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Collective Bargaining Systems in 6 Latin American Countries: Degrees of Autonomy and Decentralization.

Argentina, Brazil, Chile, Mexico, Peru, and Uruguay

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Summary of findings

The transition to a market driven development strategy in Latin America for over more than a decade has redefined business strategies and reshaped the state=s traditional role of guarantor of employment stability and protection. These changes, plus the move to create more flexible labor markets in some countries, have lead to the elimination or reduction of legislated employment protections and benefits, creating space for a Anew unionism@ in which unions may enlarge their role in collective bargaining. As a result, unions are redirecting their traditional strategy of extracting benefits for their members through political ties to the state to one that realigns union members= benefits to the productive unit. But for effective and representative unions, steps may be necessary to remove the restrictions on collective autonomy (whether it be in collective organization, bargaining or conflict resolution) that have weakened unions= participation in bargaining, especially at the firm level, and have restricted pluralism in workers= representation. Decentralizing collective bargaining may increase labor market flexibility by more closely linking contract provisions to the conditions of the firm. Similarly, increasing collective autonomy may increase flexibility if it facilitates direct negotiations and helps the parties to internalize the costs and benefits of their negotiations.

With the exception of Uruguay and, to a limited degree, Chile, the bargaining systems of the six countries studied are permeated by state intervention. In Argentina, Brazil and Mexico states have coopted unions in a tightly centralized, corporatist system. In the first two countries, this is achieved structurally through consolidated unions at an intermediate level. In Mexico this is achieved through coordination. In contrast, states have intervened in Chile and Peru to decentralize the bargaining system. In these countries, firm-based unions and firm level bargaining are predominant. The main form of state intervention in the countries studied is the recognition of unions. In Argentina=s and Brazil=s unique systems, the state grants unions a monopoly over representation for categories of workers. In Mexico, the representative power of *opposition unions*, unions that are outside the official labor movement, is systematically abridged. In Peru, recent reforms were adopted to curtail state abuse of union registration. In Chile, union organization is regulated in detail but unions maintain considerable freedom of association.

This paper characterizes the collective bargaining systems in six Latin American countries focusing on their effects on labor market flexibility.[1] The institutional arrangements are analyzed along two dimensions -- the degree of centralization (v. decentralization) and the degree of state intervention (v. collective autonomy) -- at three levels: collective association, collective bargaining, and conflict resolution. Table A compares the collective bargaining systems of the countries studied. Table B sets forth a list of questions that guided the analysis. Table C provides detailed analysis of the collective bargaining systems. The information summarized in this paper was collected from a review of labor laws, literature and observations by experts in the field.[2] The paper also describes the overall setting within which the collective bargaining systems operate. The paper briefly summarizes arguments on the effects of institutional arrangements on labor market flexibility and economic performance but does not seek to draw conclusions on this relationship.

Section 1: The new setting for collective bargaining in Latin America[3]

[1]The countries selected (Argentina, Brazil, Chile, Mexico, Peru, and Uruguay) together represent over 70% of the region=s labor force. They offer different industrial relations models, though common characteristics can be drawn.

[2]Emphasis is given to the legal and regulatory framework of the regimes and may not always reflect common practice in the countries.

[3]Much of this discussion is taken from Zapata (1995).

Over more than a decade, the collective bargaining systems in Latin America have been exposed to increasing pressures and challenges. During this time, the countries of the region have reoriented their development strategy from state-led industrialization to market oriented growth, and adopted stabilization and/or economic restructuring reforms, including varying degrees of commercial and financial liberalization. These reforms have changed the rules of the game within which businesses, the state and labor interplay. First, opening markets has exposed previously protected firms to new standards of competitiveness. The scale of production has changed from large, vertically-integrated oligopolies protected by tariffs, to smaller nuclear production units.[4] Exploiting advances in technology and innovation and increasing efficiency drive competitiveness strategies (Godio, 1995).

In the transition to market economies, states are redefining their role as economic agents, shifting responsibility for allocating productive resources, including labor, to the market. Across the region, states have privatized state-owned industries, downsized government structures, and shed government employment. Redefining the state=s role has called into question the Latin American tradition of state guaranteed employment protections and conditions. Within this context the labor market *flexibility* debate has raged. *Flexibilization* generally means making work arrangements more

[4]For example, in Latin America the proportion of non-agricultural employment in the formal sector provided by large businesses fell from 44.1% in 1980 to 30.8% in 1992, and increased in small businesses from 14.6% to 22.5% (Tokman, 1994).

flexible to enable firms to adapt to changing economic conditions.[5] There has not been a uniform embrace of flexibilization of the labor market in the region. While some countries have adopted explicit moves in that direction, others have rejected this approach and have reinforced mandated protections.[6]

[5] This flexibility to adapt can be achieved through different approaches, including, *inter alia*, labor cost flexibility (adjustment of wage and non-wage costs), employment flexibility (adjusting the size of the workforce or the nature of employment, part time, temporary), work time flexibility (adjusting the hours of the workweek), and functional flexibility (multi-tasking, increasing the mobility of workers within the firm). Lagos (1994) argues that an Aunderground flexibility@ in Latin America has transpired in which the dynamics of the labor market have overwhelmed the labor market institutions. Because of the region=s Ainstitutional lag,@ a dynamic flexibilization has been channeled through a growing informal sector, energetic growth in small enterprises, and downward flexibility in real wages.

[6] Argentina (1976, 1991), Chile (1973, 1987, 1990), Colombia (1990), Cuba (1982, 1990, 1992), Ecuador (1991), Panama (1986, 1990), Peru (1986, 1987, 1991), and Venezuela (1990) have adopted reforms to Aflexibilize@ their labor markets while Mexico (1980), the Dominican Republic (1992), El Salvador (1994), Brazil (1988, 1989), Guatemala (1985, 1992), Costa Rica (1993), Paraguay (1992, 1993), and Uruguay (1992) have rejected Aflexibilization.@ This breakdown is taken directly from Cordova (1996). For a more detailed discussion of those reforms see Bronstein (1997).

In this new political and economic setting in Latin America, unions= traditional strategy of establishing ties to the state and political parties to obtain legislated protections and redistributive policies is challenged.[7] Members= welfare is progressively seen as emanating from the enterprise and increases in productivity. As a result, collective bargaining as a means to establish formerly mandated employment conditions and protections has gained significance. However, in most of the region, trade union membership is low, as is coverage of collective agreements. Table D provides a summary of industrial relations indicators. Unions face other challenges, including a changing economic landscape, with a transition from large firms to small firms, the ascension of new key industries, the redesign of production strategies, and the decentralization of production (whether through the production process via outsourcing or maquila industries, or geographically through the development of outlying areas, the expansion of MNCs, etc.). They must also accommodate a changing labor market, characterized by a growing informal economy, the feminization of the labor force, and high levels of unemployment (Zapata, 1995).

Section 2: Conceptual issues

The *flexibility* debate has predominately centered on the impact mandated employment protections and conditions may have on employment creation and economic performance. Increasingly, the structure of collective bargaining and the role of unions are entering the discussion. The nature and design of collective bargaining systems impact firms= (and at an aggregated level, the economy=s) ability to reallocate resources and adopt productive strategies to fit changing economic conditions. This paper examines the collective bargaining systems along two dimensions that

[7] Cortázar et. al. contrast the Aconfrontational@ labor movement and Anon-encompassing elite@ in Latin America to the Anon-confrontational@ and Aelite encompassing@ experience of East Asia. They argue that Latin America=s poor labor dynamism is partially explained by the rent-seeking behavior of politicized unions which negotiated wage increases over and above the marginal product of labor for a wage-earning cadre. They were able to extract these gains from protected firms operating within an inward-looking development strategy biased against agriculture and exports adopted by the non-encompassing elites. This resulted in higher urban wages in formal sectors, less labor intensive production processes, a highly segmented labor market with poor intersectoral allocation of labor and urban-rural disparities which encouraged migration, exacerbating urban unemployment. In contrast, the East Asian Aelite encompassing@ development strategy in cooperation with (or suppression of) a Anon-confrontational@ labor movement was labor-demanding and resulted in wage increases and growth in employment (Cortázar, Lustig, and Sabot, 1998).

affect labor market flexibility: the degree of centralization of the systems and the extent of collective autonomy.

Decentralization versus Centralization

A decentralized system in which collective bargaining occurs at the firm or within a more fragmented system is expected to increase flexibility.[8] Increasing contractual flexibility can increase productivity by better connecting collective contract provisions to firm conditions and collapsing the distance between situation-specific, firm-based knowledge and production decisions. Plus, liberalizing contracting decisions from blunt industry-, sector-, and economy-wide bargaining rules (as well as from government regulated employment stipulations) may redirect firms= and workers= attention from redistributive possibilities under these constraints to income generation (Guasch, 1999 citing Heckman, 1997).[9] Pencavel (1997) argues that decentralized bargaining tempers the union=s ability to effect monopoly wage increases, keeping wages more in line with productivity of the workers in a competitive market. He also argues that it mitigates the resource inefficiencies that often result from the pressure-group activity of higher-level unions (such as populist income policies) and maximizes the beneficial role that unions play as participatory organizations for the workers. In decentralized structures unions facilitate worker input to firm decision-making and can thereby increase efficiency and productivity (though he also notes it can decrease productivity by resisting new technology or protecting unproductive workers). Decentralized systems can provide greater pluralism of representation and make it more difficult for states to coopt labor movements, assuming that firm-based unions are strong (Pencavel, 1997).

[8] Numhauser-Henning (1993). Also, Kjell G. Salvanes found in an econometric study that centralized wage bargaining reduced labor market flexibility by reducing the degree of job turnover, though *a priori* the effect of centralized wage bargaining is unclear (Salvanes, 1997).

