INTRODUCTION

The current debate on the social question at a global level needs to recognize very clearly the overarching structural divisions between the dominant imperialist countries and what we might call “dependent capitalism.” What is commonly known as “globalization” has not produced a “smooth,” more equal world, as its advocates proclaimed it would, but has, rather, accentuated the inequalities between the Global North and the Global South, thus creating very different contexts for the relationship between the development of capitalism and the social question. This chapter explores, in a broad-brush manner, the particularities of the related “labor question” in Latin America, showing the inextricable links between it and various forms of the “national question.” We start with a review of the National Developmental State era, running roughly from the 1950s to the late 1970s, followed by the so-called lost decade of the 1980s and after, coinciding with the heyday of neoliberal economic policies. We then review the debate around the Marginality Question, in which Latin American scholars made a somewhat neglected contribution to the formal/informal divide in labor relation that has more recently become known as the “precarity debate.” The way capital interacts with labor is, of course, a two-way process, and thus we turn to the rise of significant social countermovements in the 2000s known as the “left decade” in Latin America. We note major changes in the capital/wage-labor relations and a partial reversal of the ongoing process of precarization. We conclude with some final thoughts on matters arising around the nature of the labor question under dependent capitalism following our review of the Latin American case and the global issues it raises.
The social question arguably takes a specific form in those parts of the world that were once colonized and that have since been characterized by dependent capitalist development. The structural nature of uneven development has not been surpassed by the globalized capitalist development of the last quarter of a century, and, in fact, these differences have become more pronounced. In terms of the capital/wage labor relation—and what Marx called the “hidden abode of production”—a systematic form of global labor arbitrage has emerged that drives the extraction of surplus value in a “fragmented and hierarchically organized labor market” in which wage differentials create the dynamic for both labor outsourcing and labor migration. It is in this context—set by colonialism and imperialism—that labor in the South has been always-already precarious and where the social/labor question has been inseparable from the national question.

Latin America is a particularly apposite region to take as a case study, given its complex position in terms of global development. In terms of Gramsci’s famous East/West distinctions, Latin America could be said to be in a liminal position betwixt and between tradition and modernity, North and South, due to its particular history of uneven development. Latin America has always experienced mixed temporalities, leading to multiple overlapping modernities. The most up-to-date modern technologies could be introduced in rural exporting areas while, on the other hand, traditional small-scale production and various forms of coerced labor played a key role in the industrialization process. The state also played a much greater role in the development process, and the national-popular dimension of politics prevailed over “classic” class-development patterns.

THE NATIONAL DEVELOPMENTAL STATE

During the phase of outward-oriented growth under an oligarchic state (roughly 1860 to 1930) the social question, as famously put by a minister in Brazil, was a “police matter.” There was little perceived need for co-option or anything resembling a welfare state. The working class was being forged through internal but also external migration. Apart from a weak socialist current, anarchism and anarcho-syndicalism were the main ideologies at play. Unionization coincided with the main sectors of the agro-export economy—dockers, railroad workers, and miners, for example—although artisans, bakers, shoemakers, and tailors were also unionizing. While modernization required, in theory, a “free” labor force, landowners, in particular, found it too expensive and not docile enough. Thus, in many rural areas (not least in Brazil, where slavery was abolished only in 1888) relationships of personal dependency and subordination were recreated during the modernization period. Traditional patterns of labor control—including extra-economic forms of coercion—were prevalent in Mexico and the Andean countries in particular, in contrast to the more proletarianized Southern Cone (Argentina, Chile, and Uruguay).
The stock market crash of 1929 and the Great Depression of the 1930s led to a decisive shift toward industrialization based on a more inward-oriented development model. Pivotal to the import substitution industrialization (ISI) model was an interventionist or developmental state. It was the state that promoted industrialization and accelerated the social division of labor. Hand in hand with industrialization went a massive process of urbanization that made or remade the working classes. Prompted by changes in the global economy, the twin processes of industrialization and urbanization resulted in the forging of a new working class. Latin American urban growth rates in the 1950s were practically double what they were during Britain’s Industrial Revolution. Instead of overseas migration, it was internal rural-urban migration that, in this period, accounted for the bulk of new workers joining the work force. This was the first of Latin America’s “great transformations” and one that shaped both the social relations and the politics of the era.

