

**Argentine Privatization under Peronism:  
Consequences for and Responses from Argentine Labor**

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"The bourgeoisie cannot exist without constantly revolutionizing the instruments of production, and thereby the relations of production, and with them the whole relations of society. ...Constant revolutionizing of production, uninterrupted disturbance of all social conditions, everlasting uncertainty and agitation distinguish the bourgeois epoch from all earlier ones. All fixed, fast-frozen relations...are swept away, all new-formed ones become antiquated before they can ossify. All that is solid melts into air, all that is holy is profaned, and man is at last compelled to face with sober senses his real conditions of life and his relations with his kind."

(Karl Marx and Frederick Engels, The Communist Manifesto, 1848)

"When the Argentine government initiated massive privatizations of government enterprises, supported domestically and internationally, it was like a truck was coming at full speed; if we had gotten in the way we would have been run over, if we stood alongside the road it would have passed us by, so we got on not only as a passenger but occasionally to hold the wheel and give it some direction."

(Interview with Light and Power [Luz y Fuerza] union leader, July 24, 1995.)

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## **Introduction**

The Anglo-Saxon market economies, have by the early 1990s taken precedence as dominant approaches to societal reorganization. Alternative models have receded. State socialism has collapsed, Western European welfare capitalist approaches, even when led by social democratic governments, appear in retreat, the Far Eastern-Japanese model is openly being challenged and demonstrating self-doubt, and third-world import substituting industrialization is a distant memory. This paper is a schematic overview of how this new, unfettered trend has severe consequences and visible impacts on a modernizing nation such as Argentina. This newly invigorated international market competition which, when combined with recognizable national state and employer initiatives directed at the work force, have had severe consequences to employment in general as well as the future viability, if not existence, of traditional trade unions. The decline of effective governmental authority has unleashed international corporations as they compete throughout the world creating an increasingly volatile global economic climate, devouring and being devoured, as they criss-cross international time zones and international waters (Barnet and Cavanagh, 1994: 339-358). Increasingly, conformity to GATT and the World Trade Organization (WTO) rulings require that

multinational corporate investments, whatever their intent and impact must be treated the same as national capital. Health, environmental, and social and labor welfare policies may all be deemed measures in restraint of free trade (Ralph Nader and Lori Wallach, 1996: 92-107). Argentine society is going through a substantial top-down restructuring of society that challenge union density, union contestation, as well as union collective bargaining traditions and union social welfare networks. The resulting tensions and problems evident in Argentina in the latter half of the 1990s are by no means unique in the post-industrial world: state enterprise privatization, fiscal austerity, flexibilization of work patterns and the poverty of union responses are endemic and universal.

The bad news for the working class seems ubiquitous; and in its worldwide dimension is historic, indicating a qualitative change in post-industrial labor relations. States, particularly so called peripheral nations, have been forced, under the pressure and rationale of international fiscal and monetary rules to renegotiate debts by the sale of public enterprises. The neo-liberal ethos claims that essentially unregulated markets are the best means to produce and distribute everything society cares about from industries and services to education, culture, pensions and social welfare (Barber, 1996: 236-246). Private national capital groups, as junior partners, have collaborated with multinational corporations in buying out public service enterprises such as electricity, telephone, railways and petroleum at substantial bargains in potentially very profitable growth areas. No nation-state seems capable of competing with these powerful corporations, predominantly from the U.S., Western Europe and Japan, when national productive assets are available for privatization (Amin, 1998: 126-132). Rising government deficits have little to do with new social programs and much to do with debt repayments to international lending agencies and private banking consortia (Block, 1996: 38-45).

### **The Post-Keynesian Peronist State and the Neo-Liberal Impact on Argentine Labor**

One of the principal means by which government in this new phase of capital-labor adjustment effect change is through legislation. Argentina is an excellent example, both in the nature of the laws and their impact on the work force. There has been a series of laws and decrees meant to create an environment in which the State's responsibility in labor matters is circumscribed, and the area of employers' prerogatives and autonomy fortified. Critical in this regard are two important measures: the Convertibility and Employment Laws of 1991 which created the possibility of decentralized collective bargaining

based exclusively on productivity and allowed for short-term employment contracts. Thus, for the first time since the national collective bargaining system was instituted in Perón's first post-war government, there are single enterprises signing contracts and agreements with union locals, affiliated with national federations (e.g. MTSS, Convenios seleccionados de 1997, 1998: 2-22).

