

**Labor Relations in Uruguay under the *Frente Amplio* Government, 2005-2009:  
From Neoliberalism to Neocorporativism?**

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The small South American country of Uruguay has long been considered a bastion of progressive labor policy in the region, due in large part to the early political incorporation of the working class led from above by the reformist President Jose Batlle y Ordóñez during the first decade of the 20th century. During the eight years he served in office, Batlle y Ordóñez established fundamental labor rights such as the eight hour day, union freedoms, unemployment insurance, and social security coverage for workers, as well as expanding suffrage and creating a public education system. On the other hand, the Uruguayan union movement never became a fundamental part of the electoral base of Batlle y Ordóñez's political vehicle, the Colorado Party, and subsequent governments never attempted to limit union actions through either the imposition of corporatist structures or through the introduction of a detailed judicial code to regulate labor. These factors, combined with a stable democratic system and relative economic prosperity which lasted until the last quarter of the previous century, allowed the union movement in Uruguay to develop in favorable socioeconomic conditions while preserving its autonomy in relation to the State and the traditional political parties. After an intensification of social conflict and the installation of an authoritarian regime in 1973, the labor movement and its nascent political ally, the center-left *Frente Amplio* (FA) party, was viciously repressed and forced to act clandestinely. However, the process of redemocratization of the country in 1985 did not lead to a full restoration of the political and organizational capacity of the unions, this time due to the implementation of neoliberal policies which in addition to liberalizing trade policies and opening capital markets, truncated the role of the State in promoting union freedoms and collective bargaining in favor of a "voluntary", bilateral system of labor relations without taking into account the inherent power inequities between workers and employers.

This type of labor relations system prevailed in Uruguay for over a decade until the historic sweep of the October 2004 presidential and congressional elections by the FA, which continued to share ideological, organizational and personal ties with the labor movement. Beginning in 2005, the FA government led by President Tabaré Vázquez legislated a wide-ranging set of changes to the Uruguayan labor relations framework, through the convening of mandatory sector-wide collective bargaining negotiations known as the *Consejos de Salarios*, the granting of further guarantees for union leaders and activists through the *Ley de Fueros Sindicales*, and the expansion and institutionalization of collective bargaining processes to previously excluded categories of workers, such as teachers, domestic workers, and rural laborers. This paper will attempt to analyze these transformations, investigating how this new activist role of the State in the promotion of union freedoms and collective bargaining has affected unions and their strategies to defend workers' rights, as well as examining how the implantation of this neocorporatist approach to labor relations in the context of a country still in the process of economic development has impacted the labor market and the political arena as a whole.

In order to understand the political incorporation process of Uruguayan workers during the first part of the 20<sup>th</sup> century, we turn to the conceptual framework offered by Collier and Collier (2002), who analyze the changes produced by the entrance of the working class into the national polis, which depend upon the initial configuration between classes,

the crystallization of the relationship between the union movement and the political party or parties that represent it, and the establishment of institutional mechanisms to regulate conflicts between labor and capital. These changes do not occur in a linear fashion, but instead only in defined moments denominated “critical junctures”, when variations in factors such as the economic and productive structure, geopolitical dynamics, and the organizational strength of the union movement combine to generate a radical rearrangement of the links between the working class and the political system, which in turn impacts all the players operating within that system. Adopting the concept of path dependency, Collier and Collier argue that the institutionalization of the configuration of power structures in the period following the critical juncture delimit the future strategic choices available to the actors in the national polis, until a new critical juncture arises out of another situation of political uncertainty and retransforms the political arena once again.