Import substitution industrialization was always seen by its promoters as a means to an end. This was a national development project, committed to the health and education of the nation’s workers. The state expanded vastly in economic terms through the creation of new public enterprises and through nationalizations. It played a key role in financial intermediation and developed a synergistic relation with foreign capital. The expectation, as Garretón and his colleagues put it, “was that industrialization brought national wealth” and that “this wealth could be distributed indirectly to the population at large through government programmes.” This model had emerged because the old agro-export model was not viable during the recession of the 1930s, as international trade declined. While it created a new industrial bourgeoisie and working class, it did not, necessarily, confront the agrarian oligarchy. It was about creating a new model of capital accumulation that also harnessed the “old” relations of production in the rural and informal sectors to the benefit of the emerging monopoly capitalism, based on the extensive (rather than intensive) subordination of labor.

One of the key theoretical debates to emerge during the 1950–1980 period was that around “dualism” in relation to the modern and traditional sectors. Modernizers and Marxists alike agreed that the traditional sector (often associated with feudalism) was an obstacle to social progress. As with the binary logic seen in the opposition between formal and informal labor, the two sectors were seen to operate on quite distinct dynamics. In reality, as Oliveira has shown, these sectors were in a symbiotic relationship, because, as he argued, “the expansion of capitalism . . . occurred through the introduction of new relations [of production] in the archaic [sector] and through the reproduction of archaic relations in the new [sector].” This critique of dualist reason may well explain the emergence of what, in Gramscian terms, we might call a “compromise state” during this period and, among other things, the failure to extend the emerging labor legislation to the rural areas.
There is, of course, no one model of the national development state that prevailed across Latin America. However, we can legitimately take Peronism in Argentina as an ideal type, with Varguismo in Brazil and Cardenismo in Mexico also sharing many of its characteristics. Peronism developed as a coalition between a nationalist military, an incipient industrial bourgeoisie, and a well-organized labor movement. Some of the profits of the agro-export sector were diverted to build up the industrial sector. Workers achieved labor dignity, but they were also expected to deliver better labor productivity. The developmentalist state promoted capitalist expansion and ensured the stable reproduction of the labor force through better education and the beginnings of a welfare state, previously neglected by the oligarchic state. The overwhelming statistic of this period is in relation to the share of labor in the national income, which went from 40 percent in 1945 to nearly 50 percent in 1955. Peronism went through many mutations subsequently, but the classic variant is emblematic of the national development state and can help explain later phenomena, such as the rise of Chávez in Venezuela.

Peronism, in many ways, encapsulates the national-popular nature of the social question in Latin America. It is often classified as populism (although this has given rise to conceptual confusion), which, as Octavio Ianni notes, “is a form of political organization of the relations of production in a period of expansion of the forces of production and internal market.” Populism was the form in which many of the postwar nationalist regimes incorporated the working class and generated a new expansive phase of capital accumulation. The trade unions were a key element in this process and in some cases became virtual state institutions and “transmission belts” (as in the communist model) for the populist leader. Nevertheless, many trade unions acquired during this period, and then sustained, the capacity to articulate worker demands and obtain a greater share in the national income. Favorable political conditions could allow the trade unions to engage not only in successful collective bargaining but also in political bargaining and strike actions that brought labor to the center of the national stage.

By the mid-1960s the “easy” phase of import substitution industrialization had become exhausted. Part of this was due to ISI reaching technical limits in terms of what previous inputs could be substituted by locally manufactured goods. A leap into more sophisticated forms of production—both for local consumption and for export—was now called for. This would require new skills and greater levels of efficiency. There was a need for greater investment as well, something that could not be generated locally. Undoubtedly, though, it was the external environment (the debt crisis was then about to explode) that would provide the key impetus for a change of direction in Latin America, though the endogenous aspect of this transformation should not be neglected. ISI was seen as failure and the Economic Commission for Latin America (ECLA) argued that “structural heterogeneity” (dualism) had led to unbalanced growth and that the capital-intensive
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manufacturing sector and its modern technology had been able to absorb only a fraction of the growing workforce and thus led to the overexpansion of marginally productive activities. Labor “quality” and gender equity in employment had not been priorities, given the abundance of labor, and that now caused problems.

Later, more sober analysis, developed after the “lost decade” of the 1980s, led to a more positive overall balance sheet of this period. Various studies have concluded that the period 1950–1970 witnessed major transformations in the composition of the labor force as non-manual occupations in the secondary and tertiary sectors expanded and significant upward social mobility ensued. The post–World War II industrialization had generated productive employment and, most significantly, brought a working class onto the stage and created the conditions for a dynamic labor movement.

