

Institutionalising labour throughout Argentina's "second great transformation"

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Introduction

In the 1990s, Argentinean labour lived through drastic changes at the national level, under the uninterrupted government of one man and one political party that appeared as its foremost supporter, seemingly managing to articulate a viable type of capitalism combined with a democratic regime. As Novaro (1999: 14) affirms, "*there has been little recognition of any novelty produced by the politics of those years...either good or bad*", and there is a need to reach a historical vision of the 1990s. It appears important to redress the balance of academic work done in the 1990s by focusing on labour, given that this has not received as much attention as other areas of study (such as government, business or civil society). The proposal in this chapter is to explore two complementary hypotheses that inquire into the prospects of institutionalisation of a new regulatory framework for labour at the beginning of the XXI century.

1. The first hypothesis is that institutionalised labour (i.e., labour unions and organisations) during the 1990s was constrained in both their actions and discourse by three main contradictions, exposed here below:

- a) The paradox of a conservative restoration portrayed as a necessary revolution to recover national economic growth, by rescuing capitalism from past hurdles (including the alleged excess of state and labour unions' political influence), with an additional promise of social cohesion and integration for all. Although some within the labour movement were conscious of the changes and challenges posed by both the world economic restructuring and the national structural reforms, as well as by the ideology that sustained both (Pries-Conosur, 1991), it appears as if they could not properly articulate such knowledge in order to communicate it to a broader audience, or as if the latter was not capable of processing it further.
- b) The fact that it was Peronism itself, to which the labour movement had been associated since the 1940s, that engineered such a drastic reversal. As labour organisations had found their most powerful expression through state-led growth under Peronism and, since the mid-70s, had undergone the period of de-industrialisation and the repression of the military government, how could they reject the call to renew national growth by those who identified themselves as Peronists? Moreover, Menem's leadership built on a new sort of populism that sneered at republican institutions and the scope and nature of rights and law. Traditional populism had

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appealed to workers and internal migrants with the promise of incorporation into the political and economic system, mobilising them and leading to the emergence of various socio-political organisations. On the contrary, Menem's neo-populism attempted to demobilise them while appealing to the masses as such, without any mention of class discourse. Indeed, it weakened labour unions and actors (Novaro, 1999: 34, in agreement with O'Donnell, 1994). This contradiction blocked their action and unsettled their *raison d'être*. Those embodying the very history and origins of organised labour and its institutions were now depicting the latter as a backward force.

- c) The devastating effect of the lock-in assured by Cavallo's pegging the currency to the dollar in a fixed rate of 1 to 1. Society's fears attributed to this monetary decision some sort of magical fastening power over Argentina's Pandora box. Moreover, at least until 1995 and then again between 1996 and 1997, economic statistics reflected economic growth after Cavallo's policies, even though such growth never brought employment as expected. Indeed, the most forceful strike since 1991 took place only in August 1996 (Gazeta Mercantil Latinoamericana, 1996: 11). To devalue has not been politically correct in Argentina, while not to devalue after the Mexican-Asian-Russian-Brazilian-Chilean-Turkish string of devaluations has proved to be a recipe for endless recession with never ending drastic measures.

In the search to overcome the three above-mentioned contradictions, new types of actions and discourses have been elaborated by the labour movement. Their increasing resistance to the standing politico-economic model has so far shown a limited capability for building an alternative to the implemented model, in spite of an ongoing search to master weaknesses and shortcomings (e.g. the forum for new thinking -Encuentro por un Nuevo Pensamiento, see Lozano, 1999). Labour organisations, in particular trade union leaders, have hypothetically played a role in the building of the new labour regulatory framework. The question is: Which one?

2. The second hypothesis, based on Weller's statement, is that: *"The institutionalisation of labour played an important role in the development model of post-war... in Latin America... With the crisis of this model many of its schemes of regulation of production and distribution lost strength, among which those of the labour market...The current discussion on reforms of Latin American labour institutions must be undertaken within the framework of the present transformation of the development model...It may be affirmed that countries in the region, as other countries in the world, are in a searching process in which many and varied actors participate. This process takes place at different levels from the enterprise to national legislation and even at international level, and has not yet found answers to some key questions with respect to a new regulation of the labour market (Weller, 1998, original in endnote, in Spanish).* Considering the transformation of the 1990s and its most visible effects, the new regulatory framework in Argentina seems enduring and continues to be built step by step. The question is: has it reached a mature stage of legitimacy and sustainability?

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The chapter's overall objective is to better apprehend the role labour may have played in the 1990s national restructuring, which in turn has been part and parcel of an overall world politico-economic restructuring. The two complementary hypotheses summarised above will now be discussed in two separate sections, after which conclusions and paths for further discussion will be presented.

1. Three contradictions and the Role of Labour

a) *The First Contradiction: The Resemblance to Argentina's First "Great Transformation"*

*The worst is vertigo.
Vertigo has neither fruits nor flourishing.
The main feature of vertigo is fear, man
acquires the behaviour of an automate,
he is no longer responsible, is no longer free, neither does he recognise
the others .
E. Sabato (The Resistance)*

In 1989, in the vertigo of hyperinflation, Carlos Menem became president of Argentina, six months before the end of Raul Alfonsin's constitutional mandate. Menem, having reached presidential power on the basis of populist promises and messages of evangelic tone, retained power for a whole decade, sustained by a coalition of neo-liberal and conservative economists, ideologues, big economic and financial interests, as well as clientelistic networks from within Peronism. After a few months of uncertainty, the Minister of Foreign Affairs Domingo Cavallo became Economy Minister and opened the door to radical and swift reforms. The author still remembers a phrase by a work colleague in the mid-1980s, when democracy had been recently re-instated: "*We, the conservatives, will definitely obtain power through the Peronist party in the next presidential election. We are working for that*".

As Gill explained, "*the conception of the instrumental state presiding over a liberal economy that supplants an older moral economy can be traced back to the ideas of Ricardo, Bentham and Polanyi's account of the Great Transformation*" (Gill, 1997:21). The 1990s policies have also been commonly termed the 'Washington Consensus', and their contents postulated a monetarist discipline at the macro level through State enforcement of a stable exchange rate, a reduced public budget, and effective, widespread tax collection. They also rested on the independence of the micro-economic players, through financial, trade and investment liberalisation, deregulation and privatisation.

Turning back to history, the first Great Transformation (in Polanyi's terms) in Argentina was produced between 1880 and 1910. At the beginning of the XX century, a transition also occurred in the Argentine political system, described as an "oligarchic-conservative republic" by Natalio Botana (1978), towards a political pluralism that nevertheless failed to modify the basis of a highly concentrated economic power. Afterwards, between the 1930s and the 1980s, a system was constructed in which the State was embedded in both the economy and society, directly as a producer

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and indirectly by articulating and stimulating private groups. Argentina ventured into the production of manufactures and mass products, through which labour eventually experienced a change in its socio-political and economic role. Industrialisation was led by national public enterprises, while the protection and growth of the domestic market was the engine of development, ensured by the active participation of private firms, workers and the urban population. The fast rate of industrialisation under the modality of macro-Fordism (according to the definition in Ruigrok and van Tulder, 1995), though not generalised to the whole of the economy, led to an explosive growth in trade unions' organisation and power, politically linked to the "nationalist popular" movement led by one charismatic leader, Juan Domingo Perón.

As expressed by Arturo Fernández, during the first half of the XX century the labour movement experienced *"an increasing loss of internationalism...A growing disengagement from workers' political parties... the predominance of reformist positions... that made possible the development of "social and political pacts"* (1998: 31), which, in the case of Argentina, was most evident in the Peronist movement and political party. National growth expectations remained optimistic until the 1980s, although Argentina could not manage to overcome a pendulum in economics as well as in politics, between expansive Peronist governments and conservative or monetarist dictatorships, with its breaking point each time a crisis in the balance of payments occurred. Since the fall of Peron's government in 1955, however, a rather linear trend in the relationship between 'capital and labour' weakened both trade unionism and labour rights, through disciplinarian treatment and anti-trade union measures by the State, in particular during the military and Menem governments (A. Fernandez, 1998: 53-ss, 128).