Using this theoretical frame of reference, we can characterize the process which integrated the Uruguayan working class into the political arena as one of “premature political incorporation”, as it occurred when industrial capitalism was just beginning to be installed and before the union movement was able to establish a truly national presence. The origins of Uruguayan unionism date to the late 19<sup>th</sup> century, when a wave of immigrants from Italy and Spain brought their anarcho-syndicalist political tradition to the country. Unions with a fixed organizational structure began to appear in 1895, and in the wake of the historic strike of Montevideo municipal workers, the first national labor confederation (the Uruguayan Regional Workers’ Federation, known by its Spanish acronym FORU) was formed by anarchist labor activists in 1905. In these early years, the workers’ movement was principally characterized for its concentration in urban areas, its organizational fragmentation, and its political outlook, dubbed “oppositional unionism” by Supervielle and Pucci (2008) which favored direct action instead of collective bargaining as the preferred strategy to mitigate labor exploitation. Due to these factors, the initial political incorporation process which began during this period, was led not by the relatively weak anarcho-syndicalist forces that rejected the use of State instruments to promote labor rights, but by a traditional, “catch-all” political party – the Colorado Party, under the leadership of Batlle y Ordóñez. In order to release Uruguay from the grips of endemic partisan violence, Batlle y Ordóñez conceived of a far-reaching set of social reforms aimed at creating a democratic, secular, and economically stable nation free from foreign intervention. To do this, he saw the need to modernize working conditions and expand democratic institutions, leading to the codification of the first set of labor legislation in the country, as well as the expansion of the right to vote and the creation of public education and social security systems with broad coverage. In the opinion of Cavarozzi (2001), these social reforms, combined with the existence of a strong bipartisan system, allowed Uruguay to gain the distinction of being the most stable democratic regime in all of Latin America during the first half of the 20<sup>th</sup> century. However, due to the incipient levels of trade union organization, its anti-partisan political bent, and the large quantity of unionized workers without voting rights (because of their migratory status), the Uruguayan union movement never integrated itself into the political and electoral base of the Colorado Party, thus giving it the freedom to later become one of the principal social allies of the *Frente Amplio* party.

The next critical juncture that marked the historical relationship between the Uruguayan political system and the union movement corresponds to the phase of union consolidation and radicalization, political polarization, and economic stagnation which characterizes the period 1966-1973, terminating tragically in the *coup d'etat* and installation of an authoritarian regime in 1973. In the decades that preceded this moment, governments inspired by Batlle y Ordonez introduced further reformist labor legislation, such as that which created the minimum wage, prohibited child labor, and installed obligatory sector-wide collective bargaining processes, known as the *Consejos de Salarios* (CS). But in order to combat the economic crisis which began to impact the country in the 1960s, due to failures in the import-substitution model of industrial development and stagnation in the agricultural sector, subsequent governments began to repeal some of these pro-worker measures, as well as devalue the currency and freeze prices and salaries. This caused a growing tension between the union movement, the recently formed *Frente Amplio* party and the Guevarist *Tupamaro* guerilla movement on one side, and the Uruguayan government and Armed Forces, on the other, leading eventually to a rupture in the democratic system. In June 1973, then-President Juan Maria Bordaberry declared the suspension of the Congress, prohibited the functioning of all political parties and unions, and curtailed the freedom of the press, thus putting in place a military-civilian dictatorship which lasted until 1985.

Upon entering the period of redemocratization in the 1980s, there were widespread expectations among the population not only that the dismantled democratic institutions (including unions) would be rebuilt, but also that lost purchasing power would be recovered and decent jobs be created. These hopes were truncated, as although the first newly-democratic government of Julio Maria Sanguinetti made an effort to reconvene the *Consejos de Salarios*, the arrival of the neo-conservative leader of the National Party, Luis Alberto Lacalle, to the Presidency in 1989, marked an abandonment of policies to stimulate social dialogue and revalue salaries. Following the ideological current that predominated in the Latin American region at the time, Lacalle decided to apply neoliberal economic policies, including fiscal adjustment, the deregulation of the banking and insurance sectors, the elimination of barriers to international trade and investment, the flexibilization of labor contracts, and the imposition of new restrictions on the right to strike. Some of the effects of these policies on Uruguayan workers included an average decline in real salaries of -24% between 1998-2003 (Olesker, 2009), the loss of jobs in the industrial sector (whose participation in the national GDP dropped from 25% to 16% during the period 1990-1994), and an increase in the levels of unemployment and underemployment. The Uruguayan labor confederation PIT-CNT adopted a position of resistance to Lacalle's reforms, and was even able to stop the proposed privatization of several important public utilities companies, but was not able to impede the hemorrhaging of affiliates that it experienced during this period, especially in the private sector. According to Mendez, Senatore and Traversa (2009), the unionization rate fell from 35% of the economically active population in 1987 to only 15% in 2000, with less than 8% of private sector workers registered as affiliated to a union that year.