[9] See also Cox Edwards (1997).

Decentralized bargaining systems may better internalize the consequences of the wages/employment trade-off. But extreme decentralization could produce wage drift if there is a total absence of coordination. Calmors and Driffill (1988) argued that the relationship between the centralization of the wage bargaining system and economic performance was U-shaped. On the decentralized end, in competitive markets the firm-based unions would immediately experience the employment effect of a wage increase. On the centralized end, the externalities of a wage increase would be internalized by the union. The industry-wide union structure of bargaining would produce worse wage-employment effects because there would be little competition (i.e. among industries) to check the wage increase, and the increases would be passed on to consumers. In that structure, enough workers would be outside of the industry so as to fail to internalize the costs to all workers of the wage increase.

Recently the OECD *1997 Employment Outlook* extended the influential analysis of Calmfors and Driffill on the structure of bargaining and economic performance to cover the years 1986-1996, and examined statistically the correlations between measures of centralization and coordination of bargaining and indicators of economic performance. The OECD 1997 report found little systematic evidence of a continued U-shaped relationship over the past decade between the country classification of bargaining systems and economic performance. However, it found a fairly robust relationship between cross country differences in earnings inequality and bargaining structures. More centralized systems have significantly less earning inequality compared to more decentralized ones. It also found some tendency for more centralized bargaining systems to have lower unemployment and higher employment rates. (See Table E for a summary of findings on economic performance and the structure of collective bargaining provided in the 1997 study.)

Nickell (1997) finds that high unionization and centralized bargaining are associated with higher unemployment. Siebert (1997) and Heckman (1997) show the adverse impact on employment creation of centralized bargaining and high coverage rates, among other labor policies. OECD (1996) finds that over a 15 year period, net private job creation dropped by 1 percent in countries with centralized collective bargaining while it increased in decentralized systems by 30 percent. Cox-Edwards (1996) shows through a simulation model that unemployment would drop by 4 percentage

points if Argentina were to decentralize its collective bargaining.[10]

There is increasing attention by policy-makers to the merits of decentralized bargaining. The OECD *1994 Jobs Study* recommended that to increase wage and labor cost flexibility, the industrialized countries Arefocus sectoral collective bargaining to framework agreements which leave enterprises free to respond flexibly to market trends, provided they adhere to overall standards; phase out the practice of administrative extension of agreements which impose inflexible conditions; and introduce ›opening clauses: which allow higher level collective agreements to be renegotiated at a lower level.@ Nonetheless, evidence of the relationship between indicators of economic performance and collective bargaining is mixed, and there is no clearly preferred industrial relations structure.

[10] Guasch (1999).

Many factors determine the degree of centralization of a collective bargaining system, including: the type of unions in which workers organize (firm-based, industry-wide, national unions) the level at which bargaining occurs (firm-based, multi-firm, industry-wide, national agreements), the degree of coordination between different bargaining units,[11] the use of extension mechanisms (through which workers or employers who are not members of the bargaining parties are covered by an agreement), and systems of consolidated representation (where, despite the existence of many unions, one union has a monopoly of representation). Tri-partite bargaining is also a mechanism by which bargaining is extended to large sectors of the economy and can play an important role in advancing economic and labor reforms. (See Table B for some analytic questions regarding the structure of collective bargaining systems.)

Autonomy versus State Intervention

Increasing autonomy in collective bargaining systems can increase flexibility if it expands the subject and process by which employers and workers directly negotiate and helps the parties to internalize the costs and benefits of their negotiations. Nonetheless, states have frequently curtailed collective autonomy in the name of flexibility (for example, by restricting bargaining or derogating collective agreements).

State intervention can take many forms and can serve different purposes, both promoting and restricting collective bargaining. It can promote syndical activity by protecting union leaders and members, by mandating leave for union activities, by establishing employers= duty to bargain, and guaranteeing workers= rights to information in bargaining. However, states can also intervene to control union formation, bargaining, and conflict resolution. Intervention at any point distorts the autonomy throughout the industrial relations system. Who bargains, what provisions can be negotiated, and what happens when bargaining strikes a dead end are all important in determining the

[11]Co-ordination refers to Athe extent to which the different bargaining levels are integrated so as to prevent them from mutually blocking their respective purposes.@ It is achieved through pattern (follow-the-leader) bargaining (OECD, 1994b, 171).

consequences of a given bargaining structure. When bargaining fails, strikes and conflict resolution procedures are generally triggered. In both bargaining and conflict resolution, the potential for direct negotiations and the extent to which the contracting parties internalize the consequences of their actions are critical. Systems are distinguished by whether conciliation and/or arbitration is voluntary or mandatory, and whether rules connect real wage offers with strikes and strikers replacement or whether strikes are subject to statutory but arbitrary state intervention (See Table B).

Section 3: Characterizing the sample

Collective bargaining systems in Latin America differ greatly. Although most are characterized by pervasive state intervention, the forms and degrees of intervention vary, as do their objectives. In some countries, the state has intervened to centralize regimes through a tight corporatist framework, such as in Argentina, Brazil, and Mexico. Uruguay is also centralized but is unique for its Aunregulated@ system since the repeal of the restrictive syndical legislation in that country in 1985. Mexico is also special case because it is categorized as centralized even though firm-level unions predominate. In that country, centralization in bargaining is achieved through coordination, a disciplined syndical hierarchy, and the state=s coopting of the official labor movement. In contrast, state intervention in Chile and Peru has encouraged decentralized systems. Chile=s system is highly regulated in process but is considered only Aquasi-interventionist@ because it allows considerable autonomy of the parties in direct negotiations. Peru=s Aautonomized@ union movement is attributed to high state intervention as well as the prevalence of small firms.

One theory explaining the tendency of state intervention in Latin America is the weakness of the decentralized systems.[12] Most of the collective bargaining systems in the region are firm-based. For effective decentralized bargaining, firm-level unions must be strong. This is not the case in Latin America. In most countries, unions depend on the state for protection, for bringing parties to the bargaining table, for legitimizing agreements, etc. This dependence has led to a vicious cycle in which states both protect and control unions. As opposed to promoting syndical activity, states in

[12]Other theories include *legalismo*, the cultural acceptance that rights are only conferred by laws, and the historically predominant role of the state in Latin America economies and its obsession to repress or coopt union power (Uriarte, 1993a).

the region have frequently coopted labor movements through populist policies and by mandating benefits and protections, while simultaneously restricting union activity by controlling their formation or actively intervening in bargaining and conflict resolution (Uriarte, 1993b).

A main point of entry for state intervention is the definition of what types of unions can organize, and in some cases, requiring state authorization for a union to form. To coopt unions in a corporatist system, Argentina, Brazil, and Mexico restrict pluralism of representation. As discussed below, in Brazil, only one union *(sindicato*) may exist in a given occupational category, and it has a monopoly on representation of the corresponding workers. In Argentina, more than one union may exist, but only the union with union status (*personería gremial*) can represent workers, call a strike, etc. This status is awarded by the state. The same can be said for Mexico. While more than one union can exist, only those union leaders who are certified can engage in collective bargaining or call a strike. Certification requires that unions be registered by the state. The registration of unions and the use of separation and exclusion clauses are the main tools used to preserve Mexico=s corporatist structure.

The registration of unions also has been a main control over union life in Peru. However, in this case the state has intervened to maintain a highly decentralized system with weak unions. Registration of unions, federations, and confederations with the Labor Ministry were required for these organizations to acquire legal status. The decision to register was often arbitrary and subject to political manipulation. This problem was addressed in a 1992 law which states that unions cannot be denied registration if they meet the legal requirements for organization (Villavicencio, 1993).

The cases of Argentina, Mexico and Peru demonstrate that pluralism in association does not necessarily lead to pluralistic representation. This is not the case of Brazil, in which only one union, which has sole representative power, is allowed in a given category. In Chile, more than one union may exist in an enterprise and more than one union may represent workers in collective bargaining. In fact, Chilean law discourages any form of closed shop or Amost representative@ privileges (Romaguera, Echevarría, and González, 1995). Uruguay is notable for the absence of state intervention in defining its union life. However, the pluralism of representation is affected by the Amost representative@

criteria, which are of the few legal provisions affecting collective labor relations. However, they are not applied systematically.

The return from authoritarian to democratic regimes in many of the countries has greatly expanded the protection of the freedom of association, collective bargaining, and strike as it has improved the protections for other human, civil, and political rights. Table F lists the ILO conventions protecting collective activity ratified in the region. Up until the last decade, claims before the ILO Committee on Freedom of Association of the suspension or dissolution of unions in Latin America and in more extreme cases, the intimidation, incarceration, torture or death of union leaders were not uncommon. Not only were such acts of intimidation allowed by the state, in some cases they were perpetrated by it. While such brutal forms of persecution are now uncommon, there continue to be claims of more subtle forms of anti-union activity, the most frequent of which is the firing of firm-based union organizers or the denial of registration of the unions by the ministers of labor. It is argued that these more subtle forms of anti-union behavior are encouraged by inadequate legal frameworks to prohibit them (Bronstein, 1993).

Section 4: Country profiles

The following country profiles illustrate that, although some generalizations can be drawn from the countries studied, the institutional design of their collective bargaining systems varies dramatically. Table A summarizes the main characteristics of these systems, focusing on the dimensions of centralization and state intervention. Table C provides a more detailed analysis of each countries' institutions, corresponding with some of the analytic questions posed in Table B.