Since the Convertibility Law also established a par between the peso and the dollar, and since it was predicated on holding inflation to minuscule percentages, it followed that wage settlements had the potential to become - and actually became - individual matters determined by the productivity measures achieved in individual enterprises. In addition, since the Convertibility Law assumed price stability and wage stability, wage increases could not be transferred into price increases. So, productivity wage increases were permitted based not on cost-of-living adjustments but on internal company-union agreement as to what constituted a productivity increase. This could and usually meant greater production of goods and services with a shift in the factors of production - namely more capitalization and less labor. The latter was achieved by downsizing the number of workers while increasing the incentive plans for the remaining workers by often lowering the base pay while building in bonus and efficiency/"effort" clauses that increased individual pay but lowered the overall pay cost to the employer, the idea being that without price increases profits could increase.

Furthermore, there have been various other means to increase productivity, though there are no discrete, exact productivity measures apart from the amount of production divided by manpower and capital expenditures. Universally, the methods applied have been (1) shrinking the work force, (2) intensifying the labor time and energy spent on production, and (3) integrating novel uses of advanced technology. From most reports and interviews conducted in Buenos Aires between 1995-1998, it appears that productivity in Argentina has improved via the first two approaches, far exceeding the application of the third (Adolfo Canitrot et al., Libro blanco sobre el empleo en la Argentina, 1995: 43-51).

This new environment had been enhanced by a series of additional laws and decrees regarding labor passed since the advent of the Carlos Menem administration in 1989 which were geared to revolutionize the economic marketplace by enabling new levels and standards of productivity. So for instance, two laws of 1989, (Ley de Emergencia Económica, 23.697, August 20, 1989), reaffirming an earlier measure (Ley de Reforma del Estado 23.696, August 17, 1989) states that "... (collective bargaining agreements) will cease to have effect if in their agreed upon articles they distort labor productivity and impede the normal exercise of the

power of company supervision and administration", as well as clearing the way for the privatization of deficitary state enterprises. As of April 1, 1991, the date on which 10,000 Australs (later one peso) was fixed to the dollar, new collective bargaining agreements could not be based on historical inflationary indices [Ley de Convertibilidad-23.928, March 27, 1991].

On May 12, 1991, the Ley de Empleo 24.013 was promulgated. It allowed short-term work contracts of six months to two years based on various criteria and aimed at distinct segments of the unemployed population. Most of these short-term contracts, called "garbage contracts" by the various union groups, were abolished by a new labor law passed on September 9, 1998. The only remaining short-term contracts in force are those involving apprenticeships and interns, which have apparently always been those most often used: e.g. youth up to 24 years of age who are looking for their first job as practical experience or those hired in particular apprenticeship programs. In this case, the employer has no obligation to contribute to either the worker's pension or severance allowance. Also remaining on the books are paid internships for young people who have had difficulty inserting themselves into the labor market and who have been previously trained by various programs organized by the ministry of Labor.

A second major provision of the Ley de Empleo focuses on enabling firms, in cooperation with the relevant trade unions, to approach the ministry of Labor under "crisis prevention procedures." Under its provisions a firm can petition to use some of its workers outside the collective bargaining agreement and in other than full-time employment; it also allows a firm to layoff or fire a number of workers in order to avoid bankruptcy or receivership which would entail even greater unemployment. And, in most cases, they usually can ask to cut their severance indemnization by 50 percent in order to avoid closing down altogether. The causes for such "crisis" may be economic, technological or fuerza mayor (act of God such as fire, family tragedy or some other personal crisis). Of the cases (423) analyzed by the Ministry of Labor between 1995 and 1997, 97% were due either to economic or personal crises and only three percent due to technological innovations: in the most recent three years almost 9,000 workers were affected: 17% of the workers had their full-time work reduced, 46% were laid off and 37% fired (Ministerio de Trabajo y Seguridad Social (MTSS) Informe sobre analysis, 1998).

