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Union Politics, Market-Oriented Reforms, and the Reshaping of Argentine Corporatism

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Introduction

In the 1980s and 1990s, Argentina joined the wave of Latin American countries initiating programs of economic stabilization and structural reform. In 1989, in the midst of a hyperinflationary crisis, Argentina's second democratic administration since the transition of 1983 took office. President Raúl Alfonsín from the Radical party was replaced by President Carlos Menem from the labor-based Peronist party. President Menem reversed previous Peronist economic policy preferences for government economic intervention, expansionary policies, and import substitution industrialization by committing his administration to economic stabilization and a structural reform of the Argentine economy. The Argentine union movement had cemented its historic allegiance with the Peronist party on those previous policies, which included protectionism and Keynesian demand management, labor-based social benefits, and state regulation of the labor market favoring the organization of labor. The withdrawal of the state from economic activities, coupled with the policy shifts of the Peronist party, constitutes a fundamental challenge for the Argentine union movement.

This chapter focuses on union strategies to respond to the reshaping of state institutions affecting union constituencies, organizational structures, and relations with the Peronist party during the first administration of President Menem (July 1989–July 1995). The diverse strategies pursued by Argentine unions to face these challenges included opposition, loyalty, and organizational autonomy—of which the latter was most innovative. The main argument of the chapter is that the strategy of organizational autonomy was a direct response to the new distribution of union power resources (industrial, political, and organizational). These resources resulted from the new political and economic conditions that accompanied the

¹ The author would like to thank Ernesto Cabrera, Jorge Domínguez, Virginie Guiraudon, Robert Kaufman, Steve Levitsky, Scott Martin, James McGuire, Ian Roxborough, and William Smith for their comments on this chapter.

process of structural reforms. Organizational autonomy as a strategic response was also shaped by organizational legacies, including legal structures for labor organization favoring their interests in industrial policy. Organizational autonomy entailed the development of new resources adapted to the new environment of market competition. This strategy brought about a reshaping of state–union relations in such a way that unions partially evolved away from their corporatist dependence on state regulations and towards the ownership and administration of production and consumptive activities. From this perspective, the Argentine case broadens the horizon of alternatives for unions facing the challenge of stabilization and structural reforms, thus recasting established understandings of relationships between labor-based parties and affiliated unions.

The chapter is divided into four sections: a theoretical justification of my approach; a description of the main reforms and their consequences for unions; an analysis of how unions reacted to the withdrawal of the state, emphasizing organizational autonomy as a main strategy; and an explanation of the conditions that induced diverse union strategies.

1. Structural Reforms and State–Union Relations

I use the case of Argentina to introduce an argument about the conditions that shape union strategies in a corporatist context of labor regulation modified by market-oriented reforms implemented by a labor-based party. I also use this case to analyze the impact of the union strategy of ‘organizational autonomy’ on state–union relations.

Charlotte Yates (1992) points out that unions’ strategic capacity to pursue a chosen strategy is influenced by immediate political-economic conditions and union resources. Following that argument and Jeannette Money’s (1992) assumption that union leaders seek to maximize membership, I focus my study on the factors that shape the strategic capacity of unions rather than on their internal decision-making processes. My emphasis on external constraints to union strategies rather than internal dynamics derives from the fact that union decision-making in Argentina is dominated by national leaders. As Yates explains, the elements that define relations between rank and file and leadership—membership access to decision-making and mobilization of internal union opposition, centralization of union resources by the leadership, and channels of communication to connect leadership with rank and file—are skewed by labor regulations in favor of national leaders’ control over rank and file and local leadership. I analyze how the change in political-economic conditions affected union resources and, thus, the capacity of unions to pursue their preferences. Moreover, I also analyze the organizational character of unions and its impact not only on union capacities, but also on the pre-eminence of industrial over universal preferences.

To understand the impact of shifting political and economic conditions on union resources and strategic capacity, I use a variation of Korpi's (1978) concept of the 'power resources' of the working class. Since the focus of my analysis is unions, I consider the distribution of 'power resources' not only in its political and industrial dimensions, but also in its organizational dimension. Organizational resources include elements such as finances, structure, and leadership patterns (Moe 1980), as well as the provision of selective incentives by the organization. Organizational resources can originate in the industrial or political arena, but they can also develop in a third arena: that of profit-seeking activities. Workers traditionally have been consumers of selective incentives developed to solve the problem of labor organizations (Olson 1971) or to provide services for their members as a complement to industrial representation. However, unions can expand their provision of services outside the segment of consumers constituted by their members, and they can also seek business profits to increase or maintain organizational resources that can be used in the provision of selective incentives or in the other arenas. I argue that the decision to use or invest in any type of resource² depends on both the immediate political and economic conditions pointed out by Yates, as well as the impact of organizational legacies and the previous experiences with each type of resource on the part of the national union movement.³

The Argentine union movement has been affiliated with the Peronist party since the origins of the party and this alliance was expressed in a corporatist framework of labor regulations that subsidized and controlled labor organization (Collier and Collier 1991). Moreover, this regulation strengthened industry-wide union organizing by guaranteeing monopolies of representation, financial autonomy, and provision of services at the industry level (as analyzed in the next section). Corporatist labor regulations endow union leaders with a degree of autonomy from labor market conditions. The use of political resources replaces that of industrial resources and results in institutions that enhance union influence (Pizzorno 1978). However, the current processes of structural reform and industrial restructuring challenge this institutionalized influence and induce unions to adopt different strategies to confront these threats.

Claus Offe (1985*b*) and Charles Sabel (1981) point out the different interests of leaders and rank and file and the ways in which participation in corporatist institutions resolves the tension between the need for workers' militancy to reach compromises with employers and the requirement of containing this same militancy in order to maintain the labor concessions that have been granted in exchange.

² Korpi (1985: 38) defines investment in power resources as 'present sacrifices through the conversion of resources in ways which can increase future benefits. At least four major forms . . . [are the] development of channels for the mobilization of power resources, creation of institutions for decision-making and conflict regulation, conversion of power resources from more costly to less costly types, and the fostering of anticipated reactions.'

³ The impact of organizational boundaries and institutional legacies on union strategies for advanced capitalist countries has been analyzed in the recent work of the new historic institutionalism (e.g. Golden and Pontusson 1992; Thelen 1993; Rothstein 1992).

Moreover, political exchanges tend to be preferred to industrial exchange when labor-based political parties are in government, because union leaders' uncertainty about the future fulfillment of compromises is reduced (Przeworski and Wallerstein 1982) and, thus, they are more prone to control labor unrest. Besides, labor-based parties are more likely to grant state guarantees that reduce the need of union leaders to resort to worker militancy. However, Collier and Collier (1977) point out that in Latin America, these state institutions can be double-edged and accompanied by formal requirements that make labor leaders more dependent on the state. In addition, if institutions are modified, union leaders with a demobilized rank and file are very exposed to the loss of these state guarantees (Offe 1985*b*). This situation of institutional transformation was experienced by the Argentine union movement during the first administration of President Menem. Before analyzing the impact of these market-oriented reforms on union resources, the next section briefly reviews Argentine labor regulation and its impact on union capacities and preferences.