Regardless of these arguments the horizontal expansion of capitalist relations was more or less achieved but now vertical integration was required. To achieve this, the labor process and relations of production needed to be brought fully under the sway of capital. The “formal subsumption” of labor needed to be followed by the “real subsumption” of labor to ensure the continued expansion of capitalism. Marx distinguishes between the “formal” and “real” subsumption of the labor process by capital. In the first phase of capitalist development, capital draws into its domain preexisting labor processes (for example, deploying non-capitalist techniques), markets, means of production, and workers. This Marx calls “formal” subsumption, under which the labor process as such continues much as before. Capitalism, however, cannot develop on this limited basis and is compelled to continuously transform the relations of production. The prerequisite for the real capitalist subsumption is a shift to a labor process created by capital itself. Thus capital gradually transforms the social relations until they become thoroughly imbued with the requirements of capital, and the labor process is then really subsumed under capital. The “deepening” of industrialization thus required greater labor discipline, which was a major raison d’être in the rise of military or authoritarian regimes from the 1970s onward across most of Latin America.

THE MARGINALITY QUESTION

At this point, we carry out an excursus to consider what has been Latin America’s particular theoretical contribution to the study of precarity, namely the “marginality” theory of the 1960s and 1970s. It is necessary due to the growing importance of the informal sector but also as example of where Southern knowledge needs to come into play in global debates.

The origins of the term *marginality* lie in the U.S. sociology of the 1930s, at which time it referred to the psychological disorientation supposedly felt by individuals at the interface of two cultures, for example, after migration. In Latin America it was taken up by the early modernization theorists to refer to the consequences of
the postwar urbanization process referred to above. Various names were used to describe the informal settlements that arose around the big cities due to rural-urban migration—*villas misérias, barriadas, favelas, callampas, ranchos, campamentos*, and so forth—but in all cases, they were physically on the periphery of the city, and they lacked even the basics of communal services. Thus, *marginality* could refer to the social condition of these new urban dwellers, or, more often, it was the people who were deemed marginal in terms of their access to decent jobs, housing, or living standards. There is some common ground here with the much later European concept of “social exclusion.”

The most systematic Marxist study of marginality was that of José Nun as well the work of Aníbal Quijano. What Nun was essentially doing was creating a new category—a “marginal mass”—to distinguish the Latin American situation from Marx’s classic categories of “industrial reserve army” and “relative surplus labor.” As with their modernization theory counterparts, Nun and Quijano were addressing the issue of why the postwar industrialization drive had failed to absorb the rapidly increasing labor force. Marginalization theory addressed the layer of the working population not utilized by monopoly capital, which was becoming dominant from the 1960s onward. Thus we see a category of the poor not envisaged by Marx, a relative surplus population that is not functional (or may even be dysfunctional) for the monopoly sector. The reason that it is not deemed to be functional is that it has no influence on the wages of the monopoly sector, whereas the classic reserve army of labor helped depress wages.

The positions of Nun were vigorously contested by a Brazilian think tank, the Brazilian Center of Analysis and Planning, with clear positions articulated by F. H. Cardoso and F. de Oliveira, in particular. For Cardoso, the phenomenon of combined and uneven development could explain the emergence of the marginal urban population, and there was no need to go beyond Marx’s original theory of relative surplus population and reserve army of labor. Oliveira’s “critique of dualist reason” focused on the underlying dualism that Nun and Quijano shared with the modernization theorists. The activities of the so-called marginal sector were, in fact, both profitable and totally integrated into the overall pattern of capital accumulation. Small-scale commerce could facilitate the distribution of industrial goods, and the construction of informal settlements saved capital considerable costs. The dialectic of capital accumulation required the provision of labor and raw materials from the “backward” geographical areas and economic sectors.

The debate around marginality has continued sporadically, and its original protagonists came back to it at the end of the century. It was clear that the original polemic of Nun and Quijano had been addressed to the 1960s left, which saw the shantytown dwellers as a new revolutionary vanguard. The underlying and continued mission was to distinguish what was happening in Latin America from the wage-labor society as theorized by Castel, in which most workers are salaried, there is full employment, and wage workers enjoy status, dignity, and social
Latin America never shared this model, and even under ISI (and those countries where some form of welfarism was adopted) vast layers of the population fell outside of the capital/wage labor relation. The 1990s, indeed, saw a massive shift toward informal employment, which, to some degree, confirmed the original underlying message of the marginality thesis. The impact of structural heterogeneity, poverty, and social inequality in Latin America cannot be blamed on its victims (as the World Bank and the whole “poverty industry” still does) but requires objective and specific analysis, which the marginality writers at least tried to do.