Furthermore, the Ley de Empleo allows for business sub-contracting outside of the collective bargaining agreement. This has had massive reverberations in both the ex-public enterprise

sector and the private economy. Decree 470 amplified the law by allowing for pay increases only for productivity increases and providing for only one part of a work force of a particular industry to receive a pay increase as opposed to the cross-the-board increase common since the 1950s. For example, in 1994, for the first time ever, the power metallurgical union, Union Obrera Metalurgica negotiated new accords and supplemental accords to the collective bargaining agreement for certain branches such as aluminum, iron, electrical machinery as opposed to the whole metal workers industry. Even more dramatically, new single enterprise-union collective bargaining contracts have mushroomed in recent years (MTSS, Convenios Seleccionados de 1997, 1998).

In addition on March 15, 1995 a Flexibilization Law was passed that also has had huge repercussions. It is aimed at businesses with 40 employees or less, businesses which employ approximately four of five Argentine workers. It allows for the owners of these firms to reconfigure the work place procedures to enhance productivity and to restructure their work force based on technological, organizational or market rationales. A second major feature of the law also allowed short-term labor contracts ranging from six months to two years aimed particularly at workers over 40, the disabled, women and Malvinas War veterans. Under these contracts, 100 percent of health insurance is provided but only 50 percent of the pension obligation is paid by the employer, who also has no severance pay obligation. This law for small and medium businesses is essentially a carte blanche for any restructuring of the work place, work-rules and policies concerning the hiring and firing of workers (Argentina, Ley de Flexibilizaci\u00f3n Laboral 24.467).

### **Privatization and Collective Bargaining in Argentina**

Argentine state enterprise public utilities (telecommunications, petroleum, electricity, transportation, gas and water) have been sought after by multinational companies emanating from Western Europe, the United States and Chile. In most cases, as in my study of the privatized electrical companies, technology and management leadership emanate from the foreign multinationals while administration and labor relations are handled by Argentine corporate associates. The foreign subsidiaries depend on equipment and technology from abroad. This adds to Argentina's trade deficit, particularly as applied to public services which are predicated on local consumption (Ferrer, 1997: 94-96).

Union work-rules and specialized job descriptions are under attack as workers are being asked to undertake multi-functional activities and put their specialized skills into enhanced

dimensions and responsibilities. In Argentina, these new rules and job descriptions have been dramatically reflected in new union contracts and agreements with specific employers. Sub-contracting of hitherto union-controlled jobs have also proliferated with former unionists who have organized themselves into microenterprises. The mammoth expansion of sub-contracting and outsourcing of services and production in a climate of governmental passivity has added to the decline of union density and the concomitant downward pressure on wage levels. In Argentina, the social cost of organized formal labor adds a third to the per capita wage cost to the employer. It is this social overhead that is being severely contested both by the Argentine government and capital. In Argentina, the government has provided the legal framework for substantial cuts in employer pension contributions, for ceilings on disability rewards from industrial accidents and legitimized short-term employment contracts with various demographic groups that carry no unemployment insurance, pension contribution, or severance pay. Apprenticeships and internships, the only short-term contracts allowed under the new labor law of September 1998, appear, in most cases, measures to ensure a ready source of cheaper labor without the commitment of social overhead costs by a trial and error experimentation that can be continually used without offering permanent employment.

The privatization of state enterprises, the down-sizing of government agencies and private sector firms have significant impacts on the working class in Argentina. Income distribution has worsened with the bottom 60% of the population's share of national income dropping from 29.3% in 1990 to 27.5% in 1996, whereas the top 10% of income earners increased their share from 34.5% to 35.7% (Ferrer, 1997: 100). The unemployment rate in May 1998 was 13.4% after reaching 18.6% in 1995, the highest in its history. The result of this trend is that decreasing numbers of laborers and employees who work full time are working harder and with more fear for their jobs, reminiscent of the United State's culture of work (Schor, 1991). Recent data has both Argentina and the United States just below Japan among the three hardest working countries of the world: in Japan a worker clocks 2,143 hours/year; in Argentina, 2,095; and in the United States, 1,904; while in Germany, for example, they work only 1,589 - 76% of the Argentine levels (Clarín, September 3, 1995). Indeed flexibilization in Argentina has meant longer days, overtime, changeable work schedules, speedups and, of course, the impact on higher worker productivity. In the following table the impact of privatizations on unemployment and productivity become clearly manifest by 1992.

Table 1  
Production, Employment and Worker Productivity  
Index 1985=100

<u>Year</u>	<u>Production</u>	<u>Employment</u>	<u>Labor Productivity</u>
1988	106.0	96.5	109.9
1990	87.5	84.0	104.1
1992	103.9	79.9	130.0
1994	114.2	78.0	146.4

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Source: Adolfo Canitrot, Libro blanco sobre el empleo en la Argentina (Buenos Aires: MTSS, 1995), p.43.