NATIONAL INDUSTRIAL UNIONS AS THE LOCUS OF POWER

The organizational boundaries and the institutional legacies that delimit the authority of national leaders and the financial strength of national industrial unions in Argentina are remarkably important in defining the prevalence of industrial interest and in shaping the strategic capacities of such unions. Three main laws established the structure of the Argentine union movement: Law 23,551 on professional associations, Law 14,250 on collective bargaining, and Law 23,660 on welfare funds.⁴ These laws were re-enacted during the 1983–9 Radical administration because they had been suspended by the previous military regime.

The law on professional associations established a pyramidal organization for unions, based on the monopoly of one union per activity or industry, with high authority levels granted to the national union leadership and very reduced autonomy for local unions and shop-floor delegates, especially in the case of *uniones*. National leaders also collect union dues and welfare funds' compulsory fees by a system of automatic retention at the source by the employers (Laws 14,250 and 23,551).⁵ The law on collective bargaining required employers to negotiate per industry

⁴ Union-administered welfare funds provide mandatory health services to every worker of the industry according to Law 18,610 of 1970. Welfare funds expanded to other activities as well, such as tourism, recreation, complementary pensions, and educational and training services. State support of these activities can be traced, however, to Decree 30,655 of 1944, which promoted the provision of health and other social services for workers.

⁵ The fact that Law 14,250 excluded unions from paying taxes when developing activities that benefit their members may have enhanced the development of welfare funds. The health and social services provided by these union-administered welfare funds became selective incentives despite the requirement that welfare funds provide health to workers regardless of union membership status. In many cases, membership in unions increased the range of available health services and opened social services to workers.

with the national union that held the monopoly of representation recognized by the state, and established the right of unions to negotiate with employers the retention of extraordinary quotas, which applied to members and non-members alike because the outcome of collective bargaining includes every worker. This legal scheme provided national industrial unions with high levels of authority and the opportunity to expand the activities of their organization around welfare funds and to use their organizational resources even when the party was banned. However, it deprived the national peak labor association (General Confederation of Labor or CGT) of authority over national industrial unions and financial and organizational means. This structure resulted both in high levels of control over rank and file by leadership, and in a union movement divided across industrial lines due to the restriction of competition within every industry. This type of organization also enhanced the prevalence of industrial over general interests because the peak labor association that could have subsumed diverse industrial concerns into a more general one to respond to a more diversified constituency lacked authority to control national industrial unions.

The next section analyzes the impact of economic reforms on unions and their constituencies, as well as the different union responses to the institutional changes involved in the reform process.

2. Argentine Economic Reforms

In 1983, after seven years of authoritarian rule, Argentina re-established democracy. The new Radical administration under President Alfonsín was faced with a long-term economic crisis deepened by the shock of the debt crisis. The effects of the economic crisis on workers included increasing unemployment (especially in the industrial sector), deteriorating wages, a declining labor share of the GDP, and increasing income inequality (Marshal 1989; W. Smith 1992). Wages did not decline uniformly across all sectors. Unskilled workers, workers in the public sector, and those in the less dynamic industries suffered the largest decline in real wages and living standards (Minujin 1993; Becaria and Orsatti 1990; Marshal 1989). President Alfonsín unsuccessfully attempted to stabilize the Argentine economy starting in 1985, when he launched the Austral Plan. His stabilization efforts encountered the opposition of the Peronist CGT, which organized thirteen general strikes against his economic and wage policies. Meanwhile, the Peronist legislators opposed the few privatization projects submitted to Congress by this administration.

By the end of the Alfonsín administration in 1989, unemployment and underemployment had risen while real industrial wages had sharply declined (Indec 1993a). A Peronist administration was elected to replace the Radical government in the midst of a deep fiscal crisis and hyperinflation that sharply eroded the purchasing power of wages. President Menem's inauguration was pushed forward by

five months and he committed his government both to a stabilization program and to a structural reform of the public sector that would change the state's role in the regulation of markets. After Menem was inaugurated, Congress passed the Law of State Reform and the Law of Economic Emergency. This legislation attacked the fiscal deficit by reducing state expenditures and reforming the tax system while also introducing the privatization of public enterprises, trade liberalization, and a tax reform. At the beginning of 1991, a new Minister of the Economy, Domingo Cavallo, initiated a stabilization program that established a parity conversion between the peso and the dollar, with the legal commitment to back any monetary emission with dollar reserves in order to halt inflationary expectations. Seeking to reduce the public budget deficit, he accelerated the privatization process, cut back state expenditures, and increased tax revenues.

The consequences of these policies for workers and unions were diverse. Wage-earners benefited from reduced inflation while the impact of wage restraints varied according to activity. Real industrial wages maintained a declining trend (see Table 3.2 and Fig. 3.1) that showed the erosion of unions' industrial strength, although there was variation across sectors (Indec 1993a, 1995a). Unemployment and underemployment grew after 1991, with unemployment reaching a peak of 18.6 per cent of the economically active population in May 1995 (Table 3.1). Moreover, according to Gonda (1995), between the start of the adjustment program based on dollar parity (March 1991) and May 1995 more than 594,000 jobs were lost, about half of those by lay-offs. This reduction in employment was particularly sharp for state employees, railroad workers, city workers, and textile workers (54 per cent of job losses). In addition, according to official figures for 1993, half of those dismissed were never officially notified and 62 per cent of those did not receive severance payments, while 89.5 per cent were not paid unemployment insurance (Indec 1994). The state of the labor market affected both workers, through increasing job competition, and unions, through a decline in membership and an erosion of their industrial resources. In the public sector, privatization and adjustment processes were an important cause of job losses and the real income of public administration employees dropped.⁶ The decline in public sector wages and employment was especially painful in the poor north-western provinces, where a large proportion of the population is employed by the provincial public sector.

Unemployment and job loss caused by privatization affected unions through a reduction in membership and industrial resources. In addition, decrees that

⁶ In 1989 there were 302,600 employees in state-owned enterprises. In 1993, 103,500 of them lost their jobs or accepted early retirement (*Página 12-CASH*, 20 Mar. 1994). Moreover, 107,000 civil servants from the provincial and municipal governments were dismissed between 1989 and 1992, according to a World Bank Report (McGuire 1994). In addition, between 1989 and 1993 the national bureaucracy lost 672,754 civil servants (Indec 1994), while the wages of those in the administrative career system created in 1991 dropped by almost 15 per cent between 1992 and the end of 1994, according to the official statistics of the Ministry of Labor (Ministerio de Trabajo 1994b).

