is composed by public employees, groups of organized unemployed and informal workers. It emerged in contraposition to CGT claiming a complete autonomy from any political force as it is characterized by a leftist ideology and it does not have the *personeria gremial*. According to the hypotheses, this union was expected to be pro-outsiders: the predominance of outsiders within its membership, the left ideology that includes the fight against poverty among its main goals

and the absence of institutional resources (due to the lack of both the mechanism of representation linked to the *personeria gremial* and of a privileged relationship with the government) suggested, in fact, that CTA would undoubtedly supported outsiders. The empirical results prove that expectations were correct.

CTA acted as *initiator* in both policy fields. In 2001 - when in Argentina there was a huge economic crisis that in December resulted in complete collapse – the union adopted a coalition building strategy. It was able to mobilize associations belonging to civil society creating a national front against poverty, the FreNaPo, to carry out a National march and a referendum, hold in December, 2001, just few days before the breakdown of Argentinean economy. The purpose of the referendum was to vote for the adoption of three policies, elaborated by CTA: an unemployment benefit, a universal family allowance and a non-contributory pension for those who were not covered by any retirement scheme. Although neither President Duhalde nor President Kirchner adopted these policies with the exact design proposed by CTA, these measures inspired the pro-outsider policies implemented during the inclusive turn: PJJHD and AUH for family allowances and Moratoria for pensions.

Why CTA acted as an initiator? Why it promoted the adoption of a universal protection system by striking means such as a popular referendum? The reasons are multiple. Probably one of the most important argument is strictly connected to its ideology, which conceives fight against poverty and inclusion of those who are "left behind" as a goal to achieve. In light of this idea, social protection is deemed as a human right and, therefore, it should be guaranteed to all citizens (Lozano, Rameri and Laffo, 2005b). A "leftist" ideology – although it is not possible to label it with terms such as Socialism or Communism – is also the factor that led to its emergence to the fight against the neoliberal policies implemented in the 1990s. Reversing the neoliberal path by leaving the capitalist model of production is one of its declared purpose (Del Frade, 2011). However, also other factors matter in the definition of CTA's strategies. The presence of organized movements of unemployed and non-registered workers in its membership – i.e. outsiders - promoted a mode of action based on mobilization and coalition-building. In addition, with the National March and the referendum held in 2001, CTA demonstrated its ability to include large sector of the population to pursue the reform of social protection system. The choice to act through mobilization (thus, in conflict with the state rather than in cooperation) to carry out outsiders' claims was also affected by the lack of institutional

resources. CTA was never given the opportunity to participate to policy-making process: although it came close to the government headed by Nestor Kirchner, he preferred to choose CGT as ally, thus CTA was automatically excluded by any political exchange. Due to the difficulties to make its proposals in the parliamentary arena, CTA could only encourage the adoption of outsider-favourable by using other channels.

### 4.2. Argentina: CGT

According to the theory, and contrary to CTA, CGT was expected to be pro-insiders. The main labour organization in Argentina fully depicts the type union that Rueda (2007) and the insider/outsider theory put at the center of their investigation. CGT is solely composed by insiders (the affiliation of outsiders is forbidden) – specifically workers in core economic sectors – and it has an extremely close relationship with the governments headed by Nestor Kirchner and Cristina Kirchner. The two actors share the so-called "Peronist" ideology which - rather than indicating any placement on the left-right political side – points outs the dependence of workers' organizations from the state, thus further reinforcing their connection. According to *all* the hypotheses elaborated in chapter four (concerning both internal factors, such as membership and ideology, and external ones, dealing with the relationship with other social and political actors), we expect CGT to be in opposition or, at the utmost, neutral with respect to pro-outsider policies.