Today we are clearly not just dealing with a debate that is of historical interest only. A symposium in 2004 entitled “From the Marginality of the 1960s to the ‘New Poverty’ of Today” argued that “there is now increasing evidence that although classical marginality may have lacked empirical veracity in its earliest iteration, changing economic conditions born out of the structural adjustment and austerity of the 1980s, together with the neo-liberal restructuring of the 1990s, is today creating the very conditions and cultural constructions conceived and predicted by Nun, Quijano and Lewis in the 1960s.”

Certainly rising unemployment, generalized precarity of employment, privatization, and declining opportunities even in the informal sector had accentuated the phenomenon of marginality. What is different is a much more interventionist state in terms of social policies and a much greater degree of political participation than was possible in the conditions of the 1960s.

What is most noticeable in the current literature on precarity and the precariat is that it is almost totally Global North-centric in its theoretical frames and its empirical reference points. There is a totally Global North sensibility at play here, it seems. In Guy Standing’s case, it is really just Britain in the 1950s that is the model of economic and political development that he has in mind. There is hardly a reference to any part of the world outside the North Atlantic, which is simply assumed as the center and the norm that will apply everywhere. There is little cognizance that the type of work described by the term “precarity” has always been the norm in the Global South. In fact, it is Fordism and the welfare state that is the exception to the rule, from a global perspective. “Decent work,” as the ILO calls it—even though it is a rather dubious term—has never been the norm in the postcolonial world. Rather, super-exploitation, accumulation through dispossession, and what might be called “permanent primitive accumulation” have by and large prevailed. From a Southern perspective, work has always-already been precarious, a basic fact that unsettles the notion that something new has been discovered. The genealogy of the concept of precarity and the precariat already shows its Southern origins, but this is never really acknowledged. While the precariat discourse exudes nostalgia for something that has been lost (the Keynesian/Fordist/welfare state), it does not speak to a South that never experienced welfare-state capitalism. The Southern experience of precarity is marked by the nature of the postcolonial
state and, later, by the developmental state, where this has emerged. The changing nature of work as a result of the erosion of the welfare state is but one modality of precarity, others have been in existence for a long time in the fraught relations between workers, capital, and the state.

THE LOST DECADE

Returning now to our narrative, we will recount how the national developmental period (1950–1970) was followed by the so-called lost decade of the 1980s and the advent of neoliberalism, which was to operate a second “great transformation” in relation to capital/wage labor relations. Import substitution industrialization had been waning since the mid-1960s, but by the mid-1970s it was clearly failing as a hegemonic strategy, not least because of the changes then underway in the global economy. The horizontal expansion of capitalism had been achieved; now the vertical integration of capitalism was required. The “formal” subsumption of labor had been achieved; now what was required was the “real” subsumption of labor. The deepening of industrialization required greater labor discipline, and this gave rise to a series of emblematic military coups in Brazil (1964), Argentina (1976), and, in somewhat different circumstances, Chile (1973). The internationalized sector of capitalism—now clearly dominant—had outgrown the quite basic inward-oriented growth model and was not too concerned with the potential loss of workers as national consumers, hitherto a major factor.

The new economic model was gradually realized across Latin America under the so-called Washington Consensus, with varying degrees of brutality. Under the Orwellian title “structural reforms,” these regimes implemented a coherent program of trade liberalization, labor flexibilization, and widespread privatization, designed to increase the power of capital and atomize the organized labor movement and social networks as a whole. As a systematic program of social transformation, dependent neoliberalism wielded considerable power to discipline society and the subaltern classes if they put up any resistance. The bottom line of the 1980s “reforms” was quite blunt, as expressed by Sebastian Edwards, then Latin American head at the World Bank, who stated that “in order to take full advantage of the opportunities offered by the world economy, . . . countries need a lean and dynamic labor market. Companies should be able to adjust their payrolls quickly and at low cost. This means that employment laws should be flexible and the hiring and dismissal costs should be kept as low as possible.”19 It is that subjection of labor that we now turn to.

During the 1980s, informal work and self-employment emerged as the dominant form of labor exploitation in Latin America, going up from 30 percent to 40 percent of total employment over the decade. Early definitions of informality, as used by the ILO, were not able to capture disguised forms of informality. Thus, in 2002, this definition was changed, following arguments by Portes and Hoffman,
to embrace all workers not covered by social security. Informal work, along with “flexibility” in the formal sector, became the drive of a new period of capital accumulation in Latin America that normalized what was before the exception to the rule. Organized labor was further marginalized after the político-military attack it had undergone at the hand of the military regimes in the 1970s. According to Druck and Franco, in this period precarity as the dominant labor condition “takes on a central and strategic role in the logic of capitalist domination, ceasing to be something residual or peripheral [and becoming] institutionalized in all regions of the world,” not least in Latin America, we might add.