Argentina's collective bargaining system is characterized by extensive protection and promotion of union

activity, permeated at every juncture by state intervention. The model is based on Atrade union uniqueness,@ in which the state grants few unions *personería gremial*, a special union status that confers a monopoly in representing workers in collective bargaining and strike. Firm-based unions are not granted union status if a higher-level union is organized. The resulting system is highly centralized, with unions and collective agreements largely coalescing by activity or profession. Agreements meeting specified criteria can be sanctioned (homologated) by the Labor Ministry, making them applicable to all workers, be they affiliated or not, in the defined territory. This tool is used by the government to stipulate conditions in the agreements, such as including references to use of technology or productivity, and involves a review of agreements for their impact on the economy and on consumers. The 1994 Constitution also grants the Executive the power to rescind collective agreements for economic emergency. The resolution of collective conflicts is also highly regulated, including mandatory conciliation prior to any direct action. By law, a system of voluntary and mandatory arbitration has been established, thought the Ministry of Labor can intervene at every juncture in the process.

Brazil=s collective labor system is considered a Amonopoly in transition.@ It is characterized by a history of strong statism and centralization, with recent moves towards decentralization, private arbitration, and reduction of state intervention. The 1988 Constitution prohibits state intervention in the organization or administration of unions, emphasizes the role of collective bargaining in resolving questions of working conditions, adjustment of wages, etc., and provides for voluntary arbitration prior to the judicial process. Despite these reforms, the principle characteristics of the pre-Constitution collective relations systems remain in tact: monopoly representation by a single union *(sindicato)* by category or profession, agreements extended to all workers in a given ambit (affiliated or not), and mandatory contributions. The regulation of internal management of the unions was maintained. Active state intervention was replaced by judicial enforcement of interventionist laws, thus preserving the corporatist model. The tri-partite Labor Courts were also maintained, and mandatory arbitration (the *dissidio*) predominates despite efforts to increase private conciliation. The Courts played a tremendous role in determining labor conditions and benefits, though that influence has lessened with the increase in union strength and the prominence of collective bargaining. At each level (Boards of Conciliation and Judgement, Regional Labour Courts, and Superior Labour Court, in level of hierarchy) workers= and employers= representatives are designated to sit on Boards with labor judges. Since the 1980s, wage determination in

Brazil has shifted from state regulation to more liberalized collective bargaining. Unions have strengthened their position at the regional and industrial levels, slowly increasing their role in wage determination of different groups of workers, making wage determination less synchronized.[13] Both unions= and employers= organizations are promoting a trend toward decentralization of the collective bargaining process. While the system does not appear to provide for direct negotiations at any juncture, there is a trend toward negotiations at the firm level.

Chile=s collective labor relations system is pluralistic and decentralized. The collective bargaining and conflict resolution process is regulated in detail in terms of time limits, alternative approaches, etc., but grants considerable autonomy in direct negotiations to the parties to help resolve their conflicts. The law favors union pluralism, discouraging the recognition of special faculties and privileges to Amost representative organizations.@ It allows several unions to exist for a given firm (with some requirements on number of members) and allows more than one union or groups of workers to engage in collective bargaining. Although Chile requires the registration of unions, unions do not need prior authorization to establish themselves. Until 1991, only firm level negotiation was allowed. Thereafter, multi-firm bargaining was established with the prior consent of the parties. Nevertheless, the Constitution continues to protect only firm-level negotiations. The Constitution tends to prefer protection of negative freedom of association: it provides that membership is voluntary and that no worker may be forced to affiliate, to dis-affiliate or be prevented from disaffiliation. It also prohibits groups from striking more clearly than it establishes that right. Some argue that the degree of decentralization of Chile=s system is excessive, that it weakens unions, and limits the coverage of collective agreements.[14] Recent reforms may be seen as a response to this concern.

Mexico is noted for its strong corporatist system permeated by extra-legal state intervention within an already legally interventionist system. The main point of entry for state intervention is the registration of unions. Most unions

[13]Carneiro and Henley (1998) find that the consolidation of intermediate-level unions in Brazil has fueled the growth of the informal sector. Their evidence accords with Calmfors'and Driffill's (1988) argument that intermediate levels of bargaining, with low synchronization of bargaining and powerful sectoral bargainers, are prone to excessive wage increase and poor trade off between real wages and unemployment (or, in Brazil=s case, informal employment).

[14]See Barerra (1995).

are members of the *Confederación de Trabajadores de México* (CTM), the labor sector of the ruling party *Partido Revolucionario Institucional* (PRI), or are members of other federations and confederations which, along with the CTM, form part of the *Congreso del Trabajo*. Although the CTM and PRI are not integrated, they share a symbiotic relationship. Unions within the corporatist structure channel and shape labor movement impulses to support the state=s political and economic policies.[15] In 1997, eight of 47 union federations broke away from the CTM to form an alternative organization to represent labor at the national level, the *Union Nacional De Trabajadores* (UNT). The formation of the UNT gives cohesion and political clout to the independent labor movement. Comprised of unions with diverse political orientation, it attracts members discontent with the CTM and represents a threat to its longstanding supremacy.

Mexico=s corporatist structure is preserved by the state=s notorious denial of the registration of Aopposition@ unions, which prevents their representatives from participating in collective bargaining or strikes. It is also strengthened by the unitary system of representation (in which the union with the majority of members in a firm represent all workers) and the use of separation and exclusion clauses. These clauses allow only members of the signatory union to be hired by a firm. Workers who disaffiliate must be fired. Collective autonomy is also circumvented by the practice of Acontracts of protection,@ in which employers sign agreements that provide minimum benefits to satisfy the Aduty to contract@ and avoid entering into substantive negotiations. The state intervenes in collective bargaining and conflict resolution through the tri-partite conciliation and arbitration boards, which are subordinate to and politically dependent on the Executive. In addition to supporting the resolution of economic conflicts, these councils resolve disputes regarding

[15]Bensusán argues that the subordination of corporatist unions to the state and to employers is reflected in the fact that the structural adjustment reforms were disproportionately borne by workers despite highly protective labor legislation. This Acorporatist flexibility@ is also seen in the social pacts which, though instrumental in advancing Mexico=s economic reforms, are criticized for signing away workers= wage increases. She argues that Mexico=s social peace will be jeopardized if labor market reform to Aflexibilize@ employment conditions are not accompanied by reforms to remove the current restrictions on union freedom, as well as judicial reform to prevent continued state intervention in union activity (Bensusán, 1993).

registration of unions and their right to negotiate exclusively. Another common form of state intervention is declaring a strike Anon-existent@ and, in more extreme cases, declaring the striking entity in bankruptcy, causing the termination of individual and collective contracts.

Peru=s collective bargaining system is noted for its firm-based structure (97.42% are firm-based unions, compared to 2.4% industry wide) and acute state intervention. Bargaining is decentralized. Parties are free to choose the level of bargaining, but the large majority of agreements are signed at the firm-level. If parties disagree on the level, agreements are negotiated at the firm. The system was reformed in 1992, increasing direct negotiation and conflict resolution by relaxing the collective negotiation process, introducing voluntary arbitration as an alternative to state administrative decision, and eliminating state approval of agreements. Prior to the reform, the collective bargaining process was very rigid and trial-like, designed for resolution by administrative decision. Nonetheless, the state can still intervene in the bargaining process and can mandate conciliation and arbitration if strikes threaten firms= or sectors= economic viability. The 1992 reform also increased collective autonomy by protecting unions= right to registration. As in Mexico, the registration of unions has been a main control over union life in Peru. Prior to the 1992 Collective Labor Relations Law, there were no safeguards to the associative rights of unions. For unions, federations, and confederations to acquire legal personality, they had to register with the Labor Ministry and the decision to register was often arbitrary and subject to political manipulation. The 1992 law defends those rights by stating that unions cannot be denied registration if they meet the legal requirements. The 1992 reform also increased union pluralism by allowing more than one union to exist in a firm. However, the most representative union continues to have a monopoly over representation.

Uruguay=s collective labor relations are characterized by an absence of any institutional framework -- they are, by and large, Aunregulated.@ The system, however, is centralized. Industry-wide unions and organizations evolved within a framework of *Consejos de Salarios* established to facilitate tripartite negotiations on minimum wage in the private sector. As a result of this unified union/organizational structure, collective agreements are usually negotiated at the industry/sectoral level. In 1985, the new democratic government repealed the trade union and collective bargaining legislation enacted by the military. With the decision not to adopt new legislation on collective relations, Uruguay

returned to the Aunregulated@ labor relations system that had existed prior to 1973 and continues today. The *Consejos de Salarios* were reconvened, with some modification. The original *Consejos de Salarios* were composed of elected members, while the new councils were composed of members appointed by the representative organizations. The earlier council=s decisions were considered arbitration awards, while the reconvened councils recommended wage increases, subject to government approval and adoption. Thus, the new councils served as a point of entry for considerable state intervention. Beginning in 1990, the *Consejos de Salarios* were no longer convened, returning to a policy of non-intervention except for in a few sectors. Direct negotiation between firms and unions is a widespread practice.[16]

Section 5: Trends and convergence

Despite the variance in collective bargaining systems across the region, some experts see a pattern of convergence between decentralized and centralized systems and autonomous and interventionist regimes (Goldin, 1993a). For example, in Argentina, a country noted for its highly centralized system, a 1991 decree allowed parties to modify the level of negotiations. It was later decided that if parties could not agree on the level of negotiations, the Labor Minister should favor the more decentralized level. In contrast, Chile, a highly decentralized regime, reformed its system to allow multi-enterprise bargaining for the first time since 1973. It also legalized the existence of workers= centrals. The move towards multi-employer bargaining was taken to try to increase the low coverage rates of collective agreements.[17]

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[16] In their analysis of the effects of reunionization in Uruguay, Allen, Cassoni and Labadie (1996) find that, with the return to collective bargaining in Uruguay, wages increased in all industries, and even more so in unionized industries. Employment and hours worked increased in nonunion industries, thought they did not change in union industries. Wages became more compressed and less responsive to macroeconomic conditions.