The previous development pendulum cycle was closed by resorting to state policies of control, repression and de-industrialisation, exerted by the military government and their political allies since 1976. Many dreamt of carrying Argentina back to its past glory of agricultural producer while getting rid of anything linked to old-style Peronism. Industrial workers and their organisations were obviously a main target. Labour commissions were systematically harassed within each enterprise and labour leaders eliminated (half of the 'disappeared' belong to this category), while the country experienced a process of de-industrialisation, with the loss of tens of thousands of jobs. As a result, by the 1990s, trade unions from industrial sectors had lost power in comparison to those representing state companies and services.

In the early 1980s, following the second oil shock of 1979, circumstances changed both at the national and world levels, leading to the debt crisis and to the State fiscal crisis. During the 1980s, internal recession, slower GDP growth rates than in the 1930s, high inflation, capital flight, and public deficit defeated all attempts to stabilise the national economy. In 1982, the military-junta risked it all by invading the Falkland / Malvinas Islands, trying to unite the population behind them. Just before, in March 1982, the first workers' demonstrations and the first large public meeting had taken place after so many years of repression. Most noticeably during those same months, Domingo Cavallo, then

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President of the Central Bank, converted the foreign debt, in its great majority private, into public debt.

As a consequence of the process that commenced under the military, the former modality of politico-economic development of industrialisation based on import substitution and Fordist production was exhausted, which in turn entailed a '*passage from state regulation to a private one*' (ECLAC/CIID, 1994:24). Industrialisation based on import substitution and macro-Fordism, in which social relations were mediated by the State, increasingly gave way to a new system of production and distribution closer to micro-Fordism where financial, services and agricultural interests became most prominent. Micro-Fordism meant that the State was no longer the mediator of social and economic relations, which were now centred on private strategies at the micro-level, and mainly regulated by the core firm/s of a holding and/or chains of production and distribution. Besides, some Toyotist elements have been included in the emerging system, such as lean and just-in-time production, outsourcing, subcontracting, and quality control methods (see Neffa, 1999: 69-115).

In addition, the transition to democratic government in Argentina took place in 1983 (O'Donnell and Schmitter, 1986:37-9), accompanied by a movement towards liberal values, in both the political and economic spheres. By the mid-1980s, there was a growing consensus about the inability to cope with the crisis and the need for a new national agenda, alongside a process of elite convergence.¹ The previously disunited elites converged on elementary democratic procedures, achieving a basic consensus on how to reach two main objectives: stability for the democratic regime, and economic growth. The new consensus was basically worked out between business, government and international financial organisms, without the participation of trade union leaderships. Hegemony was then gradually constructed through a myriad of institutions and intellectuals, from which labour scholars as well as a minority of politicians and civil-society leaders (from the catholic church, trade unions, women groups, and NGOs) were excluded.

This process was generally perceived as a public good in itself, an achievement to be protected above all. However, uncertainty over the external debt, the fall in GDP and industrial production, apart from the recurrent high levels of inflation, provided other ingredients to the national crisis. Various social groups, including business as well as labour unions competed for tax privileges from the State, and their conflicts were later used to justify the crisis in itself and reduce their political legitimacy and appeal in society.

Then the 1990s arrived, after the so-called 1980s "lost decade". The consolidation of a national value-consensus enabled the new 'national' project to be carried out, coalescing around 1991 after hyperinflation shocks. About one year after the fall of the Berlin Wall and the Soviet Union, no one

¹ Elites are decision makers in political, economic, professional, communications and cultural organisations and movements in a society (Putnam, 1976), who play a major role in securing procedural democracy (Higley and Gunther, 1992) by taking 'politics-as-bargaining' and not 'politics-as-war' (O'Donnell and Schmitter, 1986:9; Sartori, 1987:224-6).

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thought there was any alternative to Cavallo's policies or to Argentina's acquiescence of the United States' influence. The discredit of alternatives, and the higher political cost that they implied at the time, diminished both the interest and the capacity of labour leaders in opposing Cavallo's structural reform policies. Cavallo's economic team came to enjoy a high degree of autonomy in formulating and implementing policies (Dahlberg, 1993), which were seen as long-term and unchallenged.

The first priority for both state and private sectors had become stability, in order to attract capital investment. Business representatives publicly and strongly supported the Ministry of Economy in implementing stability plans, as well as the election and re-election of a president that would sustain them. The passage of two laws at the very start of Menem's administration locked in the scale of values: the "Law of State Reform" and the "Law of Economic and Social Emergency" established that "*all legal norms, even labour ones, must accompany the measures taken to stabilise the economy and to impede a return to 'hyper[inflation]'*" (Battistini, 1999: 274).

The 1990s policies were in line with the dominant scale of values, embedded within the 'Washington Consensus'. The latter postulates a monetarist discipline at the macro level through state enforcement of a stable exchange rate, a reduced public budget, and an effective, widespread tax collection system. Furthermore, the state should withdraw its presence through deregulation and privatisation. Such measures, together with the build-up of big independent players at the micro-economic level through financial, trade and investment liberalisation, were to deliver economic growth.

In order to ensure such consensus, the national president needed to appear as '*strong, courageous, above parties and interests, macho – [someone who] will save the country*' (ibid. 1994:65) from economic chaos. That is, from suffering vertigo in Sabato's words. Menem could thus govern in a highly arbitrary manner (i.e. 'he was given a blank cheque'), constrained only by business power-groups, through decrees "of need and urgency"² and with little or no horizontal accountability to other democratic institutions. In addition, the executive delegated legal competence to other actors for setting policy priorities and drafting bills. Finally, the general perception of parliament was negative, due to predatory competition amid a fluid institutional representation of interests and identities. And the other main political party, which had governed between 1983 and 1989 was in complete discredit and disarray. In brief, until the mid-90s, the relationship between the Executive and the Legislative branches was rather irrelevant and the one between the Executive and civil society barely conflictive.

O'Donnell (1994) argues that a new species of democracy evolved in the 1990s: 'delegative democracy', a type of polyarchy, less liberal and republican. Delegative democracy reflected a policy-

² From July 1989 to December 1992, in the first 42 months, Menem used decrees 244 times, eight times more than all other constitutional presidents in the past 136 years. Before Alfonsín, there had been no more than 20 such decrees in Argentine history. Alfonsín used it ten times while in office. Among Menem's decrees, 20% concerned taxes, 12% salaries, 11% public debt, 9% public organisations, and another 9% a raft of issues including deregulation of the economy, downsizing of public administration, and donation of cement to Bolivia to build a road. In most cases, they modified or overruled laws or legislation reserved to Parliament without

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making style that combined neo-liberal policies with neo-corporatist practices and the use of a neo-populist discourse, which assured a high degree of compliance and a low degree of protest, at least until the first major world financial crisis in 1994/95. In case the judiciary system declared certain rules as unconstitutional, the Supreme Court, tailored by Menem at the start of the 1990s, was always ready to act on the side of executive.

The process has been analysed by K. Weyland (1996) and by J. Demmers, A.E. Fernandez Jilberto and B. Hogenboom (2001), where further evidence and explanation is provided. Many of those highly generalised practices were later circumscribed as corruption, backed by an abundant literature of research books and newspapers' articles on Menem and his family, friends and networks, and their judiciary cases.³ At the very least, the widespread, even public, recourse to all kinds of illegal payments and compensations makes it unlikely that the 1990s public policies could have been implemented without them and their co-optation effects.

To summarise the process of reform, the most important changes in the regulation of labour are presented in Annex 1. We can observe a process of change in norms and rules, rapid and confusing, with a very clear trend towards so-called 'labour flexibility', which may be seen as the central concept for the restructuring of labour relations, rights and obligations of workers, business and the nation-state in Argentina. The table in Annex 1 was made on the basis of L.E. Ramirez (1999), the information provided by P.A. Prado at <http://www.legislaw.com.ar/legislaw/>, and the National Parliament databases at <http://www.diputados.gov.ar>.