The dominant theories of informality, even in the 1980s tended to view it as a counter-cyclical sector taking up the labor surplus shed by the formal sector during the decade’s regional crisis. In reality, we see how informality as a sector is linked closely to flexibilization in the formal workplace, which gives rise to what some authors have called a “new informality.” The informal sector does not exist as a separate sphere of refuge for those expelled from formal employment but is, rather, part of an integrated pattern of capital accumulation in dependent development. When we conceive of formal and informal elements as part of the same system, their dynamic becomes clearer. Thus we can see that the dramatic increase in subcontracting and outsourcing in the 1980s closely linked the formal and informal sectors. It is not that the formal economy is not able to absorb more workers—which the ECLA argued is the problem—but, rather, it is the dynamics of a system that creates increasing heterogeneity and informality as part of its continuous drive to maintain the subjection of workers and atomize their collective organizations.

At this point we need to clarify the definition and composition of the informal sector. Informal workers can be identified across a wide range of employment relationships, including own-account workers, subcontracted workers, casual day laborers, informal employees (of both formal and informal firms), and employer-owners of informal firms and unpaid contributing family members. These are all types of workers without social security or any form of legal protection, whether they work in industry, agriculture, or the service sector. Whereas this informal sector steadily declined in the ISI period, it grew steadily under neoliberal adjustment. To clarify what this meant on the ground, Portes and Hoffman have argued that “the informal proletariat is defined as the sum of own account [sic] workers minus professionals and technicians, domestic servants, and paid and unpaid workers in microenterprises.” In some countries, it was own-account workers who increased in numbers when structural adjustment reduced the number of regular jobs, while in other cases, it was domestic service or microenterprises that grew in importance.

The so-called lost decade of the 1980s led to a huge increase in informal work in Latin America as the economic and debt crisis deepened. In the 1980s nine out of ten new jobs were in the informal sector, and by 1990 the ILO estimated that 40
percent of the economically active population was engaged in the informal sector. Deregulation, privatization, and trade liberalization deepened the tendency toward informality. Remarkably—as it was against all the evidence—neoliberal economists still insisted that growth would resume once the earlier inflation had been conquered and that informality was but a temporary stage on the way to modernization. In practice, labor “flexibility” was a key element in the neoliberal strategy, which took informality into the heart of the productive economy through a systematic policy of outsourcing. Legal restrictions on “atypical” contracts were removed; “standard” jobs were replaced by part-time work; subcontracting and other precarious forms of employment proliferated; there were cuts to both wages and benefits such as social security contributions; and employer contributions to payroll taxes were severely cut back in the 1980s and 1990s, more or less across the region.

Given that this era was the high-water mark of neoliberalism in ideology as much as in practice, it is not surprising that a vigorous defense of informality was mounted. Hernando de Soto became globally influential when he generalized from the case of Peru to create the image of a dynamic and entrepreneurial informal sector. De Soto’s social-legal discourse focused on economic activities rather than individuals or households. He showed, with ample evidence, how the poor struggle to house and feed themselves and earn a living. This was a positive reading, showing how the poor could enhance a nation’s resources through their entrepreneurial skills. Their economic activities are only deemed illegal because of irrational government regulations on licensing and operational business laws. The solution was thus simple for De Soto: the unrelenting reduction of the role of the state through deregulation, de-bureaucratization, and privatization. That would lead to a win-win situation: better economic growth and enhanced social mobility for the poor. De Soto’s libertarian populism attracted many international followers, but in the Peru of the 1980s, it had little impact on either economic growth or social mobility for the poor. De Soto opened up an important debate but did not resolve the impasse of the ILO ideas and strategies.

During this neoliberal phase, there was a marked change in the gender composition of the informal sector. The ISI period was one that favored male employment in heavy industry and was based on the male-breadwinner model. Early studies of the urban informal sector did not disaggregate by gender and thus suffered in terms of precision and missed the impact on the changing gender division of labor. What emerged in the 1980s was a picture in which men were a majority working in the urban informal sector, but a higher proportion of women worked in the informal than in formal urban labor markets, thus shaping the majority experience of working women. Not surprisingly, in terms of comparative international experience, women in the same occupational category as men earn considerably less. This is based partly on segregation (women clustered in certain occupations) but also on direct ongoing discrimination, despite gender-equality legislation, which, anyway, does not reach into the informal sector.
The gendered dimension of the economic restructuring characteristic of the 1980s and 1990s was quite marked. Sylvia Chant points particularly to women’s disproportionate concentration in the informal sector leading to a fall in income and describes how the reduction in social services expenditure impacted women, particularly in relation to the household and childcare. So, while in theory, economic development can enhance the position of women in the gendered division of labor, that was not the case in Latin America during the neoliberal phase. Women’s participation in the workforce has increased steadily, from 18 percent in 1950 to 26 percent in 1980, and in absolute numbers, the female labor force more than tripled during that period. This trend continued in the 1990s, with women’s share of employment reaching 36 percent by the turn of the century. But, overall, women earned nearly 40 percent less than men and were disproportionately affected by economic restructuring, informalization, and the growing precarity of employment.