[17] In 1993, 9.7% of employed workers and 15.5% of salaried employees were covered in a collective contract or agreement. 36.1% of workers in small businesses of at least 50 workers, and 1.3% of smaller businesses were covered by collective agreements.

There is also movement toward collective autonomy, creating some convergence along that dimension. However, it is less apparent since all countries except Uruguay and, to some extent, Chile have interventionist systems. Much progress in this regard has been made in the public sector. Few countries by law deny public employees the right to organize. In Argentina, collective bargaining by public employees was allowed and regulated in 1992. In 1994, Chile=s civil servants gained the right to establish associations. Collective autonomy has also advanced in other arenas. In Brazil, the 1988 Constitution prohibited state intervention in union approval or administration. It also provided for private voluntary arbitration as an alternative to the *dissidio* and upheld collective bargaining as the only mechanism to worsen employment conditions. Peru also expanded its collective autonomy by encouraging private voluntary conciliation and making more flexible the conciliation process. In Argentina, new contract forms provided by the 1991 National Employment Act could only be adopted through collective bargaining.

Despite these initiatives for reform, the collective bargaining systems are slow to change. In Chile, the Constitution only protects firm-level bargaining and the process for multi-enterprise bargaining is considered too restrictive. State intervention prevails, even in those countries that have sought to increase autonomy. For example, in Brazil, much of the intervention formerly conducted by the state is maintained through the Labor Court's enforcement of interventionist laws. And intervention in negotiations continues. In 1994, the Brazilian Minister of Labor refused wage increases negotiated in the Sao Paulo auto industry because they infringed upon the objectives of the economic adjustment program recently launched. And recently in Argentina, the government repealed freely negotiated clauses in collective agreements in public enterprises to facilitate their privatization (Bronstein, 1995).

One of the more notable trends in the region is the increased impetus for social consultation and tri-partite bargaining. With the growth of democracy in the face of structural reforms, states have engaged in social consultation in an effort to maintain their presence in labor relations and encourage social cohesion and acceptance of reform. It played an important role in the return to democracy in Chile and Uruguay. *Pactos Sociales,* establishing guidelines for wage increases, were critical to controlling inflation and restructuring Mexico=s economy. However, these pacts are

criticized for being state-imposed rather that resulting from a truly consultative process (Bronstein, 1995). In 1995, in response to the economic crisis, the Mexican government negotiated with business and labor, a series of price and wage pacts to help stabilize the economy. More recently it negotiated the 1996 New Labor Culture agreement which provided a series of guidelines to raise salaries in line with increases in productivity (Oxford Analytica, 1998). See Table G for a summary of recent examples of social consultation.

Section 6: Implications and reflections

The economic and political reforms adopted over more than a decade have changed the rules of the game in which business, the state, and labor operate. Just as businesses and states are redefining their roles, so must unions define a *modus operandi* to operate effectively in their changing environment. However, they are not starting from a clean slate. Collective labor relations in Latin America are characterized by pervasive state intervention with the notable exception of Uruguay. Historically, states have repressed collective bargaining while emphasizing legislated individual employment protections and guarantees. In some countries such as Argentina, Brazil, and Mexico, union activity was encouraged but only in as much as it reinforced the corporatist system. Union dependence on state intervention has opened the door to intervention at all stages of the collective labor relations (in varying degrees by country): in the organization of unions, in the negotiation process, and in the resolution of conflicts.

Active labor intervention by states combined with weak unions resulted in a union strategy, which, in general, has been a political one. Unions have tried to gain access to the state in order to achieve better employment conditions and protection (and sometimes redistributive income policies) for its members. Despite low union density in the region, unions have been immensely important in the labor movement in Latin America, mainly through policy making. The tradeoff of this strategy was declining union influence in the sphere of collective bargaining and representation. This asymmetrical voice in bargaining and access to state intervention may explain why the region has one of the highest strike records in the world (See Table D).

Recent political and economic reforms have made the role of unions increasingly important. Nonetheless, they remain weak. Membership and the coverage of collective agreements are low. To a large degree, the blanket provision of benefits through labor laws, constitutions, and, in some cases, extension of agreements, have taken away incentives for members to organize in unions. This disincentive for workers to organize has been compounded when coopted unions focus on political patronage as opposed to their constituencies= welfare. Union membership is further strained by a growing informal economy and an increasingly segmented labor market. The region=s low collective agreement coverage rates reflects that the collective bargaining systems are, on the whole, very fragmented and decentralized. In some countries, states have made matters worse by suppressing and curtailing collective bargaining to expedite privatization and increase competitiveness in the face of globalized markets.

The withdrawal of the state from active labor market policies may create space for a Anew unionism@ in which unions have the freedom and incentive to actively organize their members and represent their interests in collective bargaining. Citing Alejandra Cox Edwards, Athe acceptance of market discipline in industrial relations requires the development of a new type of unionism, that is independent of state controls, is sustained by the voluntary support of individual workers, and can offer gains from collective bargaining in a competitive environment.@ Integrating collective bargaining with a market-driven system via voluntary negotiation by firms and workers may require a number of reforms. Reforms she cites include: allowing firm-level bargaining, expanding the scope of negotiable items, making union representation contestable, extending the freedom to organize unions, and reforming labor laws to internalize the costs of labor disputes, confining them to the parties involved (Cox Edwards, 1997, 128).

Reforms to protect freedom of association and union activity and to strengthen collective autonomy may be necessary to energize this new unionism, and may be necessary corollaries to Aflexibilizing@ the labor systems. This includes establishing employers= duty to bargain, protecting workers= rights to information in bargaining, and promoting collect bargaining activity. Protecting the right to collective action may also require a dismantling of tightly corporatist systems to increase pluralism of representation. Providing true pluralism of representation can help depoliticize labor movements. Accomplishing substantive labor reform, whether it be of individual employment protections or collective

labor laws, requires engaging unions and workers in dialogue. Continued efforts at social consultation not only can facilitiate social cohesion through democratic consensus-building but it can also increase the momentum for reform by inviting workers and their representatives to be stakeholders in the new development strategy (ILO, 1997).

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Table A: Comparing Collective Bargaining Systems in 6 Latin American Countries

	General Characteristics	State Intervention	Centralization/Decentralization
Argentina	High, centralized state intervention. Recent efforts to decentralize.	State confers union status *(personería gremial* - PG) determining who bargains; labor ministry present throughout process. All agreements must be registered with administrative authority. Homologation powerful tool by state to stipulate bargaining; considers impact of agreement on economy and consumers. 1994 Constitution recognizes Executive=s power to rescind collective agreement or parts thereof for economic emergency. State determines legality of strikes and presides in mandatory conciliation of disputes and can impose mandatory arbitration.	Legislation centralizes system; firm-level unions can only receive PG if no sector level union. Monopoly representation by unions w/PG who represent affiliated and non-affiliated workers. 7% of unions represent 75% of workers. Most bargaining at higher level; 70% of collective agreements by activity or branch. Recent reform to decentralize would allow parties to modify level of negotiations and if disagreement labor ministry settles dispute, defaulting to lower level.
Brazil	Centralized, high state intervention, mitigated by 1988 Constitution. Still considered corporatist though now through judicial intervention. Monopoly in transition: movements towards collective autonomy and efforts to decentralize by unions and employers.	1988 Constitution protects union autonomy; state no longer able to confer union status or intervene in union administration. However, intervention still exists but enforced through Labor Courts. Bargaining process not regulated though product is. State continues to invoke old Labor Code declaring invalid any clause of a collective agreement which directly or indirectly goes against government economic policy. Labor ministry can initiate mandatory arbitration through *dissidio* process in cases of essential services. *Dissidio* process triggers mandatory conciliation and arbitration by tri-partite courts.	1988 Constitution maintained corporatist structure. Only one union with *sindicato* status can represent a profession by industry in geographic territory. Law doesn=t allow for firm-based unions. *Sindicatos* can bargain at firm level or sector level; oftentimes pursued a bi-level strategy to avoid the salary limits imposed by government policy. Trend toward decentralization. 1988 Constitution provides that workers in firms of more than 200 employees have right to 1 elected representative to promote direct negotiations with employer.
Chile	Decentralized, mixed state intervention; recuperation of collective autonomy w/ return to democratization, but still intervention in conflict resolution.	Unions don=t need state approval to form, but process is regulated, as is internal administration. Unions report yearly to state. Bargaining process highly regulated but allows autonomy in negotiations. Also Aunregulated bargaining@ process but doesn=t carry strike option. Agreements can=t limit employer=s Aability to organize, control, and administer the firm.@ Parties can opt for voluntary mediation or arbitration at any time during bargaining. State can impose mandatory arbitration to end Aabusive strike." Strike process regulated in detail.	Most unions at firm-level. Constitution only protects firm-level bargaining. More than 1 union can exist per firm and sign own collective agreement. 1991 reform allows multi-employer bargaining (unless enterprise subsidized more than 50%by state) to improve coverage rates, but process considered too restrictive. Also established right to organize national trade union organization, *centrales*. Social consultation important in transition to democracy.
Mexico	Degree of centralization achieved through corporatist structure and union discipline; high state intervention	Main intervention through state registration of unions and in strikes. Independent or opposition unions outside the corporatist structure frequently not registered and strikes suppressed. Exclusion and separation clauses maintain system. Bargaining autonomy circumvented by unions who satisfy duty to sign by signing minimum agreements (Acontracts of protection@). State intervenes in conflict resolution through conciliation and arbitration boards and by declaring strikes non-existent. Negotiation process not highly regulated, but integrated with conflict resolution (usually occurs in conciliation) in which there is high state intervention.	Different types of unions allowed, though most firm-level. Union with majority represents all workers in firm. Highly disciplined syndical movements achieve coordination in bargaining. Industry-wide law contracts must be approved by labor ministry, but few signed. Tri-partite bargaining and *pactos sociales* play integral role in the adjustment process and recovery from economic crisis.
Peru	Decentralized, high state intervention. System reformed in 1992 to increase direct negotiation and decrease state intervention.	Main intervention through registration of unions and conflict resolution. 1992 reform establishes that unions can only be denied registration for non-compliance of legal requirements. Improved room for direct negotiations. Post 1992 reform, agreements don=t need approval of state. But, 1991 decree prohibits collective agreement from granting wage indexation in state enterprises replacing existing clauses with mechanisms that take into account productivity. State can still intervene to review demands and economic records. Conflict resolution procedures reformed to increase direct negotiations. Before bargaining system was rigid, procedural and trial like, designed for resolution by administrative decision. If no agreement after 8 days mandatory conciliation. Now, conciliation process more flexible. 1992 strike regulated in detail. State can mandate conciliation, and arbitration if strike lasts too long and threatens firm or sector.	Decentralized. Firm-based unions dominate (97.42% at firm level, only 2.4% industry wide). 1992 reform allowed more than 1 union per firm; most representative union has monopoly on representation. Workers can represent selves if no union organized. Parties choose level of agreement; if no consensus, defaults at firm level. Almost all agreements signed at firm-level.
Uruguay	Centralized, low state intervention	Since 1985 repeal of syndical legislation, collective bargaining system Aunregulated.@ No law defines or requires registration of unions, or governs collective bargaining or conflict resolution. Mutual good faith that agreements will be abided underlies	Some firm-based unions, but most industry wide because evolved within old framework of tri-partite Wage Councils. Most bargaining sector-wide. If more than one union exists and don=t agree to negotiate jointly, Amost representative union@