What did this process of structural reform mean for labour organisations and unions? The ability of Peronism to internalise the contradictions of the political system, behaving at the same time as government and opposition, enabled 'Menemism' to prevent an effective autonomous opposition. This paradox also affected organised labour, in its vast majority Peronist. Peronist labour leaders, through negotiations with the Ministry of Labour as well as deputies in the Parliament, representing the political party of Peronism called "Justicialista", granted a decisive support for structural reforms that were being generalised in Latin America, and that Smith and Korzeniewics (1997) have labelled as the "Second Great Transformation" in Polanyi's terms (see also Gill, 1997: 21).

Almost all was privatised: the national airline, trains, telephones, oil, gas, water, the postal system, social security, banks, etc. Privatisation entailed high social costs: enterprises down-sized, reduced salaries and work contracts, or gave incentives for retirement, supported by World Bank Programmes but also by illegal methods of harassment, threats and sanctions for those who did not want to retire (Ramirez, 1999: 349-361). *"The resulting unemployment figures are staggering: Argentina's 18.6%*

having been granted the faculty to do so. Having the majority in the Senate and first minority in the Chamber of Deputies, Parliamentarians protests' were subdued (*Clarín*, 6 June 1993).

³ A recent and spectacular step in this regard has been the public disclosure of the investigation undertaken by a special parliamentary committee led by E. Carrio. For the Report of the Parliamentary Investigative Commission in Spanish see www.lanacion.com.ar/01/08/10/dp_326645.asp, containing 16 files.

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unemployment in May 1995 was the highest in its history and currently ranks highest among South American countries. Indeed, the privatizations contributed heavily to the 7.2% rise in unemployment (from 11.4% to 18.6%) between May 1994 and May 1995" (Michael, 1995). Yet, those results were offset by the consumption and investment boom of the first years.

1994 may be considered as a turning point between the ascendant slope of the new economic model, and a descending one of deterioration, as we will see in section 1.c). In November 1994, the Mexican financial crisis shattered investors' confidence in the so-called emergent markets and triggered off their withdrawal. It highly affected Argentina, which experienced recession and capital flight. In January 1994, Cavallo lowered employers' payments to the State for each worker's social security and pensions.

On July 1994, a tripartite agreement between government, CGT and the business Group called "The Eight" (the most conspicuous business group during the period under analysis, representing the largest share of economic power in the country) re-launched a de-facto labour reform and flexibilisation, and the creation of a tripartite "Special Follow-up Commission" in charge of deciding the timetable and the drafting of executive bills regarding labour reform. A. Fernandez has highlighted the points accepted both by CGT and by the business group of "The Eight". CGT, on the one hand, accepted to *"flexibilise the forms of work contracts to boost employment...by revising the "Law of Employment"*, as well as the creation of a mediation system to reduce conflict in the work environment and reduce family subsidies. CGT also accepted the existence of private companies, profit and non-profit, in the area of work accidents insurance, as well as future laws establishing a different treatment for workers in small and medium scale enterprises. On the other hand, the agreement included that CGT would receive 21 million dollars for their organisations providing social insurance and health coverage. This grant was a compensation for the great loss in revenues since employers' duties to the social security had been diminished by the government. The government expressed its intention to review the issue of social security deregulation with CGT. It also committed itself to withdrawing the bill of "Labour Reform" from parliament and to replace it with a bill calling for the workers' right to company information on negotiations, crisis procedures and bankruptcy. It was to lend support for workers' access to company ownership by sending two bills, one creating workers' limited liability companies (something close to companies selling labour on a wide scale), and another one to extend company ownership access in the private sector (Fernández, 1998: 153-156).

The 1994 Accord opened the door to the 1995 labour laws and made easier the announcement of the "Second State Reform" in 1996. In 1995, after the new constitution allowing for a second presidential term, general elections came. CGT trade unions took the task of ensuring votes for Menem's second term, while being able to provide their followers with certain gains through their close relationship with the president. One issue required the other. Whatever these labour leaders had in mind, Menem, after winning his second term in office, reaffirmed the continuation of his first government's policy and ideology. The reaction was the sacking of Menemist leaders like Cassia by their affiliates. All

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these together provided sufficient evidence to the population in general that labour unions had lost their capacity and/or will to defend workers' rights.

An important paradox was that, whereas this second "great transformation" meant a return to conservative policies similar to the situation before the 1930s, the hegemonic discourse formulated it as a drastic step towards the modernisation and efficiency of the economic system, technological advancement, and finally, as a common good for all Argentines. The portrait was that of an "authentic 'revolution from above' against all social actors", including labour (Palermo, in Novaro, 1999: 224).

b) *The Second Contradiction: 1990s Labour and Peronism, Raison d'être or remaining memory?*

*"Times were hard and Dr. Menem made no promise
that they would get better soon.
He referred to his government's stringent economic measures as
'surgery without anaesthetic".
(M. France, Bad Times in Buenos Aires: 32)*

The arrival of Peronism to the government, and of Menem to the presidency, gave strong hopes of better salaries and working conditions as well as the return to trade unions' political power. However, the reversal of Menem's electoral promises and his alliance with neo-liberalism paralysed labour leaders. As mentioned in the introduction, the first powerful strike took place only in August 1996 (Gazeta Mercantil Latinoamericana, 1996: 11). In order to understand better this phenomenon, one must look back at the history and political role of labour unions since 1955.

During the many years in which Peronism and its leaders were forbidden in Argentina, Peronist trade unions were prominent in structuring the resistance to the several military governments and the political representation of Peronism, thus acquiring a central role within the latter and eventually transforming such relationship from a structural one into one of strong bargaining with the government in power. Certain trade union leaders also acquired traits of corporatism since the 1960s (e.g. the leader Vandor and his faction). In the 1980s, trade union leaders constituted the main political opposition to the first democratic government.

For example, in 1984, those who were members of parliament blocked the government attempt to replace Law 22.105 on professional associations, which regulated trade unions, with a new one. Through this struggle the CGT (the Peronist trade union and then the sole legal representative organisation of all Argentine workers), after having been divided between a faction close to the military and a pro-democracy one, reunited again. In 1984-5, after the defeat of the parliamentary bill, the government initiated a policy of social dialogue with, and incorporation of Peronist labour leaders. Several times, it attempted a "socio-political pact" with both trade unions and national business organisations. Between 1985 and 1988, several instruments became institutionalised: mechanisms for monthly consultative meetings with trade unions on salaries and prices, tripartite commissions

- (government-labour-business) to agree on economic policies, and the nomination of a leader from the labour faction called “The 15” as Minister of Labour in 1987. Trade unions appeared all powerful against any economic stabilisation policies, using traditional instruments and tactics, such as general strikes, public discourses rejecting government proposals, or breaking negotiations before joining in again. The much-sought pact never came to life while the government slowly began to privatise and liberalise trade. Inflation in the economic sphere and military demands in the political one were sources of concern. The external debt reached approximately 45 billion dollars at the end of the first democratic government.

Meanwhile, Peronism digested its 1983 electoral defeat with its first internal elections in history, in which two groups (orthodox and renovation) competed against each other. The orthodox group won and Carlos Menem became the presidential candidate. A final ‘coup d’état’ by business interests pushed Raul Alfonsín to resign from presidency six months before his term. Amidst a sense of chaos, Menem came to power. For the first time in 60 years, there was a peaceful and democratic transfer of power from one political party to another. At the same time, such transfer was a lesson in economic discipline. *"We can say that the 1989 hyperinflation crisis defined a new characteristic in the orientation of the political system. This is the recognition by the political system itself, as the main base for legitimacy, of the need to build and to demonstrate a harmonious relationship with the dominant sectors"* (Basualdo *et al.*, 1999:324).