THE LEFT DECADE

The crumbling of the neoliberal accumulation regime was at first gradual but then quite sudden, when Argentina’s most orthodox model collapsed at the end of 2001. The illusion of the Washington Consensus as a viable development strategy had already begun to fade with so-called Tequila Crisis in Mexico in 1995. Even Sebastian Edwards of the World Bank was admitting that while the region “had gone through a notable transformation, economic results were disappointing and the region’s social situation showed little signs of improvement.” Dependent neoliberalism had been based on a mirage that convinced many (across society) that it was the royal road to modernity or, more crudely, a belief that markets + torture = modernization. Open financial systems had not led to a more stable global order, rather, it had vastly increased instability and the propensity to crisis. This issue came to a head in 2001, when Argentina, which had followed the neoliberal recipe to the letter and even tied its currency to the U.S. dollar, simply collapsed, providing the first harbinger of the 2008–2009 global financial crisis.

The collapse of neoliberalism led, in an internationally quite unprecedented way, to the emergence of left-wing, or at least progressive and post-neoliberal, governments more or less across the region from 2000 onward. The end of neoliberalism occurred not only due to its own internal contradictions but also due to the capacity of the trade-union movement (and others as well) to resist attacks (especially in the workplace) and form alliances with populist and/or socialist movements. To varying degrees—and in quite different ways in each country—the labor movement played a role in creating the conditions for the new progressive governments. The question then arises as to whether these governments were able to address the issues of poverty and inequality. Specifically, we need to consider the extent to which labor regimes were reformed and whether informality was in
any way reversed. Clearly there were many constraints, not least the continued
dependence on agro-mineral exports, sometimes referred to as the “new extrac-
tivism.” Nevertheless, this section shows that politics matter when it comes to the
social question and that the advance to precarization is not inexorable or immune
to political intervention.

Far too often, the debates on Latin American politics have downplayed the
role of the labor and other social movements in the process of democratization
and beyond. Indeed, most of the military dictatorships of the 1980s fell precisely
because the trade-union movement had kept up resistance in the workplace, along
with neighborhood associations, women’s groups, and new human rights orga-
nizations, which often had transnational links. Then, in terms of the rise of the
left-wing governments after 2000, we need to factor in the growing importance
of the labor movement in the 1990s. The progressive governments of the 2000s
all signaled a widespread societal reaction against the free market policies of neo-
loliberalism in classic Polanyian countermovement mode. They also, as Cook and
Bazler argue, point toward the need to adopt a “labor lens [to] show that some left
governments have jettisoned neoliberal ideas about unions. In the 1990s union
power was seen as an obstacle to growth redistribution and investment. . . . In the
2000s [these] governments rejected the notion of a necessary trade-off between
union strength and economic health.”33 This was a fundamental shift in the domi-
nant discourse that would have massive social and political consequences.

There was, as would be expected, considerable variety across Latin America
during the so-called left decade. For example, in Chile, while the centrist and pro-
gressive governments post-Pinochet increased social spending and expanded the
social safety net, there was no decisive shift in terms of changes in labor law in the
area of collective rights. In Uruguay, by contrast, the various left governments “had
built up the unions’ organizational resources while doing little to limit their power,
and they have done so in spite of employer opposition.”34 This led a renewed role
for collective bargaining between labor and capital, with only a limited role for the
state. Brazil stood somewhere in between, with some more restricted elements,
while the role of the trade unions in forming the governing Workers’ Party gave it
a certain degree of leverage. It is important to remember that the Workers’ Party
governments that were in office from 2003 (and longer at regional level) to 2016
were there as part of an unprecedented political project created by trade unions. In
practice, these governments sought to accommodate the interests of capital—both
domestic and foreign—while increasing social spending, raising the minimum
wage, and shifting the balance from informal to formal employment.