Table 3.1. Urban employment and unemployment rates during the first Menem administration (July 1989–July 1995)

Date	'Activity'	Employment	Unemployment	Underemployment
Oct. 1989	39.3	36.5	7.1	8.6
May 1990	39.1	35.7	8.6	9.3
Oct. 1990	39	36.5	6.3	8.9
June 1991	39.5	36.8	6.9	8.3
Oct. 1991	39.5	37.1	6	7.9
May 1992	39.8	37.1	6.9	8.3
Oct. 1992	40.2	37.4	7	8.1
May 1993	41.5	37.5	9.9	8.8
Oct. 1993	41	37.1	9.3	9.3
May 1994	41.1	36.7	10.7	10.2
Oct. 1994	40.8	35.8	12.2	10.4
May 1995	42.8	34.9	18.6	11.3

Source: Instituto Nacional de Estadísticas y Censos, Encuesta Permanente de Hogares, Información de Prensa, Oct. 1993 and May 1995. These rates concern the EAP (economically active population), which is composed of all the people with a job or actively searching for one. The activity rate measures the ratio of the EAP to the total population. The employment rate measures the ratio of the employed to the total population. The unemployment rate measures those that lack a job but are not seeking one. The underemployment rate measures those that work less than 35 hours a week (Indec 1993b, 1995b).

Table 3.2. Basic real wages achieved by collective bargaining for industrial and construction workers (general average, 1988 = 100)

Month	Skilled	Unskilled	Month	Skilled	Unskilled
Nov. 91	75.4	75.5	Jan. 94	73.4	73.9
Dec. 91	75	75.1	Feb. 94	73.4	74
Jan. 92	73.1	73.4	Mar. 94	73.4	73.9
Feb. 92	71.8	72	Apr. 94	73.5	74
Mar. 92	70.5	70.7	May 94	73.3	73.8
Apr. 92	70.2	70.4	June 94	73.1	73.5
May 92	70.5	70.7	July 94	72.6	73
June 92	70.4	70.5	Aug. 94	72.5	72.9
July 92	69.3	69.6	Sept. 94	72.1	72.5
Aug. 92	68.5	68.7	Oct. 94	71.9	72.3
Sept. 92	68.5	68.6	Nov. 94	73.2	73.9
Oct. 92	67.8	68	Dec. 94	73	73.7
Nov. 92	67.6	67.8	Jan. 95	72.1	72.9
Dec. 92	67.6	67.8	Feb. 95	72.1	72.9
Jan. 93	67.2	67.4	Mar. 95	72.5	73.2
Feb. 93	66.8	67.1	Apr. 95	72.2	72.9
Mar. 93	66.7	66.8	May 95	72.2	72.9
Apr. 93	66.1	66.3	June 95	72.3	73.1

Source: Ministerio de Trabajo y Seguridad Social (Indec 1993a, 1995a).

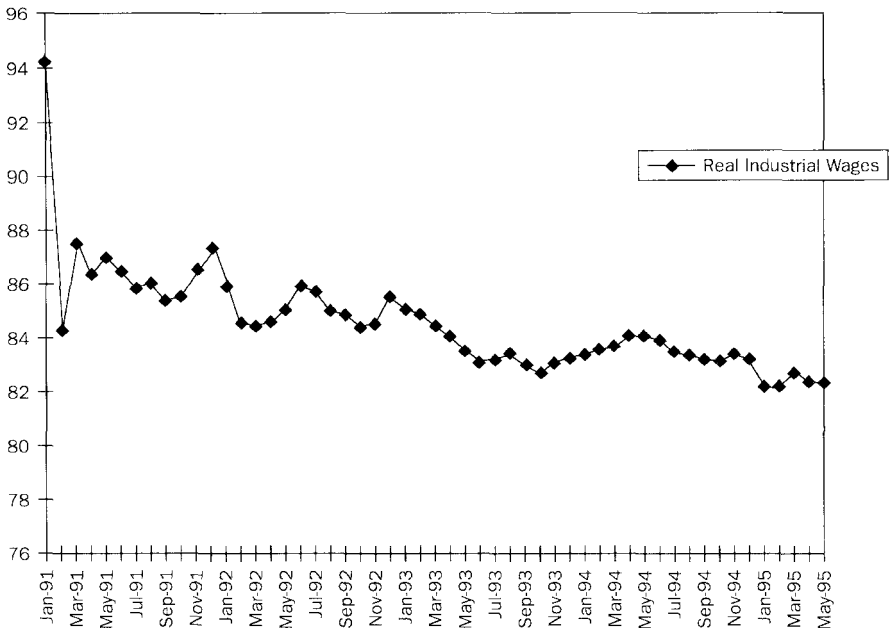


Fig 3.1. Real monthly industrial wages, 1991–1995

linked wage increases to productivity and restricted strike activity undercut union capacity to maintain workers' real incomes through collective bargaining (Table 3.2). Furthermore, the earlier economic crisis and the opening of the economy to international trade induced a segmentation of firms within activities according to levels of competitiveness. This segmentation made it difficult to sustain the traditional national strategies of national industrial unions. Since union leaders were aware that these reforms affected union resources, they tried to use their remaining resources to influence the design of the new institutions in order to safeguard organizational capacities. That is, they invested in certain kinds of resources. They focused on the reform of labor market regulations (including those affecting labor organization), the privatization of public enterprises, and the deregulation of social security and health services because these are reforms that have a strong impact on union resources and capacities. They affect the main laws regarding union organization and financial support (described above).

A SHIFTING SCENARIO FOR ARGENTINE UNIONS

The labor regulation reforms of the first Menem administration were centered on employment, collective bargaining, and union organization; they impacted the institutions that frame union action. Employment Law 24,013, passed in 1991, introduced numerical and pay flexibility through temporary hiring contracts

with reduced wages, welfare taxes, and lay-off compensation for a percentage of workers in small and medium firms. Law 24,028 on occupational accidents, also passed in 1991, reduced and limited workers' compensation for accidents in order to curtail firms' insurance costs. In 1990 and 1991, decrees were passed banning wage hikes not accompanied by productivity increases and limiting strike activity. Finally, in 1994 an agreement among the CGT, the government, and peak business associations proposed regulations on work-force and pay flexibility, professional training, and workers' right to information about the firm, as well as a mandatory system of insurance for labor injuries that permits union participation through the creation of insurance firms for work accidents (Ministerio de Trabajo 1994b; *La Nación*, 25 July 1994, p. 14; *Ambito Financiero*, 2 Aug. 1994, p. 14). Regarding collective bargaining, the deregulation Decree 2,284 of 1991 allowed collective bargaining below the industry-wide level, including firm-level bargaining. Those collective negotiations do not require administrative recognition, only registration. Although the 1993 draft Labor Code would have permitted collective bargaining at any level, the 1994 agreement among the CGT, the government, and the peak business associations specified that a commission constituted by these three parties would determine the levels of negotiation, and would expand the topics defined by collective bargaining rather than by regulation (Ministerio de Trabajo 1994a).