Peronism was built on an ambiguous ideology around a charismatic leader that allowed no strong institutionalisation of other actors or norms. Peronist discourse has always been vague and reluctant to discuss economic policies, thus allowing such variegated alliance to permeate contrasting social interests and sustain its political appeal. These characteristics became instrumental to conservative think tanks and to Menemism, providing political feasibility to neo-liberal economic policies and political centralisation in the national executive power. In addition, Menem’s discourses and declarations used to be contradictory and even illogical, reinforcing anomy and disbelief (e.g. the use of traditional Peronist expressions and terms while denigrating trade unions' leaders and actions). In the 1990s, trade unions were denounced in Menem's discourse as supporters of workers with stable and secure jobs while neglecting the needs of the rest of the population in search of job opportunities. Peronism had effectively incorporated workers in the political system, workers that expected reformism from within capitalism, an alliance between capital and labour at the national level. At the time, capitalism was thought to bring about mass consumption throughout the country, when communism was still viewed as a frightening rival. The ratio of unionisation of Argentine workers was (and still is) particularly high (at approximately 40% to date), and the majority of workers remained faithful Peronists. To belong to a trade union was the normal thing to do, and was highly respected.

Unexpectedly for labour, Menem’s government from the very beginning took different simultaneous measures to limit the right to strike, a parliamentary bill as well as judicial requests to declare some trade unions illegal and to impose 5 to 6 years' prison sentences to workers who protested against

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privatisation in the transport and communication sectors. If some labour leaders, for the first time in any Peronist government, sought autonomy and the possibility to exert a critical role, some others sustained Menem's decisions uncritically. Privatisation showed dissimilar reactions within trade unions: to each trade union opposing privatisation, another one in the same sector was in favour of it (Battistini, 1999: 276). In any case, labour lost its influence: since 1991, the Minister of Labour was no longer a trade union leader, and the government began to bypass trade unions in order to remove their powers from the workers' social security system.

Ordinary people used to say: "How odd it is to observe the acquiescence of labour leaders, in front of the so many drastic and undemocratic measures taken by Menem and his government, when the same labour leaders brought chaos to the previous government for much less!" -. Labour leaders had gradually lost popularity, partly because of the memories of their actions in the mid-1970s, which had helped pave the way for the military coup in 1976, and partly because of their antagonism to the first democratic government in the 1980s. If ordinary people were critical of Menem and Cavallo's policies, they also had a hard time finding Peronist trade unions ready to lead major public protests. Furthermore, any public dissent within the ranks of Peronism could be perceived as political destabilisation by the financial markets, on which the anchor of structural adjustment (the pegging of the peso to the dollar) and the legitimacy of the government depended.

The cohesion within CGT suffered first. Menem's mirage towards neo-liberalism led to a divided CGT. In addition, some unions began to break away altogether, establishing the left-oriented CCC (Combative Classist Faction). In 1990, the CGT San Martin (including plastic, taxi drivers, meat, catering, construction trade unions) backed Menem, while the CGT Azopardo (representing state workers, truck drivers, commerce, customs, train, postal trade unions) was critical of the president and his programme. Besides, distanced from all others, a few small trade unions (e.g. banking and trade employees) supported Menem. The division within CGT was triggered by the faction that backed the president. As Arturo Fernandez (1998) explains, this faction was led by the old generation. Moreover, from 1989 to 1994, there were no elections within trade unions except for a few small ones, hence little open protest or renovation of leadership. However, the old axis of CGT, constituted by those unions that were traditionally prone to negotiations, still remained -"the 62" and their leader Lorenzo Miguel (which included oil and metallurgic workers). This nucleus was made of trade unions that had grown at the pace of national industrialisation, and expected the State to perform a role of mediator of socio-economic relations. In 1994, it finally broke apart into groups with opposing positions as regards government policies.

In 1994, the year that can be seen as the point between the ascending and descending slopes of the government's economic programme, the factions critical of the government created new organisations called MTA (Argentinian Workers' Movement) and CTA (Congress of Argentinean Workers). Still, the so-called "official CGT", closer to the government and led by Rodolfo Daer, remained the only organisation recognised by the government, based on the tradition of having only one labour

organisation, and because it represented the largest number of unions. Closer to De la Rúa's government as well as to the Peronist provincial government of Córdoba, this faction has recently been co-ordinating dialogue and negotiations between labour and government. An example is the 2001 *Aerolíneas Argentinas* Airline conflict. This faction has also expressed the need for a coalition within government (with elections due in October 2001), and between national business and labour. Its leaders negotiate directly with a handful of state representatives like the Cabinet Chief Christian Colombo and the Minister of Labour Patricia Bullrich.

The dissident faction named MTA - Argentinian Workers' Movement - has been guided by Hugo Moyano from the truck drivers union. In conflict with the national government and closer to the Peronist governor of the Buenos Aires Province, Carlos Ruckauf, it also includes part of the old moderate nucleus mentioned above and, in fact, never really aspired to break away completely from CGT's structure and name. In 2001, their leader was at a loss when two major unions -SMATA and UOM (linked to the production of cars and metallurgy) reached sectoral accords with Minister of Economy D. Cavallo. Besides, an alliance for the 2001 elections between his antagonist, Minister Cavallo, and his friend, Governor Ruckauf, seemed likely.

The CTA -Congress of Argentinean Workers - went further and consolidated its independent project in 1994, having its first congress in 1996 and obtaining legal recognition in 1997. Consequently, CGT's labour monopoly, which had started in the 1940s, finally came to an end.

Figure 1 below displays the unions' strategies. Arturo Fernández distinguishes among different types of labour political relations with regard to national governments

- a) Participative –close to the government,
- b) Negotiating –in favour of dialogue but autonomous,
- c) Combative -critical, and
- d) Classist –supporting class struggle.

The figure shows that, with the exception of a short period in 1990, there was no negotiating type of trade unions, as if there was no political space or centre for negotiations during the 1990s decade (Fernández, 1998: 172-175).

Figure I. Organised Labour and Types of Relationship with the Government (numbers in parenthesis refers to trade unions).

Years	Participative	Negotiating	Combative	Classist
1987	"The 15" (30 trade unions)		CGT (50)	
1990	CGT San Martín (50)	"The 62" (25)	CGT Azopardo (50)	
1994	Official CGT (+100)		MTA-Dissident CGT (15) CTA (2)	(CCC)

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Since 1994, a period of protest and mobilisation began, setting the limits to government policies but without really overwhelming the consensus of those in power. Yet, in 1994, the Federal March was the first event to overcome the isolation and atomisation of previous protests and opened the search for a new political consensus within civil society.

"The internal dissidence within the CGT produced by the MTA, the non-ascription of the CCC (Combative Classist Faction) to any of these alternatives, the mass mobilisation in memory and rejection of the XX anniversary of the military dictatorship, the 5 national strikes, the "Apagon" -(turn off)⁴, the continuity of the "pensioners' Wednesdays" protests in front of the Parliament, the Teachers' Tent⁵, the succession of "puebladas"⁶ from which the "piqueteros" (i.e. picketeers). emerged, and the long and successful conflict at the Malbran Institute⁷. These facts, whose protagonists were popular organisations and workers, gave strength to the electoral results of October 1997 that, eventually, marked the break up of monolithic Menemism" (C.Girotti, 1999 249-250).

Labour provided the first evidence of more autonomous mobilisation but other sectors in civil society were also moving. A new political party was coming to light –the Frepaso (Front for a Solidarity inspired Country), and many rejoiced with democratic discussions during the constitutional convention. Since the Radical party (a centre moderate political party) had lost prestige after its government in the 1980s, a few of its leaders began to build an alliance with the centre-left Frepaso. Some ex-Peronist deputies, critics of Menem, were also at the origin of the latter.

Taking a look at the business side, it is possible to see some parallel. From 1990 until 1997, business supported Menem in Argentina without any doubt. But when, in January 1997, Menem met the 'Group of Eight' to solicit business support for a third presidential term, the big business representatives told the press that they opposed UIA's (Argentina Industry Union -the umbrella of all business organisations) call to 'consider' a third term in office for president, which would have required an additional constitutional reform. Two of the group affirmed that they did not 'consider' it at all.

⁴ A type of public protest by which all citizens should turn off lights for an agreed number of minutes at a specific day and hour . This protest was highly successful.