This work, however, points out that expectations were wrong. CGT did not oppose to any of the investigated policy, besides being *neutral* for what concerned social pensions which, however, were not particularly relevant in the Argentinean inclusive turn. CGT was either an *initiator* or a *supporter*: differences can be detected according to policy-fields (and to those who were the potential beneficiaries). Both PJJHD and AUH, exclusively devoted to outsiders, were supported although the union did not carry out any initiative to actively encourage the adoption of non-contributory family allowances. For what concerned pension, in 2004 CGT successfully proposed early retirement for unemployed who had not achieved pensionable age yet, thus initiating the process of introducing flexible requirements to access pension system. In the following year, Moratoria - which targeted both mid-siders and outsiders - was strongly pushed by union's leaders who were also member of Congress with the PJ. Though the

proposal came from the executive rather than from CGT, undoubtedly the organization pushed it in the parliamentary arena.

Finally, as aforementioned, social pensions were not considered to be an effective tool to expand workers' coverage: the union preferred to facilitate the access to a contributory retirement benefit (the Moratoria) rather than to non-contributory policy.

Given that CGT's representation is focused on insiders, one of its purpose with respect to the membership would be to guarantee the access to social protection system through contributory measures. So why CGT did not hinder outsiders' stance, as the theory would suggest? Perhaps one of the most relevant and interesting aspect in the Argentinean case is the strong relationship between the union and the government. This factor is expected to strongly reduce labour organization's willingness to support outsider-favourable measures as the union would prefer to focus on the development of a privileged network with its political ally rather than expanding its representativeness. Thus, institutional resources are expected to negatively affect pro-outsider support. However, contrary to this expectation, the presence of institutional assets did not encourage the protection of insiders at the expenses of outsiders. The results indicate that the strong relationship with PJ – and, in particular, the strong affinity between Moyano and the Kirchners - affected the support for the policies that the government promoted since 2003. The presence of institutional resources is thus one of the main reason why CGT supported policies which did not directly targeted its membership. For example, during the Kirchner era, the adoption of AUH was evaluated positively to show the support to Cristina Kirchner and to its government rather than because of a real interest in outsiders' inclusion. However, the theory is confirmed when it comes to the *lack* of institutional resources: when, during the second Cristina's government, the relationship between the two actors deteriorated, CGT became closer to CTA and prompted for the strengthening of pro-outsider benefits. The loss of its institutional assets thus reinforced pro-outsider strategies.

When it comes to pension system and, more specifically, to the Moratoria, the empirical analysis demonstrated that also external factors mattered. The period of neoliberalism and the consequent crisis rose the number of informal workers and unemployed, that is, the number of outsiders. The percentage of workers outside formal labour market dropped drastically during Kirchner presidency; nevertheless, many workers had interrupted career, resulting in the lack of access to pension system due to missing contributions. Therefore, CGT was well aware that part of its membership was not covered by any old age benefit (as social pensions had tight

requirements) and they were therefore "mid-siders". The active boosting for the Moratoria in the parliamentary arena can be explained also by these worries concerning its rank-and-file.
Finally, an important factor that it was not taken into consideration in the analytical framework but it emerged from empirical results, is the aforementioned presence of competition for the representation of disadvantaged workers between CGT and CTA. This competition pushed CGT for the promotion of policies that would potentially led toward inclusion. Examples are the unemployment benefit claimed in 2002 (extremely similar to the one proposed by CTA with the FreNaPo) and the early retirement for unemployed who just miss few years of contributions successfully passed in 2004. The competition with a "pro-outsider" unions helped CGT to adopt pro-outsider stances.