### **The Case of the Argentine Electrical Industry**

In light of these general trends, it is instructive to look at how one specific industry has been affected and how it has responded. My specific case study is the Servicios Elctricos del Gran Buenos Aires (SEGBA), once a large integrated, highly subsidized national electrical power company, that was responsible for production and distribution of electrical energy to Gran Buenos Aires but which, since 1992 has been divided into seven distinct companies, controlled by various consortia of mixed foreign and national private capital enterprises.

As a result the union local (of the Light and Power Federation of Workers-Luz y Fuerza), which formerly negotiated solely with SEGBA, now must negotiate seven separate agreements with seven private concerns representing distinct company visions of the role of unions and workers within their respective concerns. The impact of these changes on labor has been stark, and will be illustrated below using the cases of the two major electricity distributors - Edenor and Edesur and the major electrical power generator plant - Central Costanera [based on interviews with Luz y Fuerza union officials, company executives, and examinations of various Memoria y Balance General between 1994 and 1998 for all three enterprises.

Edenor reduced its work force from the pre-privatization figure of over 6,000 employees in 1992 to 2,890 in 1997, while Edesur reduced its work force from 7,500 to 3,180 during the same



period. This was accomplished under several "voluntary" early retirement initiatives after privatization from late 1992 through 1997. The terms of the first were more generous and open to all, and paid the worker 40 percent over one month's pay for each year worked plus a month's notice pay and one month vacation pay. This could reach US\$ 30,000 for a worker with 20 years employment at the plant. When these measures did not result in a sufficient reduction of the work force, at Edesur, for example the subsequent round of "early retirements" identified workers who would be let go if they did not accept the early retirement initiative. Approximately 400 retirees in each of the companies were able to form themselves, with the assistance of union local and some orientation by the firms, into small business or cooperatives that contract out their services for a much lower wage, with no union health benefits or employer pension contributions. Edesur developed its sub-contracting program under its "Rationalization and Austerity Program", which was based on an increasing "tercerization" of the work force outside a collective bargaining agreement. The focus of the subcontracting service arrangements tended to be in areas of above ground electrical line installation, meter inspections, cable repairs, sidewalk repairs, bill distribution, transportation, cleaning, and security. In the latest annual reports of the two distributors it becomes clear how important subcontracting is to the bottom-line breakdown of their budget reports. Edenor's subcontracting wage bill came to 50% of its unionized wage package and in the case of Edesur it came to 37%. These so-called "tertiary" workers were, however, deprived of the traditional benefits and job guarantees that many had perceived as former employees of these two electrical distributors (Edenor. Memoria y Balance, 1998, Edesur. Memoria y Balance, 1998).

Both electrical distributors have similar data for employee retraining.

Table 2  
Edenor/Edesur Training Allocations, 1994/1997

	<u>Workers</u>	<u>Total Annual Hours</u>	<u>Training Minutes per worker per week</u>
Edenor, 1994	3,764	40,000	14
Edenor, 1997	2,890	127,000	47
Edesur, 1994	4,324	47,000	13
Edesur, 1997	3,180	104,000	40

Source: Figures extrapolated from Edenor. Memoria y Balance General, 1995 and 1998; Edesur. Memoria y Balance, 1995 and 1998.

The training appears very selective and far from generous on a per capita basis. By 1997 this training came to approximately four to five days a year for employees of the two companies. It is quite clear from the annual reports that most of the training is directed at employees in areas of management techniques, invoicing procedures, bills and balances, attention to customers, computer data and crisis analysis. There was little focus on upgrading the skills of the electrical technicians and workers.

In July 1995, Edenor signed its second consecutive two-year contract with the union local. It meant significant changes in the workers' conditions, a marked departure since basic contract provisions had remained virtually unchanged since 1975. In one of the first articles of this contract, a new employer-worker relationship is laid out in no uncertain terms: "...the company has the exclusive and unique right to define and determine the policy and means of the operation and conduct of business based on company criteria and experience. The definition of the organizational structures, the composition of group or work teams, the organization of work and its procedures, the realization of activities, technical and economic planning, as well as the total direction of activities are also under the exclusive competence and responsibility of management."