The main consequences of these employment and collective bargaining reforms were the increasing use of lower-level negotiations for collective bargaining (although national unions tended to represent the labor side even at lower levels of negotiation), and the increasing inclusion of productivity and flexibility clauses to reduce labor and production costs in recent collective agreements.⁷ Additionally, the impact of the new political-economic conditions on strike activity can be seen in a decrease in the number of strikes since the beginning of the administration, and especially after the second half of 1990 (McGuire forthcoming). The impact on job competition, wage restraint, and strike activity eroded the capacity for worker mobilization and, hence, union industrial resources. However, industrial resources may be open to redefinition if collective bargaining ends up allowing unions to acquire a new role in the definition of work conditions. Moreover, mandatory insurance for work accidents may enable unions to provide this privately administered service to workers, thus increasing union organizational resources (*Ambito Financiero*, 2 Aug. 1994, p. 14).

Regarding union organization, the project to reform Law 23,551, which would have decreased the obstacles to forming new union organizations and to challenging

⁷ The negotiations between employers and unions that occurred between April 1991 and July 1994 introduced many clauses concerned with productivity and flexibility. They referred to increases in production capacity and work time (6 per cent); to the reorganization of work (functional flexibility, reform of hierarchies, and negotiation over working methods) (20 per cent); to the reduction of wage costs (numerical and pay flexibility) and other costs (schedule reorganization, distribution of vacation time, technological innovations, and labor peace clauses) (27 per cent); and to work incentives (18 per cent) (Deibe *et al.* 1994).

the monopoly of representation, was modified to restrict union competition only at the confederation level. Although it would have maintained authority prerogatives for national industrial unions, union pressures deterred any reform of regulations on union organization during this period. The privatization of state-owned enterprises had two consequences for unions. On the one hand, union dues and welfare funds dropped with decreased numbers of members. On the other hand, privatization increased the opportunities to generate union resources because it introduced a system of employee ownership administered by unions,⁸ and opened the possibility for unions to purchase stocks in privatized firms in their industries.

The reform of the union-administered health system affected the law on welfare funds, one of the main pillars of organizational strength of industrial unions. Fee collection was transferred from unions to the state by Decree 1,325 of 1991, returned to the unions with state administrative surveillance in 1992,⁹ and later transferred to the tax collection agency. Decrees 9 and 576 of 1993 abolished workers' compulsory affiliation with the welfare fund of their respective union. However, due to union pressure, the competition among welfare funds was limited to those administered by unions, and mergers were allowed and encouraged. Moreover, although this system was scheduled to enter into force in April 1993, it was not implemented during this administration due to unions' procedural objections. This delay was used by unions to modernize and prepare the merger of welfare funds' services in order to be able to compete within the new institutional framework. Finally, motivated by budgetary concerns, Decree 2,609 of December 1993 reduced employers' mandated contributions to union-administered welfare funds and the intermediation of the tax collection agency. This process eroded one of the main sources of union financial resources. The reduction in employer contributions affected every union, and was designed so as to be compensated by government money if welfare funds proved well administered (*Ministerio de Trabajo 1994a*). Yet, rich and efficiently administered welfare funds fared much better than those of low-wage workers or those which were poorly administered. When competition is open, outcomes are also likely to be diverse.

Law 24,241 of 1993 opened the social security system to competition among privately administered retirement funds (AFJyP) while maintaining a state-administered system.¹⁰ Since union pressure resulted in the authorization of union participation (including permission for union employees to work as dealers of retirement funds), the reform of the social security system opened opportunities for some unions. Some established retirement funds; others began charging a fee for

⁸ The law of state reform that introduced this system did not mandate union administration of the employee-owned stocks, although this was a widespread practice. Perhaps this practice was enhanced by the fact that until shares were paid fully by employees their administration had to be unionized by law.

⁹ The director of the regulatory authority of welfare funds has been a union leader since then and until the end of the period.

¹⁰ Individuals are able to choose if they want to remain in the state-administered system, rather than being automatically moved to the privately administered system of individual capitalization.

advising their members on their choice of retirement fund with the possibility of future capitalization of cumulated fees; and still others have planned to offer life insurance to the retirement funds (*Página 12*-CASH, 3 May 1994, p. 9; 8 May 1994). However, others opposed or were unable to participate in the process.

In short, the consequences of these institutional reforms were twofold. On the one hand, they introduced work-force and pay flexibility and increased job competition and heterogeneity among union members. Hence, it became more difficult for unions to represent their constituencies. On the other hand, these reforms introduced new fields for union negotiation while maintaining union organizational schemes. Moreover, they generated opportunities for the development of union organizational resources based on activities opened by structural reforms. The next two sections focus on union responses, especially on the unions whose strategy to respond to the reduction in union membership and in the size of their monopolized market of selective incentives was to broaden the market for their services from their members to all consumers or to enter new profit-making activities.

3. Alternative Union Strategies under Menem's Administration

In contrast to the thirteen general strikes called by the CGT against President Alfonsín, the CGT organized only one strike against the first Menem administration. Strike activity decreased and was concentrated in the sectors that were sharply affected by the liberalization of international trade (textile, metallurgical, automobile), and in the public sector: teachers and public and judicial employees (protesting wage restraint), and railroad, state steel, and telephone workers (protesting privatization). The union movement developed three main strategies to face the challenges posed by this administration: opposition, loyalty, and organizational autonomy. The first produced resistance to the reforms while the other two resulted in a limited opposition that allowed negotiations between unions and the government.

OPPOSITION

At the beginning of the Menem administration, labor's peak confederation split into a supportive confederation (CGT-San Martín), an oppositional confederation (CGT-Azopardo), and a third group of independent unions. Although the oppositional CGT limited its antagonism to one large demonstration and public declarations against the economic program, some of its more militant unions (teachers, state employees, metalworkers of Villa Constitución) organized numerous strikes. This minority of militantly oppositional unions in the CGT-Azopardo abandoned the CGT after its reunification in 1992, and joined together under the CTA

(Argentine Congress of Labor).¹¹ The CTA has maintained its antagonistic stance toward the government since then and, although it was unable to modify government economic policies or stop privatization, it led provincial demonstrations of discontent against public sector adjustment.