⁵ A large white tent placed in front of the Parliament's square, in which successive groups of teachers engaged in fasting, in protest against low salaries and education budget . Citizens showed support by signing the teachers' petition and public figures and the media visited the tent regularly.

⁶ Entire towns in spontaneous rebellion against local authorities, sometimes burning municipal buildings, in protest for the lack of local development policies, against poverty and unemployment

⁷ In December 1996, through Resolution No. 658, the government sacked 101 workers of 7 major national health institutes, arguing a lack of funds. Yet, some institutes had fund reserves that could cover the needs of the others. But this solution, requested by the institutes, was rejected by the government. Not only the decision was leading to the institutes' closures, but also directly weakening the State's capacity to face public health epidemics such as

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Instead, they supported further flexibility and labour reform. (*Internet Headline News*, no.731, 30 January 1997).

c) The Third Contradiction: Stalling Argentina's Capitalism and Democracy

*For some time I have longed to
tell this many people:
Know that I hush in certainty
and that I faint of obedience,
and that I have not the least idea
and that I despair for ever.
(M.E. Walsh, Arte Poetica, extract)*

Countless Argentines may recognise themselves in Maria Elena Walsh's verses. In 2001, they have been discussing with disbelief: may capitalism exist in a given territory without either entrepreneurs or workers who are natives from the same territory? They have not been the only ones: well known academics like Guillermo O'Donnell, professor of Political Science at the Notre Dame University in the USA, and Manuel Pastor, professor of Latin American studies at UC Santa Cruz, have harshly denounced the situation.

Manuel Pastor wrote with Carol Wise: "*The good life seems to be eluding Argentina once again. Unable to shake a deep recession triggered by Brazil's devaluation in 1999, a country that appeared to have achieved bona fide emerging-market status is looking more like the same old underachiever. The \$128-billion external debt is looming, the Argentine stock market has lost 20% over the year, and interest rates on government bonds have trebled since early June, rising to levels usually associated with a nearly 20% probability of default. What's gone wrong? ... With devaluation ruled out, partly because this would implode a financial system in which 70% of domestic liabilities are dollar-denominated, exports have stagnated and unemployment is endemic...of the top 10 products accounting for nearly 70% of total exports, all but 12% are basic commodities like grain and meat*⁸." Pastor and Wise also point at the parliament: "*key legislation around tax reform, labor market deregulation and export promotion policies have continually bogged down in Congress*". Could such issues be announced once more to Argentines, who have experienced so many related measures without coherence nor transparent implementation?

O'Donnell calls the attention to how financial capitalism in Argentina cannot deliver any public good. In other countries, "*financial capital has continued to play its due role in an economy oriented towards growth. That is, to smooth the relations among the other sectors of capital in order to facilitate, above all through credit and the functioning of the stock exchange, their capacity to operate*

cholera in the north of the country, against which the Malbran Institute was producing the serum . (Servicio Paz y Justicia, Buenos Aires, January 10, 1997 -see www.derechos.org/serpaj/).

⁸ Pastor, M. and C. Wise (July 16, 2001) "The Good Life Jilts Argentina Once Again", Los Angeles Times, see <http://www.latimes.com/news/local/la-000058273jul16.story>

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*and invest... [An important part of financial capital] continues to be married to the development of productive structures - industrial, agricultural and commercial- ... These countries have achieved a few fundamental things. I refer, among others, to the maintenance of structures that are dynamic even though partly transformed, to the internalisation and social dissemination (through education and work) of scientific and technological innovations, and to the reconstitution of a State that, by expressing and reinforcing those tendencies, has continued to be a basically credible agent of public good... Unfortunately, almost nothing of this has occurred in [Argentina]."*⁹

Others like Max Bergmann¹⁰, from Washington's Council for Hemispheric Affairs and Morris Goldstein¹¹, senior fellow at the Institute for International Economics and former deputy director of research at the IMF, add to the portray of Argentina's woes. The latter also criticizes the IMF: *"Nothing illustrates the futility of the current [IMF] approach better than the situation in Argentina. It is in crisis because it has an unsustainable debt burden - equal to about 450 per cent of exports - and an overvalued exchange rate. This is the third consecutive year of recession. The country has no effective policy instruments to solve its problems. Insistence on maintaining the convertibility regime means that it can neither loosen monetary policy nor devalue... The recent initiative to go to a zero fiscal deficit has been forced on the authorities by double-digit real interest rate spreads and increasing difficulties in rolling over domestic debt obligations."* Argentineans ask themselves: how could all this have happened?

Our purpose here is not to forget the many signs of economic recovery during the first years of "Convertibility", and the conditions in which the policy was conceived. Uncertainty over the external debt, the fall in GDP and industrial production, and recurrent high levels of inflation, provided the other elements of the national crisis. Hence, the need for substantive consensus centered on macro-economic stability to guarantee capital accumulation. The first priority for both the state and the private sector became stability. Business coalitions publicly and strongly supported the successive Economy ministers in implementing stability plans, as well as the election and re-election of a president that would sustain their priorities. The shifting of boundaries between State and market was conceptually articulated around neo-liberal values, which enhanced the visibility of business people, and brushed aside other socio-economic actors.

With the pegging of the peso to the dollar, and the feeling of stability it created, the instrument became an end in itself, concocted through fear and blocking Argentina's capabilities to develop autonomous state policies. Cavallo's Convertibility law, supported by the US government, the international financial organisations, national business and politicians in the parliament, pegged the peso to the

⁹ O'Donnell Guillermo, March 1st, 2001, "Una mirada y una propuesta sobre la crisis que sacude al país", Pagina 12, see <http://www.pagina12.com.ar/2001/01-03/01-03-21/pag17.htm>

¹⁰ Argentina's Future", Washington Times, at <http://www.washtimes.com/op-ed/20010816-81027164.htm>

¹¹ "No more for Argentina", August 17, 2001, Financial Times, see <http://news.ft.com/ft/gx/cgi/ftc?pagename=View&c=Article&cid=FT3Y200WGQC&live=true>

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dollar, establishing a "dollar standard". For every peso in circulation, there must be a dollar in hard currency in the country, and vice versa. Stephen Hanke¹², advisor to Cavallo, explained that "*President Menem and Minister Cavallo know their history. They were determined not to repeats Argentina's mistakes [of swiftly abandoning standards in the face of public criticism]*"¹³. Protests were belittled as nuisance.

The new political consensus covered three important points:

- a) The option for an automatic alignment with the USA, accepting demands for deregulation uncritically.
- b) The issue of endogenous growth. Even though industry has become the main productive mode, it never managed to consolidate its power through a co-ordinated decision-making system. New actors, mainly financial ones, have appeared since the 1970s (Barbero, 1997). Even the newly privatised enterprises reflect an ambiguity concerning the endogenous development of industry. Concepts such as industrial co-operation and industrial networks have never been very significant.
- c) The regulatory role of the State was to be reduced to the minimum, and thus current account and trade deficits as well as national industrial development had to be accepted as given data. Instead, a new actor would be portrayed as dynamic and positive: the one advancing "globalisation" in business, government, finance or communication.

Inflation fell to 0.5% in August 1991. There was an agreement with the IMF that signalled access to external credit and the start of privatisation. The stock market index rose by 100% in September 1991, and credit was re-established, increasing consumption of durable goods. Following import liberalisation, internal prices of tradables decreased, while non-tradables (services and labour costs) increased. From 1991 to 1994, the economy grew by 7.7% per year. There was a consumption boom after so many years of starved investment and poor household spending. This policy was extremely successful from a political viewpoint. Some dared to doubt, but few were ready to listen to them.

For critical trade unions, it was indeed difficult to engage workers in demonstrations during Menem's first government. On the one hand, changes were daring and surprising, and the first economic results quite impressive. On the other hand, thousands of workers realized that their jobs were endangered and reacted apprehensively.

At the end of 1994, the Mexican crisis plunged the Argentine economy into recession, while its currency continued to be overvalued. Fortunately for Argentine firms, Brazil began its economic recovery in the second half of 1993. With ups and downs, the Brazilian market and the attempt at regionalism with Mercosur (the common market project of Argentina, Brazil, Paraguay and Uruguay), saved Argentina's neo-liberal consensus.