A subsequent article lays out new terms in the application of flexibilization criteria in work settings. "The workers must fulfill with aptitude and diligence any and all obligations of their job and instructions determined by the company, as well as being prepared to offer special collaboration in such circumstances that are required in order to improve service or due to the exceptional demands of the firm. This commits all the workers to apply their best abilities to the performance of assigned tasks (Edenor-Sindicato de Luz y Fuerza de la Capital Federal. Convenio Colectivo de Trabajo, 1995)."

Other important features of the new work relations agreed to by the union local include multi-functionality and multi-professionalism. These features imply that workers have to be available to complete a varying number of jobs as well as help out in lateral areas to which they might be assigned in order to complete a particular task. Assigned jobs might be temporary without implying a change of work category. Taking on increased responsibility would be rewarded with pay increases but it would not constitute a step promotion unless the worker remained in this new position for at least one year. It effectively broke down hitherto very fixed, historic work-rules instituted and reiterated under a series of government-sponsored electrical agreements dating back to the 1960s. Moreover, a long-standing practice of

the union local filling company openings via their own hiring halls was ended, the final decisions now residing totally in the hands of the Edenor management team.

The seven-hour workday was abrogated and replaced by an eight-hour day. Overtime pay was initiated after 48 hours weekly, whereas in the previous SEGBA administration overtime was calculated on a daily overtime basis. The new contract also stipulates a major change in pay allocation. Henceforth, 70 percent of the pay would be established as the base pay and up to 30 percent above this rate could be earned by positive evaluations by the worker's immediate superiors. Also, it establishes 39 job titles combined into only a six-step wage system, whereas the previous SEGBA contracts had 165 job titles with fifteen wage steps (Edenor-Sindicato de Luz y Fuerza, 1995).

There was irony in the fact that most of the Light and Power union workers who have taken the earliest voluntary retirement offers in 1992-93 were the most experienced, capable technicians, that is, those with other career possibilities and those with marketable skills. As a result, it was the later forced retirements, i.e., those with less skills, who have largely made up many of the sub-contractor groups upon which the electrical distributors rely for much of their work. Thus, it seems clear that the company was not concerned with training its most capable technicians, but rather with (1) a decrease of its bottom line business expenses, namely labor costs, and by (2) a multifunctional flexibilization of the remaining work force.

Central Costanera, the nation's largest generator of electrical energy has also undergone profound structural changes. We will focus on only a few in this paper. It has been a highly profitable and productive multinational company (Chilean) and is expected to bring to Argentina the first Combined Cycle Gas Turbine from Mitsubishi Corporation by the end of 1998. This very sophisticated turbine has deepened Central Costanera's "early retirement" programs in preparation for a very capital intensive operation. The investment in the new turbine has been calculated at well over \$215 million. In 1997 they reduced their work force by an additional 10% added on to phases of downsizing since the 1992 downsizing. In 1992, Central Costanera employed 1,036 workers. By the end of 1997, 400 remained.

Although the Luz y Fuerza workers are relatively highly paid in comparison with worker salaries in Argentina, which average between base pays of \$800-\$1,000 a month, the variation between the workers-technicians wages and those of the multinational board of directors approaches United States levels (e.g. see Gordon, 1996). 1997 average wages for Central Costanera workers averaged

\$38,000 a year, inclusive of welfare and pension benefits, whereas the company's directors, trustees and executive pay plan approximated \$431,000 per capita, per annum or a ratio of eleven to one. For Edesur and Edenor, the union wages averaged \$34,000 and \$29,500, including employer pension and welfare contributions, a year respectively, whereas the annual pay package set aside for the Board of Directors, trustees and managers was \$37 million for Edesur and \$9 million for Edenor. The Board of Directors tend to comprise between 12 and 17 persons and an approximate 50 managers are included in the executive pay plan [these figures are my approximate extrapolations from respective annual reports of the three companies for 1998]. An authoritative assessment by a Light and Power Buenos Aires labor negotiator indicated, for example, that average compensation (in 1996) for Edenor directors, trustees and managers came to \$360,000 plus home, chauffeur, private school tuition for children, and the usual business expenses (Interview with Luz y Fuerza Buenos Aires local union labor contract negotiator, July 25, 1996). The varying estimates all give an idea of the magnitude of the pay differentials, lying between 11-15 times between directors of privatized enterprises and the rank and file workers.