Beginning in late 1993, strikes and sometimes violent demonstrations by public employees took place in the north-western provinces of Argentina and spread to other provinces. The CTA gained influence in the inter-union organizations that emerged in the provinces of Santiago del Estero, La Rioja, and Salta.¹² At the same time, a group of Peronist unions, composed mainly of transport unions, gathered under the banner of the MTA (Movement of Argentine Workers) and joined the CTA in militant opposition. Together the groups staged a march from the provinces to Buenos Aires on 6 July and a national strike on 2 August 1994 (*Página 12*, 7 July 1994). In addition, the CTA and the MTA recommended that their members remain in the public social security system rather than become incorporated into the privatized system (*Página 12*-CASH, 8 May 1994).

LOYALTY

A group of unions that assembled under the CGT-San Martín and joined the reunited CGT chose to support the government initiatives in exchange for political appointments and privileged relations with the executive. For example, leaders of one of the two state employees' unions (UPCN), water provision workers, telephone workers, meatpackers, textile workers, construction workers, chemical workers, pasta industry workers, lifeguards' unions, railroad workers, and state oil workers were appointed by President Menem to the regulatory authority of welfare funds, although some of these unions have developed the alternative strategy of 'organizational autonomy'. 'Loyalist' union leaders were those who employed their remaining political resources to retain part of their short-term political privileges rather than adapt the strategies of their union to the new political-economic conditions.

ORGANIZATIONAL AUTONOMY

A group of large unions, generally representing well-paid workers who used to be in the public or protected sector, have chosen to develop a new strategy. This

¹¹ The CTA was formed by one of the public employee unions (ATE), the public teachers' union (CTERA), a local branch of the metallurgic workers (UOM-Villa Constitución), and the small maritime workers and pneumatics workers' unions.

¹² The CTA also claimed that it represented other social sectors affected by the adjustment program besides workers, among them unemployed workers and pensioners. For that reason, its strategy was based on the search for social support and demonstrations, especially within the local community, to complement industrial action (author's interview with Victor DeGennaro, Secretary General of CTA, 26 June 1995).

strategy is linked to the tradition of investing in organizational resources (mostly through union-administered welfare funds that provide social services for their members in what used to be called 'multiple action unionism'). However, these union leaders have gone further than their predecessors, having opened to different degrees their services and activities (previously restricted to members) to other segments of society, in some cases through market mechanisms.

The main unions in this group remained independent during the CGT split and joined the reunified CGT after 1992. They lobbied for the implementation of institutional reform along lines that would allow them to expand their organizational resources. They attempted to compensate for the loss of political resources produced by the combination of the abolition of their quota of representation in electoral candidacies within the party and policy shifts by the party that strained its historical alliance with the unions. These organizations had a strong influence in the reunified CGT, and all the secretaries general of the reunified organization during this period belonged to unions from this group.¹³

Both 'loyalist' and 'autonomous' unions joined the CGT as it reunited in 1992 to confront the government threat to union control over welfare funds. They organized a general strike and temporarily regained the right to collect welfare fees for the unions, as well as salvaging their welfare funds from debts dating to the 1970s. In early 1994, when the government decreed the reduction of employer taxes for union-administered welfare funds, the CGT responded by threatening a second general strike for January 1994. The strike was avoided by the government's promise to compensate welfare funds with state resources and to cover the debts acquired by welfare funds during the period of hyperinflation (*La Nación*, 13 Jan. 1994, p. 1).¹⁴ In July 1994, the CGT signed an agreement with the government and the peak business associations. The CGT obtained a government commitment to introduce legislation for employee-owned stock in private enterprises; for compensating the reduction of employers' contribution with welfare funds; for a state-funded unemployment program that would grant union-administered welfare funds the provision of health services for unemployed people; and for mandatory occupational

¹³ Some of these unions previously had joined a group that negotiated with the Radical government to ease the passage of laws on professional associations, collective bargaining, and welfare funds that had been suspended by the military government and whose reform is under discussion now. Among the national unions that adopted the strategy of organizational autonomy were the unions of private hospital workers, bank clerk employees, electrical energy workers, insurance employees, automobile workers, state oil workers, retail clerks, and railroad workers. All these unions have more than 25,000 members. The metallurgic workers union (UOM) can also be included in this group, although it is comparatively underdeveloped in the implementation of organizational autonomy. In addition to participating in the restoration of labor regulation, some of these unions—electrical energy workers, oil workers, retail clerks, automobile workers, and metallurgic workers—obtained from the Alfonsín administration wage raises that exceeded the limit set by the administration in 1986 (Carpene and Jacqueline 1994).

¹⁴ Additional pressure was put on the union leaders by tax investigations into the administration of welfare funds, unions, and even the personal finances of union leaders.

accident insurance that could be provided by union-administered insurance firms (Ministerio de Trabajo 1994a).¹⁵

The CGT also obtained from the government a delay of welfare fund deregulation, the right to participate in social security privatization, and a halt to a reform of professional association and collective bargaining laws that would have challenged their monopoly of representation. Particular unions negotiated the workers' share in employee stock ownership programs derived from privatization, credits for the creation of firms employing former workers of privatized firms, and the opportunity to purchase assets in their sectors. As a result, opposition to government policies by the CGT was very limited. Unions pursuing the strategy of organizational autonomy took the greatest advantage of the negotiations over the implementation of institutional changes. At the same time, they contributed to the increasing differentiation among unions as a result of the process of structural reform.

Before analyzing the conditions that induced unions to pursue such a strategy, the next section will provide empirical evidence of the strategy of organizational autonomy and of how these unions transformed themselves under the new institutional framework negotiated with the government.

ORGANIZATIONAL AUTONOMY: BROADENING THE HORIZON OF UNION ALTERNATIVES

Argentine unions became Peronist under the influence of state institutional privileges which guaranteed labor-based benefits for workers and enhanced the organizational strength of industrial unions. Even after Perón was ousted in 1955, national industrial unions emphasized political tactics seeking institutional guarantees for their gains (e.g. Law 18,610 on welfare funds sanctioned by a military government in 1970). This was done partly to compensate for the absence of political resources stemming from the electoral proscription of the Peronist party.

During the Menem administration, union political resources that traditionally had been important when the Peronist party was in power—especially in the 1973–6 period—were eroded by the Peronist policy shift. Meanwhile, most of the industrial resources unions that had developed under a closed economy were weakened by the opening of the economy, by the new labor regulations, and by the increase in unemployment. This situation turned the most influential group of Argentine unions towards the strategy of organizational autonomy. This strategy entailed developing organizational resources so as to take advantage of market activities in an attempt to increase union autonomy from declining state guarantees. Union leaders explained this strategy in terms of the benefits accruing to the

¹⁵ At the end of the administration, none of these promises had become law, although the latter was passed by Congress before the end of 1995.

remaining union members, in the form of both collective goods and selective incentives. In this way, the mobility of selective incentives provided and financed on a market basis, rather than exclusively by union constituencies, compensated for the threat that numerical flexibility posed to union membership and welfare funds. Yet, these unions did not become completely business-driven, in the sense that their profit-making activities were related to their sectors or to the social services they traditionally provide for members. Union leaders legitimized their activities as a continuation of the multiple action unionism of early Peronism that took advantage of acquired experience.