¹² Professor of applied economics at John Hopkins University, and director of the Democratic Century Fund, an investment fund that belongs to the *Emerging Markets Group*.

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The appreciation of the currency brought about a trade-off between stability and competitiveness (ECLAC, 1995a:11). Easily reversible capital flows were attracted by privatisation and high interest rates, as well as by debt-equity swaps while Argentina's trade deficit grew, accompanied by large current account deficits, financed by those same inflows of foreign capital. When these capital inflows drastically slow down, as with the Mexican financial crisis of 1994 and then again since the Asian financial crisis in 1997, while the supply of money remains fixed to the level of foreign reserves, the reversal of flows upsets the chain of payments, contracting domestic credit and economic activity, also leading to bank insolvency. Furthermore, IMF financial packages arrived to prevent a financial crisis or default in Argentina itself, gradually building up the external debt.

Therefore, adjustment through monetary policy has two main consequences. First, the defense of such stability provokes internal recession with high social costs (ECLAC, 1999: 20-1, 26-7). The picture displays a depressed aggregate demand and increasing unemployment and underemployment. Second, *"[t]he regulation through monetary policy is at the root of the transformations of the ensemble of labour relations (flexibility, precarity, lower averages of real salary); technological changes are most of the time no more than an additional instrument to impose such transformations"*¹⁴ (Chesnais, 1996). For Argentinean business people, the debate on regulation shifted to systemic costs, and the reduction of labour, fiscal, infrastructure and financial costs came high on their national agendas. Each time there have been capital outflows and recession, the State cut social programmes, investment in education and research, justice and services, as well as salaries and pensions. Provinces followed the same policies, since they depended heavily on funding from the central government. For example, in 1995, the province of San Juan reduced the salaries of all provincial workers by 20 to 30 %, while the central government had cut 5 to 15% of all federal employees' payments receiving more than US\$2,000 per month¹⁵. These cuts have been recurrent and, though rejected most of the times at the courts as unconstitutional, have always been implemented.

If there ever was a thought that exports were to sustain the "dollar standard", with the shift of prices after the overvaluation of the currency, there were fewer incentives to invest in tradable goods (Azpiazu and Nochteff, 1994). The shift of interests within the private sector focused on raw materials such as the oil and gas industry, increasing their dominance over other sectors with higher value added. The new investments were mainly in the food industry, oil and gas, automotive, and mining sectors¹⁶. The automotive sector, a success story, was promoted and protected under a special national regime as well as under an Argentine-Brazilian system embedded in Mercosur (Chudnovsky and Lopez, 1997).

¹³ See <http://www.umich.edu/~mjps/21/arg.htm>

¹⁴ François Chesnais, "La Mondialisation Financière, Genèse, coût et enjeux", Ed. Syros, 1996: p. 262.

¹⁵ See <http://www.umich.edu/~mjps/21/arg.htm>

¹⁶ From the beginning, those sectors led the exports in the 1990s, doubling them from 'about US\$ 12 billion in 1994 to almost US\$ 24 billion in 1996' (<http://www.tradeport.org>).

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In the rapidly opened-up economies, many Argentine firms faced two crucial limitations: the traditional family management style and their capability to obtain capital from sources other than the State. Foreign direct investment evidently went into privatisation but also in the purchasing of family businesses. Firms were also confronted with constraints such as insufficient infrastructure and reduced technological capacity. Their poor knowledge of foreign markets and the currency overvaluation hampered them. Indebtedness in both urban and rural areas, this time in dollars, with no exports nor internal consumption, convinced many of closing business, taking their money out of the country, or to move to Brazil. Meanwhile, internal migration of the newly marginalised from small towns to medium size cities intensified, bringing about urban poverty and crime.

After several financial crises, some within the World Bank and IMF began to decry the Washington Consensus¹⁷. Within the country, however, those in power would not easily accept reforms. The only revision discussed has been the issue of transparency and institutional surveillance of the banking and judiciary systems (see Javed Burki and Perry, 1998). Yet, each time an effort is made to trap corrupt officials, the "financial markets" penalize the country by threatening the exchange rate (as it recently happened in the case of the Central Bank's president and the Parliamentary Commission on Corruption, between the end of 2000 and the beginning of the following year).

The conviction that the 1990s policies would install a successful period of coexistence between capitalism, the Argentine State and society, has been dashed. Hesitant to envisage alternatives within the politico-economic system, politicians' hope is to achieve governance of the complex situation. Labour organisations and leaders are now under pressure from both workers and jobless to build a feasible political alternative in alliance with other social sector. They seem, however, ambivalent between leading social protests, controlling social conflicts, and promoting a concrete political solution. Concerned with the possibilities of devaluation and default, labour leaders also fear to be accused of provoking any of the two.

2. Mid- 2001: Argentina's Struggle for Governance

*"The rights of the workers
A topic for the archeologists?"
Eduardo Galeano, April 15, 2001*

Concerning the institutionalisation of the new labour regulatory framework, the tendency towards temporary work contracts, lower obligations for entrepreneurs, work conventions drawn by enterprise

¹⁷ Joseph Stiglitz made his speech in Helsinki, Finland, on 7 January 1998. His speech was reported in Joseph Hanlon's article, published in March 1998 in the quarterly newsletter of the Jubilee 2000 Coalition, a group of more than 60 European and African organisations calling for the cancellation of all debts owed by the world's poorest countries. Stiglitz has so far been the World Bank's most critical voice of the Washington Consensus tenets. He declared that 'macro-economic stability is the wrong target,' 'markets are not automatically better,' and that 'competition, not ownership, is the key,' among other concepts.

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and not by industrial branch, looks enduring for the time being, and easy to deepen, if only step by step. Accompanying this trend, labour unions tend to divide further along multiple cleavages based on the articulation of different needs and agendas as well as ideologies, creating new methods of opposition and negotiation with other parties (State and civil society). Relations among them appear further estranged due to power struggles inside the enterprises. Yet, is the new model sustainable in itself? With fewer entrepreneurs and companies, reduced credit, low capital circulation (e.g., payments effected in paper titles called 'patacones' and the like) and consumption (e.g., food choice has been reduced to appalling levels in small towns).

On June 26, 2001, the Minister of Labour, Patricia Bullrich, officially called labour unions to renovate the 1975 labour conventions, through negotiations with the business chambers, while a month earlier, the Labour Ministry had announced the formation of a tripartite commission (government, labour unions and business representatives) to discuss the International Labour Organization's request of governmental recognition of multiple labour unions representing workers. Clearly, the two factions of CGT reject the ILO request while the CTA supports it.

The call was predictable after the 2000 vote of the "labour law". This was the famous law that, with the doubts about the methods used for its approval, finally provoked the resignation of the vice-president, the break-up of the political coalition between the centre-left Frepaso and centre-right Radicals, and the re-appearance of Domingo Cavallo. The latter came back as Minister of Economy and broker of a new centre-right alliance to sustain the rather isolated president Fernando de la Rúa, who perceives the social conflict as unjust and rejects all protests to the latest Cavallo plan.

The 2000 labour law established the fall of all the labour conventions signed in 1975, which have been in use ever since. The government set a legal limit of two years for the new negotiations. The obligatory call infuriated the main labour unions: both fractions of the CGT—the participationist fraction under Daer and the one prone to confrontation under Moyano, as well as the CTA of Víctor De Gennaro. Fearing lower salaries and more "flexible" labour conditions, after three years of national recession and ever-increasing unemployment, they asked for a decree augmenting the bottom-line salary that has remained at 200 \$ for several years. (*Clarín, June 23, 2001*).

Meanwhile, beyond labour unions, the social conflict in General Mosconi, Salta, northern Argentina, has emerged as the emblematic symbol of a marginalised fraction of the population organised in piquets. The "piquets" are groups of unemployed and poor, formed by men, women and children that cut streets and routes to protest against economic policies and social conditions. This new protest mode has gained strength since the mid-90s and its main method is to obstruct vehicle circulation and trade. There is a perception that protesters remain for days on the routes and avenues not only to attract attention and obtain governmental aid, food, and short-term work contracts, but also as a symbolic way to express that there is nowhere to go, that the present path leads nowhere.