**Response of the Argentine Light and Power Federation (FATLyF): A Union Affiliate of the General Labor Confederation (CGT)**

The economic pressures on Argentina's working class are indelible: (1) international competition from East Asia and other Third World areas; (2) the Mercosur Free Trade zone and the role of Brazilian industrial competitiveness as evidenced by her export potential to Argentina; (3) technological and managerial policies that aggravate unemployment; (4) historic losses of union density; and (5) the inability of educational and training methods to keep pace with post-industrial change.

In terms of responses to these pressures, in Argentina, most retraining has been undertaken by the government with union cooperation but without major employer involvement. The private sector has its own sporadic and uneven in-house retraining which, as we have seen, seems to be geared to short-run flexibilization goals of the multi-tasking of workers. The immediate goals, for all intents and purposes, are based on bottom-line profits and the opportunity for further worker reductions within the enterprise. Declining union density and basic wage stagnation in Argentina are serious problems since they effect levels of pension security and health coverage since these welfare programs are dues-driven. Perhaps the Light and Power Federation has been among the most innovative and reformist unions in Argentina. The Federation and its powerful Buenos Aires local have experimented since the mid-1960s with worker representation on the board of SEGBA; and

between 1973-1975, it participated in the administration, personal decision-making and policy making efforts of the enterprise (Graziano, 1989; Novick, 1979), an arrangement which was interrupted by the military coup of 1976.

However, despite its past dynamism, militancy and resilience, the federation and its local were severely affected by the changes that took place throughout the 1990s. For instance, the union local's membership dropped from approximately 18,000 workers in 1991 to about 6,000 in 1998. This was devastating particularly when coupled with a similar downward trend in unions of various provincial electrical companies which resulted from the latter's privatizations. Particularly marked was the impact on the Buenos Aires local, which had been the dominant local within the Federation, its leadership even consistently occupying the top rungs of the central directorate of the Confederacion General de Trabajo (CGT).

The country-wide massive "early retirements" of thousands of Light and Power union workers created a major crisis within the Federation (One union leader from the electrical supervisors union - the APS - called these retirements, "despidos voluntarios!" -Interview conducted July 29, 1996). By 1995, the union local has a ratio above 3:1 of members who either had retired or taken early retirement to each active member. The crisis had a dual impact on the union treasury. First, with the radical decline in membership, there was a dramatic decline in the flow of employer as well as worker contributions to the union dues structure, pension fund and "obras sociales" (health deductions). Complementing this was the relative stagnation of worker wages that weakened the union's treasury. These declines threatened a serious deterioration of union administrative, health and recreation networks.

At the Federation level, the same situation prevailed: the precipitous national decline in membership from approximately 70,000 in 1989 to 25,000 forced it, in order to avoid its economic viability as a union, to explore new means of maintaining strength and cohesion in a now totally different neoliberal environment. As a result, in a very real sense, the Federation has become an organization devoted to business, because it has accepted the proposition that for an Argentine union to survive in the 21st century it must act as a competitive enterprise among enterprises.

In one of its pamphlets the Federation spells this out in explicit terms: "(The Federation) has decided to engage in the business (both new and traditional that Argentina offers to all those who are willing to take the risk and make the effort. As a holding, it will be guided, within the competitive rules of the

present system, by the sole and legitimate purpose of profit, which will help increase its assets." Further on, it says, "The deregulation and privatization process assigns...a very different function to corporations that participate in economic development with their contribution to capital and labor. There has been a shift in the relative importance of the representative factors of power in the various branches of national production. And the Argentine Federation of Light and Power Workers sees itself as an actor and not a mere spectator in this societal transformation. ...the profits gained from these undertakings will permit, beyond productive investments, greater sources of financing to realize the social projects of our institution, having as our permanent objective the welfare of the shareholder worker and his family, the fundamental protagonist in this new reality" (Luz y Fuerza: Garantia de Excelencia, n.d.).

Certainly, the Federation has undertaken wide-ranging interests and responsibilities with a great deal of experience and apparent self-confidence. It has made a virtue of its experience an enterprising union, representing itself as "multiple unionism" (Cronica Sindical, July 1998). For example, it has a vast tourism network that includes nine first-class hotels in such major tourist areas as Bariloche, Mar del Plata, Iguazu, Villa Gesell and La Cumbre, and plans are underway to build a five-star hotel on their property next to the Federation's headquarters in Buenos Aires. Because of union layoffs and shrinking membership, the demand for some of the distant hotels has diminished and the Federation now makes up to 85% of the rooms open to the general public at higher rates.

