BOOK REVIEW

Labor Unions, Partisan Coalitions, and Market Reforms in Latin America, Maria Victoria Murillo. (New York: Cambridge University Press, 2000, 272 pp., $60.00 (hardback), $22.00 (paperback))

reviewed by Mark Anner†

In the late 1980s and 1990s, governments from Mexico to Central and South America reduced tariffs, liberalized financial markets, privatized state enterprises, and modified labor laws. These market reforms dramatically affected workers and their organizations. Yet how labor responded and whether labor was successful in influencing the reform process varied greatly. To explain these variations, Victoria Murillo looks at three countries in which reforms were implemented by labor-based parties: Venezuela under Carlos Andres Perez of the Democratic Action Party (AD), Mexico under Carlos Salinas of the Institutional Revolutionary Party (PRI), and Argentina under Carlos Menem of the Peronist party. Murillo finds that, "partisan loyalties and leadership competition shaped the unions' reactions to market reforms, whereas union competition influenced the response of the government to labor demands." When unions were united while partisan allies were divided, militancy was the best strategy for labor. When unions were united while partisan allies were united, restraint worked best.

The Venezuelan Workers' Confederation (CTV) vigorously protested the market reforms of Carlos Andres Perez's (1989-1992). Contradicting economic pluralist theories, strike activity increased during a period of high unemployment. Labor's militancy paid off and the most harmful proposed reforms were blocked. Yet labor responses and outcomes varied on a sectoral level. Rivalry among teachers' unions and partisan competition resulted in ineffective union militancy, whereas in the auto sector the lack of union and partisan competition resulted in effective restraint. The Mexican Workers'

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Confederation (CTM) did not protest Carlos Salinas's (1988-1994) market reforms, but failed to receive any important concessions in return. This was because union competition weakened the CTM while the PRI's monopoly control allowed it to ignore the unionists' demands without fear that the unionists would switch alliances. On a sectoral level, at a local Ford facility, the union tried to pursue a militant strategy, but was forced into subordination by the CTM. Yet in the telecommunications sector, unified unionists restrained their militancy and achieved concessions during the privatization process. The Argentine General Confederation of Labor (CGT), in reflection of its' party loyalty, greatly reduced its militancy against the drastic market reforms of Peronist Carlos Menem (1989-1999). The CGT's effective restraint, explained by the lack of union and partisan competition, allowed the labor confederation to defend its core interests, most notably monopoly representation and union-administered Social Security system. Yet on a sectoral level, union responses and outcomes varied. For example, the teachers' union failed to achieve its demands due to union competition.

Labor Unions, Partisan Coalitions, and Market Reforms in Latin America makes three important contributions. First, it shows the limitations of traditional economic pluralist approaches in which labor militancy and restraint are explained in terms of aggregate economic indicators, such as unemployment rates and exposure to trade. Second, while acknowledging the importance of institutions, it highlights the importance of political dynamics in explaining labor actions. And third, unlike many studies that focus only on the national level, it combines national level analysis with sectoral level analysis of five public and private sectors. Yet Murillo's argument raises several questions: First, if unity always makes unions strong, why do unions divide? Second, what is the role of capital? Third, how do union leaders establish their goals and thus measure success?

Murillo argues that when unions are unified, their chances for success are high because unlike divided unions, unified unions do not have to overcome a coordination problem. Yet this provokes the question as to why unions divided so frequently throughout Latin America in the 1990s. It seems the fragmentation of the labor market due to industrial restructuring and state decentralization combined with unions' political orientation provide part of the answer. Thus, it is not principally a coordination problem (the most proximate cause) that is resulting in union weakness, but rather industrial and state restructuring. And sometimes unity around a traditional union leadership is not always a good thing. Many unions split from old labor confederations because they did not like the way the bureaucratic (and often corrupt) leaders did things. In Brazil, the official unions did a fairly poor job in defending workers interests despite (or because of) their close relationship to the government. But when militant unionists split with the official unions in the late 1970s, they were able to organize large and successful strikes for wage increases and democratization.

In industrial sectors, such as autos, the biggest problem facing workers in the 1990s was job protection. Yet the failure of unions to protect jobs cannot just be explained by union divisions or the lack of partisan allies in the government. It has more to do with structural and technological changes in the auto industry that affected workers from Canada to South Korea. In Brazil, the national dispersion of production networks had even greater adverse consequences for labor because, unlike Argentina, labor laws are designed for unionization and negotiations at a sub-national level, not a national level. If we look at Latin America's smaller countries where export processing zones now dominate the industrial economy, a particular form of international industrial segmentation engenders low-value-added-per-worker and high capital mobility that have as much to do with union weakness as possible partisan and union competition.

Murillo often defines success by union leaders achieving what they said they wanted to achieve. But there are problems with this approach. In Argentina, we are told that the CGT was successful because it prevented labor law reforms that would end monopoly representation (a system that has guaranteed the Peronist control over the union movement). This prevented the new and progressive Argentine Workers' Center (CTA) from expanding its base. And while the maintenance of monopoly representation—and the significant income in union dues that come with it through an automatic check-off system—were clearly good for the CGT leadership, it is not so clear that it was good for the average union member. This raises questions of organizational goal formation and the mechanisms of accountability between union leaders to their base. In less democratic organizations, goals, and thus, measures of success might best reflect the interests of top labor leaders, but have less to do with the needs of base level members.

Certainly, no one book can explore all aspects of a phenomenon. Rather, these observations are intended to raise questions for further research. What Murillo rightly tells us is that it matters whether the governing party has a labor base and whether there is partisan and union competition. Students of labor and market reform would be wise to include Murillo's variables in their comparative research. Policy makers would do well to recognize that successful economic policy design depends as much on general economic soundness as on local political dynamics.