### 4.3. Uruguay: PIT-CNT

Differently than the two Argentinean cases, it was not possible to draw definite expectations for what concerns PIT-CNT. The Uruguayan labour organization resembles the structure of confederation which includes many sectorial unions. Though most of its rank-and-file is thus composed by formal employees, outsiders are also included within PIT-CNT. In addition, PIT-CNT has a clear left ideology, that includes many wings (i.e. Communist, Anarchist, Socialist, etc.). The argument of the membership *a la* Rueda would suggest that the probably union would not completely hinder pro-outsider policies, as part of its rank-and-file also includes the most disadvantaged categories of workers (though they are a minority). In addition, the left ideology that characterizes PIT-CNT would also encourage the promotion of an inclusive social protection system, based on both contributory and non-contributory schemes. However, the labour organization does have institutional resources thanks to its closeness with the *Frente Amplio*, its reference party which occupy the cabinet from 2005. PIT-CNT, thus, would be more interested in strengthening the relations with the government rather than promoting pro-outsider policies. This research clarifies that the Uruguayan labour organization contributed to the promotion and the support of outsider-favourable measures; in addition, it finds out that the hypothesis concerning institutional resources was wrong.

In a similar way to CGT, PIT-CNT differentiated its strategies according to policy fields. It simply *supported* family allowances while it acted as an *initiator* in pension system. For what concerned the former, the union did not participate to the process of policy-making as, when

the government was elected in 2005, it implemented PANES as a measure to fight against the huge levels of poverty that characterized Uruguay also in the mid-2000s. In 2007, the plan was substituted by *Plan Equidad* and PIT-CNT expresses its large support. On the contrary, the parametric reform of the pension system took place within a national dialogue that cluster all social and political actors in the decision-making process. Labour organizations were also invited, alongside employers' associations, universities, international organizations, etc. It was thus easier for PIT-CNT to express its ideas and contributions. The union had already showed its proposal concerning an "ideal" pension system (that included both contributory and non-contributory schemes) in 2003 and it thus restated it during the national dialogue in 2007. Though it was not entirely accepted by the other actors involved, PIT-CNT can be considered as an initiator.

The reasons behind the support of family allowances and pensions thus depended on many factors. In a similar manner to CTA, the union embraces a vision of social protection system which should guarantee coverage to all, in both the considered policy fields, either through contributory or non-contributory schemes. Its left ideology was one of the main determinant for the expansion of representation of traditionally non-represented groups, and to promote actions to fight against poverty and social exclusion.

As in the case of CGT, institutional assets did not hinder PIT-CNT from initiating actions in favour of disadvantaged groups. When the government implemented family allowances (PANES, *Plan Equidad*), PIT-CNT strongly supported them, though it did not contribute to design the measures. From the empirical analysis, it emerged how both FA and PIT-CNT share a common left ideology that, despite the differences (the union is clearly more radical than the party), led to an endorsement of the labour organization to "its" government. Accordingly, outsiders would be included in the system of social protection to reduce the level of poverty and exclusion, a common goal of both FA and PIT-CNT. In addition, the leaders' exchange and overlapping between PIT-CNT and some important members of government (such as the Ministry of Labour) made it easier for the two actors to communicate and to pursue similar paths in term of social policy expansion. As in the case of CGT, despite the presence of institutional resources that - according to the literature, it should hinder any support to pro-outsider policies - PIT-CNT acted as supporter. Thus a close relationship with the political ally was not necessarily in contraposition to the promotion of outsider-favourable measures.

When it came to pensions, besides the relevance of ideology and institutional assets, also "external conditions" affected PIT-CNT strategies. Though the union did not admit that the presence of the outsiders among its membership was connected to the choice of supporting outsiders, the challenging labour market conditions mattered. Many workers – formal and informal – could not access pension system. PIT-CNT thus promoted the introduction of flexible requirements concerning both pensionable age and contributions to include mid-siders and the expansion of social pensions to cover outsiders.

## 5. Conclusions

By focusing on trade unions and welfare state, the dissertation adapts a twofold perspective. On the one hand, analysing the expansion of welfare state in Latin America, it investigates if and how labour organizations participated to the process of policy-making; on the other, it aimed at understanding the reasons that pushed them to support pro-outsider policies. In more details, this work offers a valuable contribution to understand trade unions strategies in the context of the "left turn" of welfare expansion in Latin America. Considering labour organizations as strong actors in the political space, the research is also part of the strand of Latin American literature that study the resilience of labour in the region (Atzeni and Ghirigliani, 2008; Etchemendy and Collier, 2011; Senen-Gonzalez, 2014; Niedwiecki 2014 and 2016 among others).