The Federation also has a network of union health and clinic facilities as well as its own pharmaceutical manufacturer; has a private pension plan with the new government-sponsored reform of the public pension system (AFJP); has committed more than \$22 million to the purchase of six electrical generator plants, one electrical transmission network and one coal mine. In most plants, the Luz y Fuerza Federation is a junior partner with a minority of shares (usually between 20-50%) while in two of the very smallest power plants they have either a majority of shares and 100% control. They are also 100% owner of the coal mine in Rio Turbio (Ipiazu, 1998: 83-85 and Luz y Fuerza document Proceso de Privatizacion, n.d.). The irony of these investments and holdings is that the Federation has more of its employees working in their hotel-tourism complex than working in the electrical plants! Finally the Federation has a credit union, a work disability insurance program (ART), a life-insurance group and multiple real estate ventures.

One of the Federation's most ambitious undertakings is its

launching in 1994 of Futura. This is an AFJP private annuity and investment pension plan in which the Luz y Fuerza Federation took the leadership role in partnership with automobile, sanitation and insurance unions. Argentina, under a 1993 law, allowed for the employed to change from the public pension system into one of the original 26 newly-formed private pension plans (1994), and after, if they so choose, they may continue to switch twice each year within the private pension plans, making it a highly competitive annuities market. As of June 1998, Futura ranked 15th of the 18 remaining funds, with 38,000 affiliates. Despite the latter's relatively small number, it ranked 15th in total assets of \$35 million, making it second in per capita contributions (Interview with a Futura administrator, July 24, 1995).

In order to undertake these corporate ventures, the Federation passed a reform of its statutes. In June 1995, it changed its internal by-laws to reflect these new ambitious interests. In the new preamble and declaration of principles, it stated "...it is necessary to find the correct path to achieve the greatest welfare for all, using the methods that are necessary, the intelligence, the organizational capacity and our total understanding of energy activity, to continue to sustain job opportunities and the social benefits for all the affiliates of the unions involved." Furthermore, Article 3 allows for the Federation to represent any and all unions in any area of the production, exploitation, transmission, distribution, and commercialization of electrical energy. And finally, the Federation is allowed to enter into legal associations and partnerships with entities both within and outside Argentina, and to transact with commercial, credit and banking entities for the purposes of enhancing its capital (FATLyF, Anteproyecto de Reforma, 1995).

As a union leader of the Buenos Aires local told me, the Federation felt it had to do something to survive the privatization onslaught. He said, "The Luz y Fuerza Federation's view was that they were in the middle of a storm (privatization) riding it out on a boat without propulsion - so they cut the motor and allowed themselves to drift, expecting to eventually reach the shore. At that point, having survived, they could start the engine and search out the destiny of their choice" (July 31, 1996). It is, however, patently clear, that the Light and Power Federation is now less dependent on their income from their own rank and file union dues; instead they now provide services to all who come to their various holding operations. For example, income from electrical energy sales from their own co-shares in electrical generator companies, the profits from its private pension plan, hotels, insurance, credit unions, etc. are now

greater income producers than the Federation's collection of the monthly union and welfare deductions of their own rank and file. Under these conditions despite losing two-thirds of its membership, the Federation has maintained and increased its economic power because of its farflung interests. Historically FATLyF's goals were to increase salaries and benefits so as to increase union strength in numbers and financial resources. Today, increasingly, it no longer depends nearly as much on increasing membership and organizational strength via the rank and file structure. As one economist said, "By becoming a business union, Luz y Fuerza does nothing to change the rules of the game nor the socio-economic structure of the society. Rather they have incorporated themselves into the capitalist economy without being able to change and effect that same structure (Interview with Claudio Lozano, August 5, 1996)."