		system. During conflicts, unions mainly self-regulating via provisions in their charters or collective agreements.	bargains. Social consultation important in transition to democracy.

Source: Author=s analysis.

Table B. Questions to consider when analyzing collective bargaining systems

I. Collective Association

State Intervention versus Collective Autonomy

- *Are the types of unions in which workers can organize defined by law?*
- *Are there minimum requirements to form unions, including objectives, number of members, contents of by-laws, etc.?*
- *Must a state authorize the existence of a union, its registration?*
- *Can a union be dissolved by administrative act?*
- *Are there protections or promotions of union activity?*
- *Are membership and dues voluntary?*

Centralization versus Decentralization

- *Is union organization restricted to a particular level (ex. by firm or activity)?*
- *Can more than one union exist in a given level?*
- *Can more than one union represent workers in a given level?*

II. Collective Bargaining and the Collective Contract

State Intervention versus Collective Autonomy

- *Do employers have a duty to negotiate or contract?*
- *How is representation in the bargaining process determined?*
- *Are protections afforded to the negotiating parties?*
- *Is the bargaining process regulated or autonomous, rigid or fluid?*
- *Is the content of the negotiations restricted?*
- *Can agreements reduce benefits by mutual agreement? Do benefits expire with the collective agreement?*
- *Is state approval of the contract necessary for its validity? Can states derogate collective agreements?*
- *Can workers represent themselves?*
- *Do workers have a right to company information in bargaining?*

Centralization versus Decentralization

- *How is the level of negotiations determined?*
- *Are multiple levels of negotiation allowed and how are they articulated?*
- *Can more than one union or group of workers bargain?*
- *Is coverage of the agreement limited or general?*
- *What kind of extension mechanisms exist and how are they triggered?*
- *Is bargaining coordinated through social consultation?*

III. Collective Conflicts and their Resolution

State Intervention versus Collective Autonomy

- *Who can call a strike: unions? workers?*
- *Is the strike process regulated?*
- *Are there conditions for a legal strike?*

- *Is there a maximum duration?*
- *Can workers in the public services strike?*
- *How are the strike process and conflict resolution procedures integrated?*
- *Is conciliation mandatory? Arbitration?*
- *How much opportunity is there for direct negotiation?*

Table C: Dissecting the Collective Bargaining Systems

Country	In what types of unions can workers organize?	Is union affiliation voluntary? Dues?	Is there protection/promotion of collective activity?
Argentina	3 types: firm, economic activity, and occupation. Federations and confederations exist.	Membership voluntary but restricted by monopoly on representation. Contrib not mandated by law, but collective agreements can make them mandatory for members and non-members.	1994 Constitution guarantees elected and representative union leaders freedoms to carry out their union duties and employment stability. 1988 law expanded protections.
Brazil	Workers organize by defined occupational categories . Law doesn=t provide for firm-based unions, but *sindicatos* often have representation at the firm level. Federations, confederations and centrals allowed.	Membership voluntary, protected by Constitution. However, restricted b/c only 1 union represents all workers (affiliated or not) so non-affiliated can=t find representation in other union. Contributions mandatory (union tax) for all employed workers, members or not.	Law protects union leaders; once registered as board of director candidates, workers cannot be fired, and if elected cannot be fired until one year following term.
Chile	4 types: enterprise unions, inter-enterprise unions, unions for the self-employed, and unions for temporary workers. Also, federations, confederations, and since 1991 workers centrals allowed.	Membership voluntary, protected by Constitution. Dues are mandatory (if absolute majority of members approve) employer must deduct. 1991 law requires employers who extend union collective agreement to non-members to assess 75% union dues.	1991 reform strengthened promotion and protection measures and extended protection to all workers involved in collective bargaining 10 days prior to the presentation of the draft collective contract until the contract is signed or the parties are notified of an arbitration award.
Mexico	6 types: occupation, firm-based, multi-firm, industry, and trade unions, university workers= unions. Also federations and confederations.	Freedom of association protected by Constitution, but limited by lack of pluralism in system and contradicted by allowing exclusion clauses and separation clauses in collective agreements that make employers hire only union members and fire members who disaffiliate. Requirement of Aactive service@ excludes temporary and self-employed workers. Dues determined by unions.	Exclusion and separation clauses in collective agreements undermine collective freedom. Union leaders protected by same provisions for workers fired with unjust cause.
Peru	4 types of unions: firm-based; by activity (of 2+ businesses); by profession (2+businesses); and mixed unions comprised of diff professions, businesses, or activities in a geogr territory that don=t meet min requirements to form other union. Since 1992, direct affil avail in supra-firm unions. Unions can be local, regional or national. Also federations (2 unions+) & confederations (2 federations+) exist.	1994 Constitution guarantees union freedom, not as explicitly as 1979 Constitution which est workers= right to unionize w/o prior authorization, and guaranteed neg. assoc. freedom. Law states that affiliation is free and voluntary, and members are free to disaffiliate at any time (providing employer 5 days notice). Unions determine quotas in their statutes, employer must deduct contribution at petition of union w/ written authorization of workers.	1979 Constitution provided union leaders greater protection; 1993 Constitution guarantees union freedom more generically, and does not articulate protections. 1992 law dramatically reduced protections which cover only union leaders not members, only protects against acts of dismissal and transfer, and only protects against abuse by employers and not the state.
Uruguay	No law defines or recognizes union types. Most unions are by economic branch or industry level, mainly because the system evolved within the framework of the old tri-partite *Consejos de Salarios*. However, firm-based unions also exist.	Voluntary membership and collection of dues (though some unions have managed to turn dues into payroll deductions). Constitutional protection of freedom of association, but not negative freedom -- though this right not disputed.	Protection of collective association considered insufficient. Main legal provisions are in Constitution and not in labor law. Constitution assigns ratified international conventions priority over national laws. Thus ratified ILO Conventions 87 and 98 and ILO charter regulate the trade union freedom guaranteed by the constitution. Doctrine and professional practices are also very important in defining labor relations.