The results show that trade unions were key actors in the inclusive turn, although in different ways. While CTA opted for mobilization, CGT preferred to act in the parliamentary arena and PIT-CNT was involved in a dialogue between different social and political actors. Moreover, it emerged that all the selected trade unions adopted pro-outsider strategies, though there are differences both across policy fields and among labour organizations.

CTA, in accordance with our expectations, pursued pro-outsider strategies. In fact, in both policy fields, it was an initiator. It created and headed the National Front Against Poverty – FreNaPo to claim precise pro-outsider policies for unemployed, children and elderly. The research proves that the CTA strongly pushed for a conception of social protection defined as human right, as expected from a leftist union. In addition, as the hypotheses elaborated in chapter four state, the lack of a close relationship with governments (and the absence of the

official recognition with the *personeria gremial*) alongside its rank-and-file composition encouraged mobilization and coalition building, embodied in the FreNaPo.

The case of the Uruguayan PIT-CNT is even more interesting in light of our ambivalent expectations: in fact, some of the hypotheses seemed to push towards pro-insiderness (such as the access to institutional relations) while others were thought to bring PIT-CNT towards outsiders' support (like the left identity). This work demonstrates that the union has been exclusively pro-outsider. PIT-CNT supported all pro-outsider policies implemented in the fields of family allowances (PANES and *Plan Equidad*), although it did not directly participate to the process of policy-making, and it was an initiator in the field of pension before and during the National Dialogue. Contrary to the expectations, the institutional resources resulting from the relationship with the *Frente Amplio* did not hinder the support of outsiders, likely because of the shared left ideology between the two actors. In addition, when it came to the parametric pension reform, PIT-CNT actually promoted the introduction of the flexibility of some parameters concerning the pensionable age and required contributions, claiming that "otherwise nobody could achieve retirement". In this sense, the argument of the insider/outsider theory concerning external factors that may potentially intervene to reduce the gap between insiders and outsiders was proven to be right.

The case of CGT is the most challenging, since it was expected to be pro-insider, but it rather pursued pro-outsider strategies. The main union, although it did not participate directly to the process of policy-making concerning family allowances, it showed its support. Against such backdrop, the analysis of its relationship with the first two governments headed by the Kirchners is crucial. The research revealed that, in spite of the presence of the so-called *neocorporatismo segmentado* - i.e. a strong connection with the government that allowed the union to obtain huge benefits in terms of salary increase for its membership - CGT never hindered the adoption of outsider-favourable measures. This was particularly relevant with the approval of AUH, a family allowance program devoted to outsiders strongly promoted by Cristina Kirchner. Again, as in the case of PIT-CNT, the hypothesis concerning institutional resources has to be re-thought. CGT was more proactive in the sphere of pension: although it did not mobilize its membership around the issue, it was able to bring its proposal throughout its members of Parliament. In the case of the pension Moratoria, besides the access to the resources provided by the government, also other factors did play a role in the decision to support outsiders: large sectors of the population failed in achieving retirement benefits, thus CGT pushed for the adoption of a measure that was able to enlarge the coverage of the pension

system, also targeting the mid-siders, a factor that undoubtedly affected CGT's choice to support it.

The findings are not only relevant from an empirical point of view, but they also offer important contributions to theory. This dissertation actually suggests that the insider/outsider theory *à la* Rueda and its "membership argument" is not always effective in explaining trade unions' strategies, as remarkably demonstrated by the case of CGT in Argentina. In fact, trade unions were established to represent workers employed in private firms and they subsequently expanded their activities also to different contexts, such as public sector. Thus, labour organizations have traditionally represented insiders and they have primarily aimed at achieving better working conditions for these workers. In the same vein, in the field of social protection, they are likely to prefer measures based on social insurance mechanisms because their rank-and-file would be the main beneficiary. Nevertheless, this dissertation has proved that the insider/outsider theory has limits when it tries to explain why organized labour adopts pro-outsider strategy, since this approach is more effective to explain why trade unions are pro-insiders, i.e. they only represent their membership. If the composition of its rank-and-file is not the only element that affects labour organizations, other factors matter when it comes to the support of outsiders-favourable measures.