#### **Alternative Response of the Confederacion de Trabajadores Argentinos (CTA)**

The CTA formed an alternative federation in 1992, based on its strong opposition to the General Labor Confederation (CGT) collaboration with the Menem government's neoliberal policies. This new Confederation is made up of two large national unions, the state employees (ATE), led by Victor de Gennaro, and the teachers unions (CTERA), led by Marta Maffei, plus several smaller regional locals, the most prominent of which are the Luz Fuerza local of Mar del Plata under Jose Rigane and metallurgical local (UOM) of Villa Constitucion headed by Alberto Piccinini. The Confederation also has the affiliation support of various small unions or locals as the flight attendants, rubber workers, paper workers, publicity employees and judicial employees among many even smaller unions.

The CTA's approach to unionism is to directly affiliate its membership for 30 cents a month from all societal strata, far beyond merely the formal employed sector of workers. The indication is that they have over 700,000 affiliates from the employed, unemployed, retirees, underemployed, self-employed, precariously self-employed, housewives, subcontractees, those working in black, and personal and domestic service employees. The CTA argues that all these economically active categories of workers have far outstripped the formal unionized sectors since the early 1970s and this trend, of course, has been accentuated with the rapid rise of unemployment in the 1990s. As of 1996, the formal labor sector now makes up only one-third of the available Argentine working class writ large, that numbers almost 14,000,000 (Rauber, 1998: 51). Where employment does occur in contemporary Argentina it is in the service, finance, commerce, banking and teaching sectors. It is exactly these groups of employees, with



their higher educational levels and cultural world views, that are most susceptible and persuaded by the social-democratic positions being taken by the CTA (Ranis,1995).

I can only summarize the major tenets of the new CTA and, add, that it represents one of the world's most provocative and farreaching approaches to the role of unions under the neoliberal hegemony (for union initiatives among metropolitan nations see Moody, 1997). In essence the CTA is based on (1) autonomy from any of the major political parties, including Peronism; (2) a belief in democratic and direct rank and file affiliation, assemblies and elections; and (3) an ongoing outreach to social movements opposed to the neo-liberal model of socio-economic development. The CGT's major unions' collaboration with privatization and the move toward entrepreneurial unionism was perhaps the leading edge that drove the CTA's major affiliates to withdrew from the CGT in 1992, at the height of state privatization under Menemism. Particularly dramatic was the expulsion of the Luz y Fuerza, Mar del Plata local from the FATLyF for opposing vehemently the Light and Power Federation's collaboration and participation in the electricity/energy privatization process, and its co-founding with ATE, CTERA and others of the new CTA labor confederation (Interviews with Jose Rigane, Secretary General of LyF, Mar del Plata, July 25, 1996 and July 9, 1996).

## **Conclusion**

Peronist populism is essentially leaderless today. The center of gravity is the Menemist neo-liberal policies. The ideology and content of Peronism has been deprived of its message and meaning and the level of popular cynicism has never been higher. Peronist clientalism may afford it several more years of relative electoral success but its mass appeal is sure to be eviscerated by the Menem economic "revolution." It is somewhat analogous to the Clinton's "moderate democratic" approach that has essentially denuded the various democratic coalitions, inclusive of the working class, from the New Deal through the Fair Deal and the Great Society to the New Frontier. Argentine Peronism does not have the intellectual reserves or ideological cohesiveness to stand up to neo-liberalism and its defenders. The inability of the shrinking and weakened state to provide for the needs of those most wanting will result in a necessary sea change of popular political orientations. The outsized and understandable fear of a return to hyper-inflation has mitigated a rapid flight from Peronism under Menem.

Recently the Secretary General of ATE gave a talk in which he spoke of Argentina's three terrors: terror of being "disappeared"

(1975-82), the terror of inflation (1983-1991) and the terror of being unemployed (1991- ) (Victor de Gennaro, July 11, 1998). Today there is more instability in the workplace than was even true under the military Proceso. And precarious employment and unemployment promise to be a structural-institutional (not frictional or seasonal) problem that will not go away and Peronism and the CGT leadership are unlikely, as they are presently constituted, to provide answers. Many laborers and employees in the late 1980s and even the early 1990s had thought that privatization and foreign investments might bring new jobs, more training and opportunities, profit sharing, and better pay. This has not occurred. Peronism is still ensconced in the alliance between a labor scarce protected economy and a preponderant, interventionist, and subsidizing state. Peronism seems to have little to offer in questioning the attributes and direction of a labor surplus economy with a small state. Since 1990 significant political learning has occurred among the Argentine populace in terms of the Argentine insertion into the world economy. Menemism has become a preponderant peripheral partner in this venture but traditional Peronism has lost its way.

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