Examples of this 'marketization' of unions include: purchasing firms in their sectors; creating retirement funds to participate in the privatization of social security; establishing firms that provide services to privatized enterprises and jobs to former employees of those companies; reorganizing welfare funds to compete for health care provision; and managing the employee-owned stock of privatized state enterprises (charging their fee from dividends) (*El Cronista Comercial*, 26 Oct. 1993, p. 6; *Página 12-CASH*, 20 Mar. 1994 and 8 May 1994). That is, they invested in new 'power resources' that are easier to move and to apply in the new institutional context created by structural reforms. I will illustrate this strategy of organizational autonomy with a brief analysis of four national unions that have adopted it: the Federation of United Unions of State Oil Workers (SUPE), the Federation of Electricity Workers (FATLyF), the Union of Railroad Workers (Unión Ferroviaria), and the Federation of Commerce Employees.

SUPE set up 215 firms that hired 7,194 laid-off workers, and was in the process of establishing another 39 firms utilizing 663 workers slated for dismissal (SUPE 1993). The national union, together with the regional union and the workers, bought part of the YPF (public oil corporation) fleet and shares of an oil equipment firm (*La Nación*, 2 Aug. 1993). SUPE was also planning to manage the workers' 10 per cent stake in YPF privatization. It also charged a fee to a private retirement fund for referring union members to it and started organizing a welfare fund for the workers of the newly created firms (*Página 12-CASH*, 8 May 1994; personal interview with Alejandro Betancourt, Secretary of Social Affairs for SUPE, 1 August 1995). Antonio Cassia, Secretary General of SUPE (and Secretary General of the unified CGT since 1994), argued that, as strikes had become ineffective, union participation in the privatization process was the only alternative left by state reforms to combat both unemployment and the decline in financial and political power of the organizations that support workers' demands (personal interview, August 1993).

FATLyF held real estate, health and tourist services, housing projects, and a complementary retirement fund. This union bought 40 per cent of the stock in nine energy generators in the Argentine north-west, 33 per cent of the stock in four energy generators in the Argentine south, and 20 per cent of the stock in the Sorrento energy generator in Rosario. It also obtained the concession of the state monopoly of coal exploitation, and participated in partnerships that bought 90

per cent of the stock in three energy generators in Santa Fé and Paraná, and the company that distributes energy in the Argentine north-east. In addition, it bought a bank, organized a retirement fund with other unions that included insurance and automobile workers, reorganized its welfare fund, administered employee-owned stock of fifteen privatized companies, and had a director in the energy transportation employers' association (personal interviews with Alejandro Mirkin, Under-Secretary of Energy, 8 August 1995, and with Néstor Calegaris, Secretary of Energy Policies for FATLyF, 1 August 1995; *Clarín*, 8 Aug. 1993, 11 May 1994, and 29 June 1994; *Ambito Financiero*, 29 June 1994; *El Cronista Comercial*, 26 Oct. 1993; *Página 12*, 7 Feb. 1993; *Página 12-CASH*, 20 Mar. 1994).

In 1993, while a leader from this union was Secretary General of the CGT, the FATLyF National Congress decided to 'find, analyze, select and implement entrepreneurial projects . . . directed toward the general market, in addition to our members, with the object of generating economic resources that will be applied to the organization's social promotion and assistance services . . . [and to] participate in the modifications of the social security system and, especially, in the welfare funds system' (FATLyF 1993). Carlos Alderete (Secretary General of the Federation) and Néstor Calegaris (Secretary of Energy Policies) argued that participation in the privatization of energy generators was a way of achieving worker participation in management, influencing national energy policies, reducing the social costs of privatization, and preventing the decline of organizational resources (personal interviews, August 1993).

Unión Ferroviaria started several initiatives, such as the administration of a number of cooperative workshops for the maintenance of trains in Santa Fé, and considered purchasing cargo and passenger train lines in the north-west. The union was also planning to administer the employee-owned stock in privatized railroads, according to its secretary of organization, Armando Matarazzo (personal interview, August 1993). In addition, the Tenth General Assembly of union delegates decided to 'form any type of commercial companies oriented toward the maintenance or defense of employment, as well as the improvement of working conditions', as well as to participate in the privatization of the General Belgrano railroad line, retaining 51 per cent of the share for the union (Unión Ferroviaria 1993), although the latter effort did not come to fruition.

The Argentine Federation of Commerce Employees—which owned a sports complex, a number of hotels, housing projects, and part of an insurance company and manages a complementary retirement fund for its members—planned to expand the services of its welfare fund, to create an insurance firm for occupational accidents co-administered with employers, to start a credit card project, and to participate in life insurance services for the newly created retirement funds (*La Nación*, 2 Aug. 1993; *El Cronista Comercial*, 26 Oct. 1993; *Página 12*, 19 July 1994; FAECyS 1994). Its Secretary General, Armando Cavalieri, claimed that entrepreneurial activities 'allow the union to have financial support that will imply an improvement of service for members' (*La Nación*, 2 Aug. 1993). He also argued that these

initiatives would produce 'unions that will be more independent from the state and the party' (personal interview, July 1992).

These union leaders have attempted to confront the impact of structural reforms, the erosion of their influence in the Peronist party, and the decline of union membership and strike activity by increasing their reliance on market mechanisms. They claimed to be protecting their organizations because these organizations provide workers with collective goods (e.g. employment) and services (e.g. retirement funds). The following section analyzes the consequences of this strategy for union members.

CONSEQUENCES AND RISKS OF ORGANIZATIONAL AUTONOMY

The consequences of this innovative strategy for wage-earners are still unclear. The collective bargaining contracts signed by these unions have followed the same trend towards flexibility of industrial relations that most recent contract negotiations have (Ministerio de Trabajo 1993*b*). A brief comparison between previous collective contracts and current ones for the same four unions that are pioneering organizational autonomy provides some illustrative evidence.

In the case of SUPE, the clauses on employment stability, educational benefits, the promotion ladder, health care, and preferential hiring for workers' relatives included in the 1975 collective contract with the public oil enterprise did not reappear in the 1993 collective contract with Naviera Sur Petrolera SA (the privatized fleet from YPF which was jointly purchased by SUPE, the State Oil Fleet Union, and employees); instead, it establishes some forms of numerical flexibility. The concessions that FATLyF had obtained in 1975—clauses on employment stability, a fixed work schedule, additional vacation and employer's contribution to the union-administered welfare fund beyond those required by law, a union-administered complementary retirement fund, and union participation in hiring and promotion processes and in the distribution of scholarships for technical studies—did not reappear in the 1992 agreements signed with Edelap SA, Edesur SA, Central Puerto SA, Central San Nicolás, and Central Pedro de Mendoza (privatized electricity distribution and generation firms). In contrast, they introduced the modernization of work organization with clauses aimed at rewarding productivity, instituting functional flexibility, numerical flexibility, increases in work time, modifications of vacation schedules, provisions for the solution of labor conflicts, as well as training and bilateral negotiations regarding work methods.