In 2001, the national intelligence service counted a hundred and ten (110) similar social conflicts to the one in General Mosconi, all with a common denominator: regional economies in crisis,

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unemployment, low salaries and massive lay-offs. Using the intelligence information, national deputies presented parliamentary bills calling for the creation of a commission to foster negotiated solutions instead of violent repression. One particular bill led by Alicia Castro and Elisa Carrio, who are amongst the most critical voices of the politico-economic model, was publicly supported by the labour unions, together with other social and human rights organisations (*Clarín, June 24, 2001*)¹⁸.

On August 1, 2001, the "piqueteros" staged their first nation-wide protest of cutting routes and streets. supported by some labour unions, social and students' organisations, and more passively by the population in general (La Nación, 01-08-01). Their capacity for, and methods of communication and co-ordination have not been well studied yet. Contradictory hypotheses have been put forward concerning their autonomy, their alliances with other social and labour organisations, and alleged manipulation by labour unions. What is certain is that this first nation-wide protest was channelled completely outside the structures of the main labour unions and political parties, skeptically perceived as waning organisations. During the protest, the piquets denounced the latest cut in salaries and pensions, the increasing repression and requested the continuity of the "*Trabajar Plan*" -Governmental Work Plan ensuring short-term labour contracts. "*We want to go in a peaceful manner -answered the piqueteer-. What do you want us to do if we do not have enough to eat? - Yes..., they have lowered our salary as well- the policeman said shrugging his shoulders*" (La Nación, 01-08-01). A politician supporting the protest stated that a new social movement was emerging in the country, against the neo-liberal model and the methodology of repression, calling it a movement of civil resistance (L. D'Elia, Clarin, 01-08-01).

On the very same day of the national protest by "piqueteros", two main labour organisations (the 'official CGT' and the MTA, also called 'dissident CGT') decided to join forces for the first time after ten years of division under the Menem era. It seems that some of the trade unions are capitalising on the "piqueteros" unrest, developing a brand new pattern of labour struggle in which the labour union plays a legitimising role that unites the struggles of the poor and unemployed with those employed in poor and informal conditions. At the same time, the trade unions' own survival, another question mark, is strengthened.

Another new type of protest within both labour unions, most evidently epitomised by the Teacher's union, as well as by supporters and leaders of the piquets, is fasting. An ultimate rejection of the 1990s policies, fasting is another symbolic novelty in a society that has historically claimed to be the "grain haven of the world". Meanwhile, within the political system, parties continue to break up on the basis of personal values, which at least clarifies who is who, and there is a discussion on whether to postpone general elections in such a volatile national context.

In the first half of the 1990s, Argentina for once appeared to be an astonishing neo-liberal story

¹⁸ This article appeared in *Correio Sindical Mercosul*, No. 75, 25/06/01, a project of the Southern Cone Trade Unions and the Friedrich Ebert Foundation, at www.sindicatomercosul.com.br

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(similar to the ones on South East Asia), where the state and labour unions were being dutifully carved out within the prevailing consensus. Ten years later, in one year and a half from the end of 1999 until the middle of 2001, there have been a succession of 7 adjustment programmes and 6 national strikes, the last one being carried out by the three main labour organisations on July 19, 2001. The melting down of the Argentine story should be carefully examined by all those who wish not to experience the same.

Conclusions and paths for further discussion

What can we conclude from the two complementary hypotheses discussed above, about the role of Argentinean organised labour within the restructuring of the labour regulatory framework during the last decade, and about the sustainability of the new model at the start of the XXI century? The role of Argentine labour organisations in the 1990s was ambiguous to say the least. Trade unions provided the much-needed support to make the structural policy reforms politically feasible. In general, they seemed to accept the retreat of the State from both the economy and society. With each main agreement with the government, they accepted further reforms on labour regulation. But for the same reason, they also limited the government in terms of reforming labour laws (they always blocked parliamentary bills such as the 1993 “Labour Reform Bill” sent to the Deputies chamber, or further modifications to the “Law of labour contracts” and the “Law of labour collective conventions”) that touched their own organisations. Finally, they also drew the line of tolerance concerning the visible effects stemming from the new politico-economic model.

Thus, part of their leaders and unions ensured a low degree of protest and uncritically accepted discourses, actions and even the decadent behaviour of Menem and his government officials. Another part of labour leaders and unions, however, have been highly critical of the model as such, and not only of its effects. These have been the first ones to stand up against the 'delegative democracy' of the 1990s.

Within the 1990s politico-economic model, the working class as such has lost its alleged role as the main historical subject for the transformation of the capitalist society, and although labour organisations have remained apparently strong, there has been a growth of the so-called informal sector and of an emergent social movement of the unemployed. It is improbable that CGT will return to a vertical command and sole representation of Argentine workers. The role of labour unions will both affect and depend on the outcome of the deepening national crisis, politically and economically. Labour will probably look for new alliances and perhaps accept a more humble position within each alliance. At least, they may be more open to others' suggestions.

The economic path seems uncertain and even a dangerous trap. Continuing with the 1990s model as it is appears unsustainable. Reforming it would bear a high social cost, with a likely default on the interests of the accumulated debt. Some further options are also open, such as dollarising the system,

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supported by some Peronist deputies, Menem and Cavallo himself. Another may include the establishment of US military bases, suggested on the basis that only with strategic interests the US government may keep sustaining Argentina's 'development model'. Indeed, after the last financial package given to the country by the IMF with US support, a provincial decree 3169/01 has accepted the setting up of a US base for nuclear research in Tierra del Fuego.

Besides, what could be the political sustainability of the new labour regulatory framework? More unrest is possible. A return to old-style populism, perhaps? A new socio-economic coalition able to confront the perils and strong enough to put the country back into industrial and technological development? It appears that the major antagonism is defined by Argentine political and economic actors as "productive versus financial capitalism"¹⁹. Could this antagonism be finally resolved? Or should just wait for a major change at the world level?

Argentina's case is by no means unique, and is embedded into a larger process of world economic restructuring. It is, perhaps, an extreme case in the illustration of how public discourses and policies can gratify with ephemeral dazzling results, which fall short of sustaining local capitalist development and thus of legitimising those having economic and/or political power. Something that many guessed in advance, given the changes in the technological and world economic competition.

Perhaps the uniqueness of Argentina's case resides in the stubbornness of its elites to persist in a path from which others have been stepping out. In every sense, it is a sad case. Diaz Dionis, in an excellent article dating back from 1988, expressed well how much Argentina needed new intelligent, ethical and pragmatic elites to sort the country out of its moral, social and economic morass. "...*The resurgence of social and ideological irrationality, of what the media calls "the magical Argentina" ... is the least adequate for [solving the crisis], since international relations are fundamental to face the structural crisis affecting the country. Even more so with the foreseeable changes in the American executive and the European single market. Once more, presidential candidates of the majority forces are far from the real world in which they have to live, and, yet, they are representative of the dominant thought within their political organisations... The old leading classes refuse to understand that their model of society has withered away, and that the world that has come forth after the second world war bears no similarity with the one existing in the XIX century, of which they are the direct heirs*" (Diaz Dionis, 1988).

Indeed, the XIX century type of liberalism may have little to do with the 1990s globalisation, which appears to bring a new model of industrial organisation with them, with horizontal and vertical co-ordinated networks, and the integration of new technological and organisational production strategies. Thus, '*globalisation of the world economy passes through the reorganisation of production processes on a rather regional, even global basis ... The importance of economies of scale, which imposes the reduction in the number of units of production, and the need to standardise the processes of*

¹⁹ Clarin Supplement, see Bibliography.