Country	Is the negotiation process regulated?	Is there a duty to bargain? a right to information?	How is the level of negotiation determined?
Argentina	Yes, but not until 1988. Law defines active role for the state. Labor Minister initiates bargaining on request. Parties must form negotiating committee w/in 15 days. Parties can directly negotiate or under coordination of labor ministry delegate.	Yes, parties have 15 days to form negotiating committee. Also parties have duty to bargain Ain good faith@.	Parties choose level of negotiations, since legis. favors unions by activity most bargaining occurs at this level. If dispute over level, state resolves by admin decision, favoring lower level.
Brazil	No, process not regulated though instrument is. Negotiations mandatory once a year. Workers approve final product.	Duty to negotiate, but only Agood faith@ requirement is that parties show up. Parties determine date. If party refuses to bargain, can file *dissidio*.	Level of negotiation is parties= choice. *Sindicatos* can bargain at the firm level or category level. Unions often pursue a bi-level strategy in which they negotiate floor adjustments at national level and improve upon at firm level. Unions have attempted to negotiate more at firm level to avoid salary limits imposed by government policy.
Chile	2 forms of negotiation: regulated yielding collective contract and unregulated yielding collective agreement (no strike option). Formal negotiations are regulated in detail (including formation of bargaining committees, intervals for submitting drafts and replies, etc.) however, there is considerable autonomy in the negotiations. Informal negotiations are conducted by mutual agreement of parties.	Employers have a qualified duty to negotiate at firm level only. They also have a duty to share necessary information with the unions to fulfill their bargaining duties.	1973-1991 collective bargaining restricted to enterprise level. 1991 system reformed to allow multi-enterprise bargaining w/prior agreement by parties, but considered too restrictive and no duty to bargain at this level. Mainly reformed because low coverage of collective agreements (1993 only 10% workers covered).
Mexico	Negotiation process of collective contract not regulated, though agreements must be revised at least every 2 years. Bargaining usually occurs in conciliation proceedings after workers exercise right to strike. Although it is customary for workers to call a strike in anticipation of revising a contract it is not required. Because bargaining and conflict resolution procedures are integrated (and state intervenes in conflict resolution) state intervention permeates the bargaining process. Negotiation of industry-wide Law Contracts is highly regulated and state intervention is clearly defined.	Employers have duty to *contract:* if an employer employs unionized workers and they request a collective agreement, the employer must bargain and sign an agreement. Some employers get around this by signing with a puppet union Acontracts of protection@ which satisfy procedural requirements but offer no more than minimum standards set by law. Only way union can challenge this is to establish that it represents majority of workers and should have negotiated the agreement.	Firm level negotiations are common. Collective agreements: 1+ unions and 1+ employers; law contracts: compulsory and cover all unions and employers in given category and territory -- not very common. Firm level internal regulations and direct negotiations common through mixed boards.
Peru	Regulated, but reformed in 1992 to be less so. Pre-1992, process was similar to trial and integrated with conflict resolution processes over which labor ministry presided. Post reform: unions present employer with proposal (or labor authority if activity level). Negotiations must occur w/10 days of presentation and carried out according to parties. Committee must be formed with equal representation. Conflict can stand unresolved or parties can opt for arbitration or strike.	Duty to negotiate; parties must meet within 10 days. Workers= have a right to information about the economic and financial and social conditions of the firm.	Parties select level of negotiations by mutual agreement, if no consensus, defaults at firm level. If agreement already exists, then substitute or complementary agreement can only be negotiated at other level if mutual agreement to do so, can=t be done by admin or arbitral decision. Internal labor regulations govern the internal operations of firm and are mandatory for firms w/100 or more workers. These must be approved by labor authority.
Uruguay	No. There is no general duty to bargain, no collective bargaining procedures, no regulations on level of agreements, their substance or duration. An underlying and mutual faith that agreements will be abided by underlies the system. System of tripartite negotiations (*Consejos*) were resurrected after 1985 return to democracy, but ceased in 1990 to encourage bilateral negotiations.	No duty to bargain.	Collective agreements can be signed at firm, multi-firm, or industry level depending on the level of the bargaining union. However, an outgrowth of the Consejos, most bilateral negotiations occur at sectoral/industry level through the Amost representative union@, federation, or group of unions. Bargaining at the firm level often supplements general agreements to fit peculiarities of firm, ie. job stability, new technology.

Country	Is the content of negotiations restricted?	Do contract terms expire with contract?	Can negotiations worsen contract terms or legal minimums?
Argentina	Prior to 1991 not restricted though topics were suggested; subsequently, required that agreements include incorp of new technology, training systems, classification systems, link productivity and wages, information and consultative mechanisms, etc. Later held that agreements would only be homologated if took into account criteria of productivity, investment, new technology, and professional development.	Provisions continue beyond the life of agreement if new contract not entered into (*ultraactividad).* Hence, unions often reluctant to negotiate. 1990 decree revoked carry over provisions making it possible to negotiate new agreements for privatized state owned enterprises. 1995 law provides that collective agreement provisions specific to small businesses no longer have force 3 months after expiration unless negotiated otherwise. As of 1997, 85% of agreements had lapsed but clauses remained in effect due to *ultraactividad.*	A collective agreement can worsen benefits provided in a previous agreement.
Brazil	Maximum duration 2 years. Much of content is already established by law since Constitution and labor codes noted for setting minimum standards for most conditions (workdays, holidays, vacations, wages).	It is in debate whether provisions not replaced by another agreement continue to have force *(ultraactividad).*	1988 Constitution provides that salaries and workday can only be reduced through collective negotiation and not through labor courts. Only through mutual agreement can parties reduce or revoke benefits they have established in prior contracts.
Chile	Can include any issue relating to compensation or other benefits and working conditions, but can=t limit employer=s ability to organize, control and administer the firm, or restrict the production, planning or management of the enterprise. Contract has to be 2 years minimum.	Collective contracts must proclaim that other benefits and conditions included in previous contracts are null and void.	Agreements cannot violate existing statutory norms or labor contracts. 1995 proposal that firms with more than 100 workers could negotiate with union the suspension of work relations, reduction of workday or modification of working arrangement for economic or technological reasons.
Mexico	Law requires that collective agreements include names, addresses of the employers, the businesses and establishments it covers, its duration, the work day schedule, leave, vacation, salaries, training of personnel. Only critical element in reality is salaries. Can also include formation of mixed boards, and separation and exclusion clauses.	Collective agreements terminated by mutual consent, at expiration of job, or going out of business of establishment. If no petition to revise, agreement extended for period equal to original term. Law Contracts end by mutual consent or failure to agree to revise. Appears that provisions of coll agreements continue after they expire unless revised b/c provisions are incorporated into individual contracts.	No contracts can reduce benefits established by law. Collective agreements cannot negotiate worse conditions than those in existing contracts, but employers can petition to revise agreements to worsen benefits upon expiration. In economic conflicts, conciliation and arbitration boards can reduce personnel, salaries, work conditions as long as meets legal minimum standards.
Peru	Scope of domestic legislation provides ample workers= protection so little room in collective bargaining. Nonetheless, includes remunerations, working conditions, productivity (explicit reference to in 1992), as well as leave and other forms of promoting union activity, which were established by law pre-1992, but now left to collective agreements. Collective agreement must last min 1 year.	Provisions of collective agreements no longer have effect once agreement expires unless some provisions were agreed to be permanent or extended.	Neither collective conventions nor administrative resolution can reduce the benefits and conditions provided workers by law or regulation. Collective agreements can reduce benefits collectively bargained, though these cannot be reduced by administrative decision.
Uruguay	Not regulated. Usually provisions cover min wages by job category, wage adjustment procedures, working condition, work day, adoption of new technologies, etc. Duration of contract usually 1 year.	Traditional doctrine asserts that most beneficial collective contract provisions have effect after expiration or replacement by other contract. Contrary doctrine claims that clauses expire with old contract and thus have no force or can be worsened.	In debate whether an agreement can worsen conditions of previous contract b/c principle of preserving and surpassing establishes that the norm most favorable and the condition most beneficial govern.

Country	Is there pluralism of representation?	Can workers represent themselves in negotiations?	Who is covered by collective agreements?
Argentina	No, system euphemistically characterized as Aunion pluralism with unitary representation@ but state grants *personería gremial*(PG) which confers monopoly on bargaining, strikes, administering social security programs, and political processes. The Amost representative@ criteria criticized as not very objective since data on union membership is self-proclaimed. Also, Amost rep@ union may be Amost rep@ at the macro level, while another union may be Amost rep@at the firm level.	No, union with *personería gremial* represents affiliated and non-affiliated workers. Constitution guarantees *union=s* right to collective bargaining.	If agreement homologated then covers all workers in area of signatory union, binding on all respective employers. If not, employer decides if covers non-affiliated workers
Brazil	No, while more than 1 union can exist in a given professional category, only 1 has representative power. Criteria for most representative union: number of members, social welfare services provided, value of property and assets.	Rarely. 1988 Constitution affirmed that collective bargaining can only be conducted through unions (though employers can represent selves in firm agreements). However, if no union or federation or confederation exists to represent unions they can represent selves. 1988 Constitution moved towards direct negotiation by providing that workers of any enterprise with more than 200 employees have right to 1 elected representative to promote direct negotiation with employer.	Collective *conventions* cover all workers in corresponding profession and all firms in economic category in the geographic area. Collective *agreements* only cover the firm(s) in which the workers pertain to the professional category of the signatory union, though employers generally extend provisions to non-member workers of the same profession.
Chile	Yes. Law discourages Amost representative unions@. Several unions can exist in a given establishment and each can negotiate their own agreement.	Groups of workers can represent themselves. However, workers of enterprises with less than 16 employees do not meet the membership requirements for collective bargaining, or of enterprises with less than 1 year of operation.	Collective contracts only cover union=s members at signing of the contract; employer may extend benefits to all firm workers by mutual consent (but it then must deduct 75% of monthly union dues from those non-members) Or 6 months after joining firm, new workers can negotiate their own agreement.
Mexico	No. Union with majority signs collective agreement, has exclusive representation in firm. If more than 1 union (of same type or different levels) one with more members negotiates. Guild unions can negotiate jointly or with other types of unions.	Workers cannot represent themselves in collective bargaining agreement. Though they can enter into negotiations with employer, the agreement doesn=t carry right to strike.	Collective agreement is extended to union=s members and current and future workers of signing employer. Law contracts are compulsory to all unions (and workers) and employers in corresponding category.
Peru	Yes. Pre-1992, only 1 union allowed in workplace, had monopoly of repres and collective agreements have erga omnes effect. Post reform, more pluralistic b/c more than one union per firm (often 1 for workers, 1 for employees) allowed, but monop repres maintained for Amost representative union,@ union with majority members. If more than 1 union have to coop to achieve majority must agree on how to divide representation (if proportional, etc.)	Workers can represent selves if there is not a union to represent them. In this case, absolute majority elects 2 representatives.	If union members are absolute majority of firm, then agreement is applicable to all workers (incl. subsequently hired workers), if not, only applies to affiliated members. If agreement is at activity level, and unions and employers represent majority in the industry, the agreement has *erga omnes* effect.
Uruguay	Yes, more than 1 union can represent workers of a firm by mutual agreement. If dispute, law establishes criteria for Amost representative union.@	Only if union not organized, then workers can, by request of 1/3 of them, elect representatives to negotiate on their behalf.	Collective agreements only binding on contracting parties, but provisions are extended to all workers of the firm(s) Agreements could be homologated through the *Consejos Salarios* and affect all firms in the sector, but only necessary if conventions provide health insurance or if in construction sector. *Consejos* system now voluntary.

Country	What are the conditions for a legal strike?	How are strikers treated?	What about strikes in public services?