Taking Argentina as an example, we can see in detail how path dependence
and structural constraints regarding the social question can be altered by deci-
sive political intervention.35 We can recall that in the 1990s Argentina was consid-
ered the model neoliberal exemplar that should be emulated by the rest of Latin
America. When the economy crashed at the end of 2001, this spelled the end of
neoliberal hegemony, some years before the Northern catastrophe of 2008–2009. What emerged, after a period of great political instability, was a left-nationalist regime under the Kirchners that, to some extent, looked back at the ISI period for the inspiration. An outward-oriented growth model was moderated by a much greater orientation toward the internal market. A new labor regime began to cut down on the proportion of precarious jobs versus stable jobs. There was also a much stronger commitment to an inclusive social policy, which began to rapidly reduce the poverty and unemployment generated by the 2001–2002 economic collapse. A new decade opened up with nearly 10 percent annual growth rates, which addressed the “social debt” as a priority over the foreign debt.

The basic fact in Argentina's decisive and rapid shift away from neoliberalism toward a more inclusive social model was the proportion in the number of those registered under state security versus unregistered workers. While in 2004 the difference between the two categories was barely 200,000, by 2007 there were 2,000,000 more registered than unregistered workers: the first had gone up by 1.25 million while the latter had decreased by 0.5 million. The previous labor regime characterized by precarization had been replaced by one characterized by social protection and the legal registration of employment. Where in the past the market ruled supreme, now the state took on a strongly regulatory role. Both employed and unemployed workers' associations were active players in this process whereby society seeks to protect itself from the free market, as Polanyi had predicted. In many ways acting as a model for the ECLA's strategy of “growth with equity,” this model created a virtuous circle from employment to consumption to productive investment and back to employment. This had a tangible effect on the workplace—both formal and informal—and in the working-class household.

Conventionally an indicator of labor's ability to constrain the free operation of capital has been union density, that is, the percentage of the workforce covered by trade unions. Much is made of declining union density globally and in most of the North during the neoliberal era. While reliable data is hard to come by, there is enough household-sample-survey and other data for some countries to give us a general picture. In Argentina, male union membership in manufacturing stood at 50 percent in 2000, compared to 30 percent for women. In the public sector, unionization rates in Argentina were around 65 percent. In Brazil, union membership increased after 2000 to reach 30 percent across the formal private and public sectors, with male and female unionization rates being more or less similar. In Mexico, overall unionization fell in the 1990s, but there was a lot of variation, 75 percent coverage in education, but manufacturing dropping from 45 percent to 34 percent in 2000, and clerical workers going from 30 percent to 22 percent over the same period. Overall, union density is moderately high by international standards, albeit with significant variations across countries and time.

Across Latin America there are many examples of the left turn impacting the tendency toward informalization and precarization. To “organize the unorganized”
has always been a challenge for the trade-union movement, as these workers are less accessible, and they do not fit into standard industrial-relations bargaining structures. It is not always clear who the bargaining counterpart is when neither the state nor a capitalist employer is present. Yet the unions do recognize that they need to reach beyond the standard workplace if the working classes are to exercise their full potential power. Thus, in 1992, the powerful Central Worker's Union (CUT—Central Unica dos Trabalhadores) in Brazil sponsored the formation of the Informal Economy Workers' Syndicate (SINTEIN—Sindicato dos Trabalhadores na Economía Informal), which took up issues around micro-credit and entrepreneurship supported by the Ministry of Labor's Solidarity Economy Board. It also promoted the formation of cooperatives that would strengthen the sector in bargaining with wholesale dealers. A wide range of organizations—some more durable than others—have been formed by informal workers and street traders in Brazil and elsewhere.

In Argentina we have also seen a range of cross-sectoral labor organizations emerging, especially since the collapse of the economy in 2001. For a period of time, a retreat to a barter economy led to a flourishing of local community organizing, often led by the trade unions. The newly created layers of unemployed—often including impoverished middle-class and white-collar sectors—began to organize in a very militant way, creating the *piquetero* (picket) movement. This operated not only in the cities but also in rural areas, where there was a history of rural cooperatives. Eventually this wider working-class organizing initiative was defused by the left populist governments of the Kirchners, backed by the big trade-union leaders. Nor was it absent of contradictions, such as the mass mobilization of the Argentinian Building Workers Union (UOCRA—Unión Obrera de la Construcción de la República Argentina) in early 2002 against the presence of building workers from neighboring Bolivia and Paraguay, in a clear breach of commitments toward regional solidarity given in the past.