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production ... combine in order to determine the new modes of articulation of products and processes of production' (Fontagne *et al.*, 1996:11). Additionally, emergent and increasingly extensive governance structures now reach beyond the States (See Helleiner, 1997:97; Strange, 1997; and Castells, 1998). Hence, globalisation may be leading to 'net-trade' and a 'net-economy' based on more or less co-operative strategies.

Without an easy way-out, and no political coalition or consensus yet to stand up for an alternative, labour has found itself enclosed in the dilemma like the rest of society. In the end, the solution may only be found through the construction of a different consensus that may better promote all Argentines' capabilities through a positive synergy. Hegemony is based on a socially constructed consensus, secured by belief and expectation, socialised through diverse institutions, and finally sanctioned through regulation and enforcement. Hegemonic discourse has replaced the ideas of social norms, social class, society, distribution, solidarity, co-operation and cohesion, justice and human rights, with those of spontaneous co-ordination of the market, natural equilibrium, the individual and efficiency. Hegemonic consensus is political power as it builds a certain common sense and rationality, and then limits the options and the future of society. In this sense, both the CTA and the MTA seem to be aware of the need for constructing a new dialogue and rationality, as well as for new strategies beyond the nation-state (for the CTA, Lozano, 1999 and Rigane, and MTA, 1998). For labour unions, the main challenges refer to democratic representation and organisational power, as well as their capability to face the world politico-economic restructuring through new strategies (i.e. within regionalism, world coalitions, and inside transnationals and commodity chains). Their primary duty must not be the unemployed, but the search for employment through a model of development based on systemic competitiveness, enhancing respect for all and, in particular, for workers' rights. As for labour in general, the answer may be to construct democratic social power. For labour has a systemic power, and cannot be taken as mere merchandise. Labour is an aspect of humanity, embodied in each product and service, which sustains the creation of wealth of a region, together with its general level of consumption and of savings. Labour has the power of civilizing human relations, and disregarding the fact that it is an entire part and parcel of humanity may bring unfortunate consequences.

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ANNEX 1: Labour Reform in Argentina in the 1990s

YEAR	LEGAL NORMS	RIGHTS	OTHERS
1989	D. 1477/89: The use of 'vales' (food paper certificates) instead of money is accepted by the State, but is not considered part of the salary. L.23696 (Law of State Reform) L.23.697 (Law of Economic Emergency)	The decrees, modifying art.105 of the law concerning labour contracts, were hence illegal. This was the beginning of a contradictory series of norms for and against the recognition of 'vales' as legal salary remuneration (Against: D. 333/93, 433/94. D. 849/96, L. 24700 of 1996. For: L. 24.241 of 1994, D. 773/96). The last in the series states that is not remuneration. Both laws 23696 and 23697 established the priorities for the 1990s decade	The ILO Convention No.95 establishes that such 'vales' are remuneration by juridical nature.
1990 1991	L.24013 (National Law for Employment D. 1994/91 on strikes Mod. To L. on accidents on the work place L. on Employment 24013, introduces the first 4 types of temporary work contracts Decree on Productivity D.2284/91, ratified by L.24307 More than 50 collective work conventions concerning sea and port workers are rescinded.	Collective work conventions in public enterprises are annulled. To formally register workers, the state pardoned employers if they disclosed data on employees. Women's work at night is permitted, Work time is de-regulated by considering a collective average of hours at the end of the month. Right to strike is strictly regulated by D.1994/91 Reduced workers rights, establishes specific and reduced sums for the worker in case of accident. Deregulated working hours, permitting more than 9 hours per day, for example.	
1992	D. 340/92: Introduction of system of internships.	Interns work for 8 hours without labour rights, either individual or collective, for up to 4 years	
1993	A government bill of 19 art. proposing a thorough labour reform fails in parliament.	imposes negotiations at enterprise level "between the free worker and the free entrepreneur" (art. 2).	

1994	A new government bill on labour reform is sent to the parliament on February 1994. L.24347 concerning the new pension system based on private pension funds		Reform of the National Constitution Tripartite Accord on 25 July among government, trade unions and business organisations. Pre-electoral time: a Framework Accord among CGT, Business Chambers and Government is signed that opens the door to the 1995 laws.
1995	D.290/95 (Reduction of public expenditure) L.24465 (Law of Labour Flexibilisation): training contracts shall not be considered labour contracts and could be of up to 6 months. In 1998, L.25013 stated the opposite, thus entailing labour rights and contributions. L. 24467 on Special framework for Small and Medium Enterprises (SMEs), regulated by D.146/99. L.24522 Creditors of bankrupt firms can buy the firm without any obligation toward the workers. L. 24557: obliges workers to make part of a private system of labour risk insurance, creating a secure market. L.24635: sets an obligatory phase of mediation in case of conflict for workers	On 27 February, after the Mexican crisis, reduction of salaries and massive lay-off in a 10-day period. De-regulated work time and contracts and reduced labour rights for full-time jobs. L.25013 annulled some options concerning temporary labour contracts. SMEs of less than 80 workers are not covered by any labour union convention. For small enterprises, if labour does not agree on new work conventions within the enterprise within 3 months, the existing ones cease to apply. New collective conventions should revoke the right to compensation in case of lay-off, with a one month's notice. The 13 th month's salary, which used to be paid in one instalment, can now be given in three. Work holidays in SMEs can be spaced. All bankrupt enterprises can suspend workers' recourse to their collective work convention. The art. 39 of L.24557 has been declared unconstitutional by the judicial system. (see P.A. Prado at http://www.legislaw.com.ar/legislaw).	July: the government implemented pay-cuts of 5-15% for all federal employees earning more than \$2,000 per month San Juan province cut between 20 to 30 % the salaries of all provincial workers
1996	L.24700: sets a list of benefits that shall not be considered work remuneration. New reduction of the minimum legal payment in case of lay-off. D. 770 and 771/96: Reduction of family subsidies D.773/96 D.849/96	Social benefits such as 'vales' and food boxes are independent of the remuneration and should not thus contribute to the social system	A "Second State Reform" is proposed. Between May 1994 and May 1996, 976,400 jobs had been lost. Poverty attained 18.7%. Out of 10 workers, 4 were in the so-called informal job market. Work inspectors policing working conditions amounted to 50, for 185,000 enterprises.
1997	D.137/97 (Health costs)	Health costs are not work remuneration, employers'	Protests and piqueting multiply

	D.638/97 (Health services for managers and professional associations)	contributions are considered social benefits. Sets options on the basis of L.23660 (National Health Services)	
1998	L.25013, sanctioned on 2 September, and published in the National Official Bulletin on 24 September 1998.	Nullification of various types of temporary labour contracts. Re-establishment of labour rights in many cases.	In September, 4 weeks of protests by civil society (MTA, CTA, CCC, the "62" labour unions, the Radical and the FREPASO political parties) to prevent the approval of labour laws sent by Menem's government
1999	L.25.165 modifies the system of internships by reducing working hours and years. Revoked by D. 428/00 (which is illegal, since a decree cannot revoke a law). Menem leaves office, succeeded by De la Rúa.		
2000	D. 487/2000 modifies an article of L.25165 (it should have been done by another law, and not by a decree). D.1096/2000: creates a Tripartite Commission to review OIT observations on Argentina. L. 25250 (Law of Labour Reform): art. 33 includes the word 'intimatoriamente' (i.e. without protest or delay) after 'to dispose', which did not exist in the parliamentary transcripts concerning the law. This law, suspected of being approved by resorting to corruption, leads the vice-president to resign and D.Cavallo to return to power.	L.25250 raised the period for internships to several years and 6 hours work. The university, as intermediary for the placements of interns, can retain up to 20% of the intern's retribution	Repression of workers' protest in front of the parliament on April 19. According to INDEC, the national statistics office, unemployment among the young active population reached 45% (Clarín, 28/07/00).
2001	L.25445 (Law on Convertibility of Peso) L.25453 (Law on Public Deficit) D. 761/01 (Accords for Competitiveness)	Introduced the Euro for certain cases (e.g. exports). New reductions to all salaries and benefits Tripartite accords (governments-business-labour) by sector. At the end of July, four sectors had signed an accord (wine, citrics, bananas and yerba mate).	