Argentina	Strike must be carried out according to the statutes of striking union (which must have *personería gremial*), must be intended for admissible purpose (not political), and have exhausted mandatory conciliation. Constitution guarantees this *union* right.	Strikers can=t be replaced, unless strike judged illegal in which case strikers can return to work. Strikers not paid unless strike is legal and employer provoked strike.	1990 right to strike in public sector regulated. Minimum level of essential services (services whose total or partial interruption would put in danger the life, health, liberty or security of individuals) guaranteed by arrangement of the organization or labor minister. If not provided, mandatory arbitration.
Brazil	1989 strike law replaced concept of illegal strike with the Aabusive strike@, in which case workers can be fired. Strikes allowed when negotiations in deadlock and parties haven=t resorted to arbitration. 48 hrs notification to employer (72 hrs if essential services.) After *dissidio* is issued, strike is considered abusive. 1988 Constitution established the right to strike as a *workers=* right.	Strikers can=t be replaced or fired during the strike, unless strike ruled Aabusive.@ 1989 law states that during strike, employment contract is suspended - interpreted to mean employers don=t remunerate workers during strike.	1988 Constitution granted public employees right to organize and strike (except military). 1989 strike law defined essential services and made workers= and employers= unions responsible for delivery of minimum services. Authorities could initiate a *dissidio* if min services not provided. 78 hrs notice required. No economic act can violate or constrain fundamental rights and guarantees.
Chile	If negotiations deadlocked, workers= bargaining committee can call secret vote to strike before a Minister of Faith. Employers= last offer must be displayed. (If multi-enterprise negotiations each enterprise must vote). Strike must take place 3rd working day after vote.	Employers may hire replacement workers on 1st day of strike if last offer contained at least equal provisions of original contract readjusted acc to law; on 15th day after final offer presented if it is corrected to meet criteria above; or 15th day after strike. Workers not paid, can seek temporary work, can reintegrate workforce between 15-30 days of strike depending on final offer. If 50%+ workers return to work, strike ends.	1980 Constitution and 1989 Law prohibits public servants as well as people who work in corporations or enterprises operating public utilities or with financial links to the state or whose services or products significantly affect the provision of public needs to strike. Three ministries annually identify the branches of activity fitting these circumstance.
Mexico	Conciliation and arbitration boards can declare strikes Anon-existent@ unless strike claims legal purposes (to achieve balance between forces of production, celebrate collective or law contract, demand fulfillment of contract, revise salaries, fulfill profit-sharing); is supported by majority employees; presents petitions to employer via authority establishing terms of strike. Declared illegal if majority workers execute violent acts, in times of war, or continue to strike after declared Anon-existent@. Union must give 6 days notice (10 days for public services). The Constitution guarantees workers= right to strike but in practice it is a *union* right.	If strike legally Aexistent@ then all employment contracts suspended. However, strikers can=t be fired or replaced. They can quit strike at any time. Workers not paid wages replacement during strike unless board rules conflict is imputable to the employer.	Strikes in public services limited to general and systematic violation of rights granted by Constitution. Must be supported by 2/3 *dependencia* and declared legal by *Tribunal Federal de Conciliación y Arbitraje.* Essential services not specifically addressed in law, but need 10 days notice if strike in specific services, also maintenance of services during strike in enterprises dealing with ships, airplanes, trains, hospitals, sanatoriums, clinics, etc. State has intervened via administrative procedure, declaring bankruptcy, alleging crime of social dissolution to striking workers, declaring confiscation.
Peru	With 1992 reform, right to strike more systematically regulated. To be admissible majority of workers must vote to strike and strike must support proper objectives. Labor authority can declare illegal if strike occurs even though ruled inadmissable, involves violence against people or goods, fails to provide minimum service, occurs after conflict ended by arbitral decision. This is a *worker=s* right.	Workers can=t be replaced, they don=t receive compensation, though they continue to accrue seniority. Once strike declared, none of the workers (except indispensable workers) can work until strike ended.	Prior to 1992, law didn=t provide framework for dealing with essential services. Now law defines essential services and requires that the enterprise or public entity determine the minimum services to be delivered during a strike and notify the labor authority, public authority and unions. If no agreement reached on provision of services then conflict submitted to mandatory tripartite arbitration.

Uruguay	The only condition for a legal strike is strikers= giving 7 days fore-warning, but even this provision not really followed in practice and carries no real repercussion. It is debated whether the right to strike is a union right. In practice workers can declare a strike against the wishes of their union.	Wages aren=t paid though seniority is maintained and leave accrues.	Generally, resistance to acknowledging public sector right to strike. Public authorities empowered to compel workers to provide minimum operation of essential services (through emergency shifts and use of goods and hiring labor) to ensure continuity of vital services, defined by Labor Office. These laws annulled but provisions still invoked by government.

Country	Can the state legally derogate collective agreements?	Is there conciliation or arbitration of conflicts?	Does the state intervene in conflicts?
Argentina	1996 Decree empowers labor minister to revoke in part or completely the homologation of agreement. 1994 Constitution recognizes Executive power to rescind by decree collective agreement for reasons of economic emergency. 1990 decree made it obligatory to rescind all collective agreements in the public sector as a prior step to renegotiating them.	Conciliation of economic conflicts is mandatory. Labor ministry is active throughout. 15 days for resolution. Some collective agreements establish conciliation procedures including the convening of Paritary Commissions presided by labor ministry officer. Parties can agree to voluntary arbitration if conciliation fails. Must abide by arbiter=s decision (usually from the labor ministry).	Labor ministry can order conflict back to status ante, can impose mandatory arbitration if collective conflicts affect economic activity, productivity and national development and progress or the welfare of the community; or if minimum level of essential services not provided. This is an emergency measure rarely used. Labor ministry can call a strike illegal or oblige parties to suspend strike for negotiation for 15 to 20 days.
Brazil	The 1967 labor codes declared invalid any clause of a collective agreement or convention which, directly or indirectly, goes against any disciplinary rule or prohibition of the government=s economic policy or concerning the wage policy in force. Debated whether Constitution annulled these provisions by prohibiting interference of the labor authorities into collective autonomy. Nonetheless, in Sept. 1994, Minister of Labor refused to approve the wage increases negotiated in the Sao Paulo automobile industry, because they infringed upon objectives of the economic adjustment program.	System dominated by mandatory arbitration. A *dissidio coletivo* (claim) triggers mandatory conciliation. These actions first go to the Board of Conciliation and Judgment. If no agreement reached, this board pronounces judgment which can be appealed to Regional Labor Court then Superior Labor Court. 1988 Constitution for first time provides for private voluntary arbitration to substitute the *dissidio* process but rarely used. Also pronounced that Court=s decision must respect collective agreement provisions in addition to the laws and respect the managing autonomy of the firm.	State can initiate a *dissidio process* to end a dispute if minimum level of essential services not provided. 1988 Constitution annulled states power to convene parties to *mesas redondas* if there was a delay in collective negotiations or if one party refused to negotiate. 1992 Decree conferred this mediation function to the labor ministry but only upon request of the parties. Article 623 of labor codes prohibits a court from issuing a decision conflicting with the state=s economic policy.
Chile	There is considerable autonomy in negotiations.	Prior to 1973, conciliation through the *Juntas Permanents de Conciliación* were mandatory, but abolished thereafter. Law provides for voluntary mediation in which parties agree upon own mediation procedures or use those established by law. Rarely used.	President (with Minister of Labor and Social Security, National Defense and Economy, Dvpt and Reconstruction) can end strike by Executive Decree if jeopardizes public health, basic food supplies, and national economy or security.
Mexico	Admin authority determines whether law contract should be negotiated and must approve law contract for it to be valid. Not clear whether conciliation and arbitration boards can reject agreements submitted.	Conciliation and arbitration (C&A) boards have equal representation of workers, employers and chaired by govt rep. Workers= union may submit conflict to arbitration before these boards. Employer may refuse to submit to arbitration. Arbitration of economic conflicts before C&A boards similar to trial with stages of fact gathering, hearings, and submission of evidence. In arbitral award of economic conflicts, C&A board can increase or decrease the number of persons employed, the daily and weekly hours of work and wages, and more generally, alter conditions of employment in the enterprise or establishment.	State has unlimited capacity to intervene in disputes which concern it, though not by law. Main forms of intervention: through conciliation and arbitration boards, by declaring strike Anon-existent,@ via requisa or administrative intervention in public services, or declaring striking entity in bankruptcy to terminate labor contracts of strikers. C&A boards have budgetary and political dependence on state, so often vehicle for state intervention in collective labor relations.
Peru	Since 1981 wage adjustment clauses established by state. State declared invalid clauses of collective agreements establishing wage indexing. Also, 1991	Parties can opt for private conciliation or ask Min of Labor to assign a team of conciliators. New conciliation process flexible and simple. Pre-1992 reform, process much more rigid and adversarial. Following negotiations or conciliation,	1992 reform increased direct conciliation eliminating the rigid adversarial structure which facilitated state intervention. Nonetheless, state can still impose mandatory conciliation and arbitration if it deems it necessary and

	decree prohibits collective agreements from granting wage indexation in state enterprises, derogating existing clauses and replacing them with adjustment mechanisms that take into account productivity.	either party can choose to submit conflict to arbitration or strike. Workers can=t strike while conflict in arbitration, but can submit conflict to arbitration (with employer=s agreement) after strike begun. Mandatory arbitration if no resolution of conflict in essential services, or if strike continues too long and endangers viability of firm, sector, is violent, or serious in other ways.	convenient. State=s power to declare a service Aessential@ considered a threat to right to strike. 1992 law establishes that if strike continues too long and endangers viability of firm, sector, is violent, or other way serious, state can order resumption of work, and if no resolution of conflict the minister of labor resolves. State has also declared strikes by *Centrales* against their economic policy illegal on political grounds.
Uruguay	In debate whether can derogate previous contract b/c principle of preserving and surpassing establishes that the norm most favorable and the condition most beneficial govern. See above.	No institutional framework governs dispute resolution. Unions self-regulate during conflict (following provisions in their statutes or collective agreements), including attempting conciliation and forewarning of strikes. Settlements arise through self resolution. Voluntary arbitration rarely used. No mandatory arbitration. Collective agreements sometimes include clauses regulating arbitration procedures.	Overall, state can=t intervene in conflicts (unless invited as a mediator). However, can take necessary measures to ensure continuation of essential services, defined by Executive Branch, or call a plebiscite on strike. Can=t impose mandatory arbitration.