One of the factor that the theory deemed as relevant when studying the possible trade union representation of outsiders is the relationship with external actors and, more specifically to governments. The dissertation, as aforementioned in the three cases, provides interesting results concerning the analysis of institutional resources. In fact, whenever a union loses access to such assets – for example in the case of CGT during the second term of Cristina Kirchner - or fails to obtain a privileged relationship with the government - as it occurred to CTA - then labour organizations are more likely to support outsiders. By contrast, the access to institutional resources is likely to result in less attention while facing outsiders' claim. However, this work demonstrates that - contrary to the hypothesis elaborated by Baccaro, Haman and Turner (2003) - when organized labour *has* access to institutional resources it may be pro-outsider. Unions may in fact choose to both keep access to institutional resources *and* to support the less represented groups of workers: no trade-off exists. In this research, institutional resources have been proven to encourage unions to be pro-outsiders both in cases where the social and the political actors share a leftist ideology (such as in Uruguay when it came to family allowances) as well as when the union is not leftist. In this case, the support of outsider-favourable policies

is likely to be a mere reflection of the support for the government: this occurred in Argentina with the AUH, whose approval was conditioned to the government rather than on CGT's willingness to include outsiders.

Finally, exogenous factors do play a role when it comes to organized labour and insiders-outsiders representation. Economic crises have been highlighted as relevant but not sufficient conditions for the support of trade unions to pro-outsider-policies. Rather, labour market trends did count. The blurred lines between insiders and outsiders and the consequent existence of the so-called mid-siders may affect trade unions' strategies in relationship to the composition of their membership. The first hypothesis, derived from the work of Rueda (2007), states in fact that labour organizations will be more likely to support insiders because these type of workers constitutes their base. However, the presence of mid-siders within their rank-and-file has been proven to positively influence organized labour strategies, i.e. it is more likely that they would support inclusive policies. As far as this work is concerned, external factors affected trade unions' choices in the field of pensions because, contrary to family allowances, the reforms introduced in the two countries were thought for both mid-siders and outsiders.

The research thus offers valid insights to comprehend the Argentinean and the Uruguayan trade unions' strategies; it also provides some contributions to the existent literature. However, some aspects concerning the external validity of the research need to be addressed.

First of all, in both countries there are left parties in government. The literature has identified the "left turn" as one of the main explanatory factor for the rise and the development of pro-outsider policies, although some authors also pointed out elements such that party competition (Pribble, 2013) and a mobilization of social actors (Garay, 2016). In fact, in Argentina and in Uruguay, leftist government were in place (although it is hard to place Kirchnerism on the left/right dimension). In addition, in the case of Uruguay, both the union and the party in government shared a left ideology. How would have trade union behaved in case of right parties – either liberal or conservative – promoting inclusive pro-outsider measures? This question is relevant because the research has revealed how institutional resources are crucial for the support of pro-outsider policies, especially in the case of CGT, which would have been likely to oppose to them without the very close relationship it had with the government.