**Matters Arising**

There is clearly a broad research and policy agenda emerging out of our summary consideration of the labor question in Latin America today, in the past, and in the future. It needs to be integrated, I would argue, into the broader review of the social question at a global level to the mutual benefit of both problematics. At a structural level, we need to recognize the dependent nature of capitalist development in Latin America and the impact this has had on the capital/wage labor relation. In particular, the salience of the national-popular, which cannot be reduced to facile accusations of “populism,” needs to be recognized. It is also clear from the Latin American case study that we cannot reduce the scales of human activity to the global and the local domains and that we need to constantly think in terms of the national and regional. We have found that social or analytical categories
developed in Europe or North America cannot be imposed on a recalcitrant subaltern reality. Above all, agency is crucial to any consideration of the social question and politics matters, to put it bluntly.

It would seem prudent, given the conventional inflation (and dubious politics) of the term precariat, to return to the focus on travail précaire as highlighted by Robert Castel in his influential treatment of the social question. Precarious forms of work and precarious modalities of employment were on the rise as the Fordist social regime of accumulation began to lose its hegemony from 1970 onward (at least in the North). Employment norms were being eroded from within, and various forms of “nonstandard” working relations were coming to the fore. Precaarity was probably more of a descriptive than an analytical category, and it was not regarded as a particularly new or self-contained category. Castel, in particular, placed his emphasis on travail précaire, not on precarity in general, and its erosion of the centrality of the wage relationship in the making of capitalist society. In the Global South, work was always-already precarious, and the wage relation was not the core element in the making of dependent capitalist countries. We should bear in mind, finally, Castel’s statement that “There is a risk of confusing a phenomenon that has become more visible with a new phenomenon, or of believing that starting to assess how many people are affected by a problem marks the appearance of a new problem.”

In terms of the more specific current debates on the politics of labor precarity, we also have rich empirical material to consider above. In conceptual terms, we might usefully revisit the earlier Latin American debates on marginality that have somehow been airbrushed out of “global” accounts of informality. A broader issue is the problem caused by any attempt to think in terms of “standard” or normal wage relations, against which the real world is found wanting. While the discourse on labor formalization is a progressive one, there is the danger that supports a mythical non-precarious form of “decent work” that never existed in most of the world. The dichotomy between stable/protected versus precarious/vulnerable employment tends to defuse the inherently exploitative nature of capitalism. In conclusion, precarity denotes and highlights the divisive nature of capitalism and points to the need for broad economic, political, and social reforms that might reintroduce a degree of social control over capitalism and an unregulated market.

We might also consider what we mean by placing the social question at the “global level.” This is not simply a question of scaling up a traditional European concern, insofar as the standard employment relationship—as deployed by the ILO and others—has never prevailed globally and only made its mark for a short period of time and in a limited sphere of the world. For the so-called majority world, capitalism was imposed from the outside, and its development remained dependent on the rhythms of development in the advanced industrial countries. The social question was deemed a “police matter” for a whole historical period, and the notion of welfarism or co-option of labor were absent concepts. In the last
fifty years, however, labor has come to the fore in the majority world with massive industrialization producing a Marxist working class in the classic sense. In that sense, we do now have a “global social question,” where the workers of the world are subject to similar regimes of accumulation and have common interests as they did at the time of the First International.

In Latin America, one of the main matters arising is the future role of social policy in regards to the labor question. Historically, if we go back to the national-popular state period, we find around two-thirds of the working population covered by national insurance, bearing in mind that the early Latin American welfare state was based on Bismark’s nineteenth-century European model. The neoliberal period changed all that, as did the rise of informality from the 1970s onward, so that only a minority of the working population was covered by national insurance. What we saw in the post-neoliberal period was the rise of the conditional cash transfers model that became the main support for nearly a quarter of the poor, providing a conditional safety net while still supporting the free market model. Latin America has always had a truncated welfare state, and the prevalence of informal work beyond labor institutions is becoming a pressing problem. While formal workers have minimal coverage, the growing informal sector does not, and conditional cash transfers are a palliative, at most. What we now see emerging is a gradual recognition that this welfare apartheid is not sustainable, and various extensions of welfare are being trialed. Whereas in the national state era workers’ needs in relation to housing, health, and transport were recognized, since the neoliberal revolution, that was not the case, while at the same time, informality/marginality became the norm. The formalization of labor relations and the extension of social protection (and, of course, poverty reduction) are now key issues on the agenda. Poor workers need better jobs, but they also need unemployment, health, disability, retirement, and other forms of insurance. That is a political battle in a region where tax avoidance is rampant, and one the organizations of labor need to play a leading role in.

NOTES

33. Ibid., 24.
39. Ibid., 519.