The new 1993 collective contract between Unión Ferroviaria and the private firm 'Buenos Aires al Pacífico-San Martín' suppressed wage indexing and reduced a number of occupational categories included in the 1975 agreement with the public railroad company. The 1993 collective agreement between the Federation of Commerce Employees, the Argentine Chamber of Commerce, the Business Chamber of Commercial Activities, and the Argentine Union of Commercial Entities modified the

1975 collective contract in the measurement of salaries; introduced a provision for resolving labor conflicts and a term limit for the agreement; and opened the possibility for provincial, local, and firm-level collective negotiations.

It is still too early to draw implications from this strategy of organizational survival for the welfare of union members. According to union leaders, this strategy would benefit union constituencies by preserving employment and improving or maintaining union selective incentives with the new financial development of organizations that were under financial stress. Moreover, the new union activities may lead to the creation of new arenas for discussion of work conditions, such as boards of directors or employers' associations. In addition, union management may speed the introduction of productivity concerns into labor organizations, redefining the character of industrial resources for unions that may begin to exercise greater initiative in terms of industrial restructuring. On the other hand, distortion of representation may occur; organizational well-being does not necessarily result in the immediate welfare of members, although the risk of rank-and-file discontent may act as a deterrent to excessive distortion of representation. Tensions between the interests of workers and union leaders seem more likely to arise if the organization experiences market failures that endanger work conditions and job security for the employees of union-owned firms as well as the selective incentives that unions offer to their constituencies. In addition, the productivity concerns of union administration may produce tension between union managers' interest in fulfilling the preferences of their customers in a competitive market and the interest of workers in job stability.

4. Union Strategies and the Reshaping of Corporatism: Understanding the Emergence of Organizational Autonomy

Offe (1985*b*), Streeck (1984), and Pizzorno (1978) argue that political guarantees increase union leaders' dependence on the state, and augment their autonomy from the rank and file and from the conditions of the labor market. Leaders choose to collaborate in corporatist arrangements to avoid the tension between their need to show the mobilization power of their constituencies and to restrain them in exchange for concessions, but this weakening of their 'industrial resources' becomes dangerous when the state starts to withdraw its corporatist guarantees (Offe 1985*b*). Within a shifting corporatist framework, Argentine unions used diverse strategies to respond to the challenge of the new political-economic conditions created by structural reforms. This variation can be explained by the impact that the distribution of union resources, affected by historical legacies and new political-economic conditions, had on unions' strategic capacity.

In Argentina, the new political-economic conditions and the earlier hyperinflation sharply affected industrial resources. The rapid drop in purchasing power

and job uncertainty created by hyperinflation undermined worker mobilization. During the first Menem administration, worker militancy was also affected by the growth of unemployment and the expansion of temporary contracts which increased job competition. Decrees also limited strike activity and banned wage hikes not correlated with productivity growth. Further, the government was determined to confront strikes against privatization and public wage restraint. In addition, the impact of trade opening on the economy resulted in a segmentation of industries that has made developing national industry-wide strategies more difficult. Yet, the diversification of worker preferences did not sufficiently spark the widespread development of decentralized strategies.¹⁶ These political-economic conditions explain the erosion of unions' industrial resources and the difficulties unions had in relying on the militancy of their members.

Regarding political resources, union influence on the Peronist party was reduced because of the role they played in the 1983 electoral defeat; this contributed to displacing union leaders from party hierarchies and to modifying the system that granted unions a third of all positions on the party's list of electoral candidates (McGuire 1991*b*). Moreover, the Peronist party supported the unions when they opposed the Radicals' attempts to stabilize the economy with wage restraint; but this policy alliance was broken when stabilization and structural reforms were carried out by the Peronist party. In addition, union leaders could hardly threaten the party with their withdrawal. The virtual monopoly of the Peronist identity over the labor movement undermined any serious threat from unions to transfer their loyalties to other parties because of the difficulty of constructing an alternative identity, for either members or leaders. Moreover, at the beginning of the administration, union leaders were afraid to undermine the government of their allied party and lose even their dwindling access to policy-making. For that reason, opposition came from union leaders who defected from Peronism and switched their allegiance to FREPASO (a loose center-left coalition that included many former Peronist leaders).

With regard to organizational resources, hyperinflation led to a deterioration in union finances because it affected dues and welfare contributions administered by unions, both of which were deducted from declining real wages. However, the government agreed to cover the debts acquired by welfare funds between July 1989 and April 1991 (*La Nación*, 13 Jan. 1994, p. 1). Moreover, structural reforms did not threaten the authority of national leaders, and created new incentives for the development of new union structures, such as the administration of employee-owned stock, participation in the private social security system, and the opportunity to purchase companies in their sectors. The main threat to their financial power was the opening of the health care market to private competition, which

¹⁶ The resistance to decentralization is explained by the previous experiences of national leaders with challenges to their authority which emerged from the shop floor and local organizers in the 1960s and 1970s.

abolished the monopoly of every union over the workers in its industry. However, this challenge was reduced to internal competition among unions and it was not implemented during this period. In addition, large unions had a historical legacy of prior experience with the use of organizational resources, even when no political resources were available. These resources developed mainly around union-administered or co-administered welfare funds. These welfare funds originated in the early practices of firms and unions that provided social services for their workers before the emergence of Peronism. Beginning in 1944, these practices were promoted by the state under the auspices of Decree 30,655 of 1944, which created the Commission of Social Services and special laws that guaranteed funding for certain activities. According to Bunuel (1992), after the fall of Perón in 1955 the social services of welfare funds relied on collective bargaining. Law 18,610 of 1970, sanctioned by a military regime, made welfare funds compulsory providers of health care for every activity and granted them the collection of fees. This law enhanced the development of union-provided social services since, in most cases, there was no separation between union and welfare fund administration. Hence, organizational resources—finance, structures, selective incentives, leadership patterns—largely were preserved by unions, who took the opportunities available under the new political-economic environment to protect them.

Despite these common conditions and legacies, not all Argentine unions adopted the same strategy to confront the challenge of structural reform. Different combinations of union resources and organizational legacies resulted in diverse union strategies. A strategy of opposition was chosen by some militant unions, mainly in the public sector (i.e. teachers and public employees), which formed the CTA. These union leaders radicalized their position under the pressure of militant rank and file particularly threatened by unemployment and wage restraint. These union leaders had a tradition of militancy from the Alfonsín period and have participated in the creation of FREPASO. Thus, they were more independent of the party in government and had alternative political resources. The two main unions, CTERA and ATE, also lacked the tradition of welfare fund administration because their members tended to belong to the welfare funds of provincial governments, rather than to a national one. In addition, since they represented public sector employees, they were not monopolistic in their activities and had to compete for their constituencies with other unions that leaned more towards the government and had better access to organizational resources. What they offered as an alternative was to turn to industrial resources and worker militancy.