The second aspect that is interesting to point out is the peculiar economic context. The economic crises in Argentina and Uruguay in the early 2000s, though unable to explain policy change, had important consequences on unions. For example, in Argentina CTA assumed a

coordination role in the mobilization process (with the creation and the coordination of the FreNaPo), ending up in the National March and the referendum, beside the occupation of streets and squares. The financial and economic crisis was so deep that it profoundly affected the entire society, questioning the ability of parties – and, more in general, of the entire political system – to propose any valid solution to overcome the crisis itself. Therefore, the economic collapse let the door open for the emergence of less traditional actors, such as social movements, or the rise of trade unions, which performed new action such as mobilization and aggregation of large part of the society to claim pro-outsider policies rather than be focussed on strikes headed by their rank-and-file to ameliorate their working conditions. We cannot trace any linkage between an economic crisis and the adoption of pro-outsider strategies by trade unions, but it is possible to note how labour organization can play a role as legitimized actors in periods of uncertainty.

Probably one of the most interesting factor which can be investigated also in future research is relative to the labour market structure. The rate of informal workers on the total working population is relevant in all Latin American countries, while in other contexts such as Western Europe the percentage is lower. In fact, the European literature - when studying the dichotomy insiders/outsiders and the representation of these two groups - usually highlights working conditions of precarious workers and unemployed with respect to salaried workers with open-ended contracts, rather than being concentrated on the formal/informal divide.

Despite the limitations connected to the different labour market structures, results are interesting when it comes to analyse worker representation. In this sense, also the introduction of mid-siders may be useful: clustering workers in only two categories (i.e. insiders and outsiders) limits the comprehension of both labour markets where informality rates are high as well as in contexts where informality is not the main concern, but there is fragmentation due to the introduction of flexibility coupled with insufficient compensatory (security) mechanisms. The dissertation shows that the presence of mid-siders in trade unions' rank-and-file may encourage unions to support inclusive policies.

In light of the findings of the dissertation and the considerations on potential generalizations of the results, two suggestions for future research are proposed. It is possible, for example, to try to comprehend trade unions' strategies in relations to informality. Understanding whether the formalization process is still the main choice for labour organizations or if informal workers are included in trade unions' structure without trying to modify their working conditions may

provide interesting insights. In addition, adding a gender perspective can be useful, since women are often overrepresented among outsiders and several measures, such as for example the Argentinean Moratoria, extensively protected women. However, men are usually more likely to be unionized than women. Therefore, it may be interesting to understand trade unions' representation of outsiders by looking at household composition and workers' position in the labour market.

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3. Carlos Tomada – Minister of Work, Employment and Social Protection – December, 24th 2016 and June, 2nd 2017, Buenos Aires (Ministry of Labour 1).
4. Marita Gonzalez – CGT "Equipo Multisciplinario de Trabajo Decente" and Secretary of International Relations – December, 27th 2016, Buenos Aires (CGT 1).
5. Pablo Granowsky – OUCRA Fundation (Union Obrera de la Construccion de la Republica Argentina - CGT) – Janauary, 3rd 2017, Buenos Aires (CGT 2)
6. Laura Golbert – Ministry of Social Development and Environment's advisor) – January, 4th 2017, Buenos Aires (Ministry of Social Development 1).
7. Carlos Barbeito – UOMA (Union Obrera Molinera Argentina – CGT) – January, 9th 2017, Buenos Aires (CGT 3).
8. Jorge Yacobwki - CTA Autonoma – January, 10th 2017, Buenos Aires (CTA 3).
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14. Hector Recalde – Member of Parliament with *Frente para la Victoria* and CGT's Lawyer – May, 24th 2017, Buenos Aires (CGT 7)
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3. Fernando Pereira – PIT-CNT's president – July, 3rd 2017, Montevideo (PIT-CNT 2).
4. Jorge Ramada – UCRUS (Unión de Clasificadores de Residuos Sólidos – PIT-CNT) and Coordinator of Health and Environment Commission of PIT-CNT - July, 5th 2017, Montevideo (PIT-CNT 3).
5. Gabriel Lagomarsino – BPS's vicepresident – July, 7th 2017, Montevideo (BPS 1)
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7. Lucia Gandara – SUTD (Sindicato Unico de Trabajadoras Domesticas – PIT-CNT) – July, 13th 2017, Montevideo (PIT-CNT 4).
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