Table D. Indicators of Industrial Relations

Country	Trade Union Density (%)			Collective Bargaining Coverage Rates	Strike Activity	
	Non-agric labor force		Formal sector (wage earners)	(% employees covered)	1000's of workers involved	
	1980s	1990s	1990s	1995	1990	1995
Argentina	48.7	25.4	65.6	72.9		
Bolivia		16.4	59.7	11.1		
Brazil		32.1	66		14243	3806
Chile	11.6	15.9	33	12.7	25	25
Colombia	11.2	7	17		42	10
Costa Rica	22.9	13.1	27.3		26	43
Dom. Rep.	18.9	17.3				
Ecuador		9.8	22.4			
El Salvador	7.9	7.2	10.7	13.2	24	3
Guatemala	8.1	4.4	7.7		4	105
Guyana		25.2		27	61	53
Honduras		4.5	20.8	12.7	46	
Jamaica					10	
Mexico	54.1	31	72.9		49	32
Nicaragua		23.4	48.2	38.3	2	
Panama		14.2	29	16	0	0
Paraguay		9.3	50.1			
Peru		7.5	18.3			
Suriname					258	41
Trinidad					1	3
Uruguay	19.9	11.6	20.2	21.6	4	12
Venezuela	25.9	14.9	32.6			

Source: *World Labor Report: Industrial Relations Democracy and Social Stability*, 1997-1998 Statistical Annex.

Table E. Summary of Findings of Economic Performance and the Structure of Collective Bargaining, taken directly from OECD 1997 Employment Outlook.

Study	Performance Measure	Number of Countries	Years	Findings	Support for U/ hump-shape hypothesis
Grier (1997)	Real GNP growth	24	1951-1988	Negative relationship with decentralized economies growing the fastest	No
Bleaney (1996)	Unemployment and inflation	17	1973-1989	Negative linear relationship between corporatism and unemployment; some evidence of a hump-shaped relation with centralization in later years	Mixed
Jackman et al. (1996)	Unemployment	20	1983-1994	Linear relationship	No
Scarpetta (1996)	Unemployment	15 to 17	1970-1993	Negative relationship between unemployment and coordination. Some evidence of U-shaped relationship between unemployment and centralization.	Mixed
Traxler et al. (1996)	Unemployment, employment, Okun index and API*	16	1974-1985	Negative relationship between coordination and unemployment;.U-shaped relationship between coordination and employment; mixed results for the Okun index and API	Mixed
Bean (1994)	Unemployment	20	1956-1992	Linear relationship with coordination	No
Dowrick (1993)	Productivity growth	18	1960s-1980s	U-shaped conclusion that intermediate economies grow more slowly	Yes
Golden (1993)	Unemployment, employment, Okun index and API*	17	1974-1984	Mixed results	Mixed
Jackman (1993)	Unemployment	20	1983-1988	Linear relationship	No
Rowthorn (1992b)	Employment and unemployment	17	1973-1985	U-shaped and hump-shaped relationships, respectively, but only in the 1980s	Yes
Soskice (1990)	Unemployment and API*	11	1985-1989	Positive relationship between coordination and performance	No
Freeman (1988)	Employment, unemployment and wage growth	19	1979-1984/1985	U-shaped relationship between dispersion of wages, as a proxy measure of corporatism, and employment; hump-shaped relationship with unemployment and wage growth	Yes
OECD (1988)	Unemployment and inflation	17	1971-1986	Hump-shaped relationship for unemployment	Yes
Heitger (1987)	Productivity growth	18	1960s-1970s	U-shaped view that intermediate economies grow more slowly	Yes
McCallum (1986)	Okun index* and real wage rigidity	18	1974-1984	Linear relationship between corporatism and performance	No

* The Okun index is the sum of the unemployment and inflation rates; the Alternative Performance Index (API) is the sum of the unemployment rate and the current account deficit as a percentage of GDP.
See next page for full citation of studies.

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Table F. Ratification of ILO Conventions on Freedom of Association and Industrial Relations

Countries	Right to Organize (No. 87)	Collective Bargaining (No. 98)	Collective Bargaining (No. 154)	Workers' Representatives (No. 135)	Rural Workers (No. 141)	Public Service (No. 151)
Argentina	x	x	x			x
Bahamas		x				
Barbados	x	x		x		
Belize	x	x				
Bolivia	x	x				
Brazil		x	x	x	x	
Colomiba	x	x				
Costa Rica	x	x		x	x	
Cuba	x	x		x	x	x
Dominican Republic	x	x				
Ecuador	x	x			x	
El Salvador					x	
Guatemala	x	x	x		x	
Guyana	x	x		x	x	x
Haiti	x	x				
Honduras	x	x				
Jamaica	x	x				
Mexico	x			x	x	
Nicaragua	x	x		x	x	
Panama	x	x				
Paraguay	x	x				
Peru	x	x				x
Suriname	x	x	x	x		x
Trinidad and Tobago	x	x				
Uruguay	x	x	x		x	x
Venezuela	x	x			x	

Source: ILO *World Labor Report 1997-1998*, Table 5, pp. 255-256.

Table F, cont. Summary of ILO Conventions

Convention No.	Norm
No. 87 (1948)	**Union Freedom and Protection of Freedom of Association**: promotes the right of workers and employers, without exception, to organize to promote and defend their interests.
No. 98 (1949)	**The Right to Unionize and of Collective Bargaining**: promotes the protection of workers who exercise their right to organize, the protection of workers' organizations from interference from employers or employers' organizations (and visa versa), and the promotion of voluntary collective bargaining with a view to regulating employment conditions.
No. 135 (1971)	**Workers' Representatives**: promotes the protection of workers' representatives in the firm and instruments to realize this protection.
No. 141 (1975)	**Organization of Rural Workers**: promotes union freedom of rural workers and incentives for their organization and participation in social and economic development.
No. 151 (1978)	**Work Relations in the Public Sector**: promotes the protection of public employees who exercise their right to union activity, to negotiate or participate in the determination of their employment conditions, and conflict resolution without the interference of the public authorities.
No. 154 (1981)	**Collective Bargaining**: promotes free and voluntary collective bargaining.

Source: ILO

Table G

Country	Recent Examples of Social Consultation
Argentina	1994 Framework Agreement for Employment, Productivity and Social Equity, entered into by the government, the *Confederación General de Trabajo*, the Argentine industrial union and employers= organizations. It was an effort by the government to build consensus for legislative reforms affecting the workings of the labor market, i.e. employment contracts, conflict resolution, safety and health, training, occupational risks, collective bargaining.
Brazil	Social consultation hasn=t played a great role in Brazil due to history of authoritarian rule. Successive attempts in mid-80s with transition to democracy failed. The incompatibility of workers= demands and the government=s stabilization and economic programs frustrated efforts.
Chile	New stage of consultation in the 1990's. 1990 tri-partite agreement AChile: An Historic Opportunity@ signed by government, Unitarian Workers Central and Confederation of Production and Commerce, recognizing importance of social dialogue, identifying important policy measures, reflected change in position by unions re private firm and competitive markets as factors for growth, and aided in democratic transition. Success of the consultation resulted in additional agreements and was instrumental in the swift reform of the labor laws.
Mexico	1987 Economic Solidarity Pact, 1988 Stability and Economic Growth Pact, 1992 National Agreement for the Raising of Productivity and Quality (ANEPyC) instrumental in controlling inflation and the restructuring of the economy. However, greatly reduced real wages. Pacts criticized as not originating in a consultative process but resulting from a state decision enabled by the cooptation of the large labor movements, principally the *Confederación de Trabajadores Mexicano*s which virtually signed away salary increases of its members. More recent agreements instrumental in facing Mexico=s 1994/95 economic crisis. 1995 Unity Agreement on Overcoming the Economic Emergency, subsequent action plan, and 1995 Alliance for Economic Recovery tightly restrained wage increases. 1996 New Labor Culture Agreement set series of guidelines to increase salaries in line with increases in productivity.
Peru	Social consultation not successful in Peru, despite several efforts in the 1980s, culminating with establishment the of *Consejo Nacional de Concertación* by the Fujimori government. Reasons given for the failure of social consultation is the heterogeneity and disunity in the country, the weakness of labor movement, and a lack of attention to consensus by current government. Although the confederations or workers= centrals in Peru historically have been unable to consolidate power, recently they have made efforts and in 1991 formed a committee to coordinate activities.
Uruguay	Social consultation played important role in the transition to democracy. The 1985 *Concertación Nacional Programática*, a consultative process between the four main political parties, the trade unions, employers= organizations, and student and human rights organizations was a unique process because it was programmatic, not designed to be immediately applied but intended to achieve basic agreements to guide the next government=s political, social and economic agenda -- none of the parties to the consultation were part of the existing government -- and representation in the process was wide-spread. Social consultation has not continued to play an important role, largely due to the labor movement=s strong opposition to the government=s economic policies. Wage councils *(Consejos de Salarios)* were reconvened with some modification in 1985 and served as artifacts of tri-partite cooperation. State used its presence to control wage increases in collective agreements. In 1990, this form of intervention was prohibited and *Consejos* became purely voluntary.

Source: author=s analysis