The loyalist unions that preferred negotiation with the government chose the strategy of increasing their dependence on the state and exploiting the Peronist identification of their members in order to compensate for the weakening of their industrial resources. Since they had inherited fewer organizational resources than their counterparts pursuing the strategy of organizational autonomy, they were able to take less advantage of the new opportunities created by structural reforms. However, they started to imitate the strategy of organizational autonomy when

the CGT negotiated incentives for the marketization of union organizations that allowed their participation (e.g. participation in the privatization of social security and administration of employee-owned stock).

A combination of organizational legacies and conditions created by the reforms allowed some unions to follow the strategy of organizational autonomy. These unions had developed larger welfare funds than the others during the previous period, and for that reason they were endowed with *financial means*, *administrative structure*, and leaders with *managerial expertise* that enabled them to take advantage of the opportunities created by the reform process. These unions' welfare funds expanded because of their large membership or the better conditions that they were able to obtain by being in the protected sector or in public enterprises. These unions also had obtained better terms in their collective bargaining contracts than their counterparts during the previous period of a closed economy and had developed large organizations that provide better selective incentives to their constituents. This situation induced their leaders to preserve these large organizations, which were threatened by a decline in resources from union dues and welfare fees, since the new contracts were not as generous and employers' contributions were reduced. Their previous expertise in the privatized sector and the need to speed the process of privatization gave them a perfect opportunity to negotiate the conditions for the survival of their organizations with a Peronist government. The negotiations have been carried out by the CGT, whose leadership was dominated by this group following its reunification. A consequence of this strategy to introduce market competition among unions will be an increasing differentiation and rivalry among unions in seeking the best negotiating conditions, and an increase in industrial concerns over affairs of the union movement as a whole. This consequence is related to the industrial organization of Argentine unions and to a lack of sanctioning power and organizational development on the part of the CGT that might have enabled it to impose universalistic views over its industrial members.

Organizational autonomy substituted for the decline in industrial and political resources with an increase in their organizational resources. Instead of depending on state guarantees to augment their organizational resources as they had done before, these unions have relied on market mechanisms promoted by structural reforms. As selective incentives and business profits are complementary financial resources for any organization (Moe 1980), these union leaders chose to compensate for the decline in members' dues and welfare contributions with business profits. At the same time, their organizations purchased privatized firms with the combined objective of preserving employment (a collective good), providing selective incentives to their members, and increasing their dwindling financial resources by competing in the market.

Table 3.3 summarizes the argument concerning the impact of resource distribution on union strategies. The political conditions created by the state reforms themselves and the economic conditions provoked by the crisis together with historical legacies of organizational development explain the emergence of the

Table 3.3. The impact of resource distribution on union strategies

	Opposition	Organizational autonomy	Loyalty
Political resources	alternative political identity	Peronist identity	Peronist identity
Organizational resources			
Finances	low development	high development	low development
Structure	low development	high administrative development	low development
Leadership	militant legacy	authority and managerial expertise	authority but low managerial expertise
Industrial resources	low in public sector and heterogeneous in others	heterogeneous	heterogeneous and low in public sector

strategy of organizational autonomy. Thanks to lessons learned from the experience of a prior weakening of their political resources during the Peronist proscription (1955–73), unions started to develop an ‘institutional pragmatism’ (James 1988) that facilitated their organizational development based on state guarantees under the law of welfare funds. In addition, although the Peronist government provided them with fewer political resources than previous administrations, it was still prone to negotiate the implementation of structural reforms, if the unions limited their opposition. This situation, along with the decreasing power of worker mobilization, induced some unions to exchange the state for the market as their future source of ‘organizational resources’.

Yet, many questions remain unanswered. What are the consequences of this strategy? Will the experience of union and employee ownership induce a faster involvement of unions with productivity concerns? Will their active role in industrial restructuring balance the burden of hard times with the promise of future profit distribution after restructuring increases international competitiveness? Although consequences are still unclear, the significance of the strategy of organizational autonomy has been demonstrated by its influence on the leadership of the reunified CGT as well as by the CGT’s commitment to defend union structures and organizational resources during this period.

Concluding Remarks

Corporatist union movements in other countries face similar challenges of institutional transformation produced by structural reforms. Different distributions of union resources, affected by political-economic conditions and historical

legacies, can produce diverse union strategies to confront the transformation. In the case of Argentina, political resources were fundamental in impelling unions toward strategies of opposition or negotiation, whereas organizational resources were central in influencing whether unions could pursue a strategy of organizational autonomy.

By promoting union participation in market mechanisms, the Argentine strategy of organizational autonomy could broaden the range of union alternatives for confronting structural reforms. However, the conditions created by structural reforms implemented by a labor-based party are not sufficient for inducing unions to pursue this strategy. The emergence of organizational autonomy must be accompanied by organizational legacies that provide unions with both funds and expertise to start the process of achieving autonomy from the state. At the same time, their industrial interests must remain unexpressed by a peak organization with universal concerns based on a membership that is more heterogeneous than that of industrial or enterprise unions (perhaps by virtue of its lack of sanctioning power over members, as was the case of the CGT). Other unions with an adequate structure and organizational development may take the opportunity to negotiate the implementation of institutional reforms in order to reshape their relationship with the state by starting new enterprises under the conditions created by structural reforms. This alternative is particularly advantageous for those large and relatively homogeneous unions like industrial or enterprise unions. This is especially so if they possess adequate financial and organizational development (which, in turn, may be related to the real wages of members and the existence of institutional tools to guarantee the collection of fees), as well as managerial expertise (e.g. union-administered pension funds, health insurance, union-administered unemployment insurance).¹⁷ For these kinds of unions, the horizon of choices seems wider when they are in the position of negotiating the institutional transformation included in structural reforms, especially because labor-based parties are more prone to promote employee or union ownership to increase the acceptability of their policy shifts and to maintain their electoral coalitions. In short, in the age of less state and more market, the strategy of organizational autonomy allowed some Argentine union leaders to preserve their organizations through the marketization of corporatism.

¹⁷ The experience of some Mexican unions, like the telephone workers during the Salinas administration, resembled, to a certain degree, the strategy of organizational autonomy, since they chose to reform their organizational structure to provide new social services to their members, taking advantage of the new political-economic conditions created by structural reforms (e.g. administration of employee-owned stocks). These unions, too, were able to negotiate based on a comparative homogeneity of membership and the lack of membership in a peak organization that imposed universal concerns over industrial interests.