These labor market and macroeconomic tendencies worsened after the 2002 banking crisis, which affected over half of Uruguay's banking establishments and was provoked by a run on deposits by Argentine account holders who were trying anxiously to preserve their own patrimony after the collapse of the financial system in their country one year earlier. In the first trimester of 2002, Uruguayan banks lost over 40% of their reserves and deposits. This in turn led to an increase in the country's sovereign debt and fiscal deficit due to the massive bailout efforts that were undertaken as well as the rapid devaluation of the currency. In addition, real variables of the Uruguayan economy were also affected, as in 2002 the GDP plummeted -11%, unemployment surged to the record level of 19.8%, and over 58,000 workers left the country in search of jobs overseas (Ladra, 2008).

Thus, we can characterize the social and labor panorama in Uruguay before the arrival of the FA government in 2005 as very precarious, marked by the flexibilization of the labor market, the absence of social dialogue processes, and the persistence of high levels of unemployment, subemployment, and informal work. Although the Uruguayan union movement was able to preserve its unitary structure, with the existence of a unitary union confederation, the above-mentioned PIT-CNT, its rolls were reduced to a mere 115,000 affiliates, of which 68% were employed in the public sector (Zurbriggen, Doglio, and Senatore, 2003). In the private sector, the violation of norms that protect union leaders against arbitrary firing, and the failure to convene the *Consejos de Salarios* made the realization of collective bargaining processes extremely difficult. Bargaining was only possible in economic sectors with a historically strong union presence, such as banking and transportation, and even in these cases, sector-wide agreements were not able to be reached. In addition, according to Pucci, Nion, Ciapessoni e Rojido (2010), the issues being negotiated were transformed, as unions began to make more defensive claims related to topics such as job stability, productivity, and the role of the union in industrial restructuring processes, with less emphasis on wage demands.

With regards to the framework of Uruguayan labor law during this pre-FA government period, it has been described as "non-systematic and non-detailed" by the ILO (1995). Unlike countries such as France and Brazil, with highly complex labor codes, Uruguayan labor laws were not codified, which led to a plethora of divergent interpretations and contradictory judicial rulings. Before 2005, little legislation existed regarding labor relations. For example, the only guarantees of union freedoms in Uruguayan law were enshrined in the Constitution of 1967 and in three relevant ILO Conventions (87, 98 and 151) ratified by the Uruguayan State. Regarding collective bargaining, Law 13.556 of 1966 regulated the negotiation process and stipulated the requirements for the registration of agreements, but in many cases, this law was ignored in practice (by both employers and unions), leaving the agreements themselves as the only legal framework respected by all actors. Due to this, two distinct labor relations regimes existed in Uruguay: one which corresponded to the era when the *Consejos de Salarios* were convened on a regular basis and unions effectively participated in the processes that defined work conditions and salary levels, and one in which the *Consejos de Salarios* were not convened and collective bargaining practices and union activity as a whole was hindered. For this reason, the necessity to convert the *Consejos de Salarios* into obligatory mechanisms for

sector-wide collective bargaining was transcendental for the Uruguayan union movement, in order to overcome the organizational weakness that plagued it after the implementation of neoliberal economic policies and the blowback from 2002's financial crisis.

The possibility of reconfiguring the Uruguayan labor relations system became a reality in October 2004, when Tabare Vasquez, the candidate for the *Frente Amplio/Encuentro Progresista/Nueva Mayoría* coalition and ex-mayor of Montevideo, obtained 50,5% of the total votes in the presidential elections, thus securing a historic victory for the united forces of the left in a single round of balloting. In addition to this triumph, the FA also won an absolute majority in both Houses of the national Congress, with the election of 16 Senators and 53 Members of Congress. This allowed the FA to create a “government of the party”, excluding all other political groupings from leadership posts in both the Executive and Legislative branches, in this way giving the party greater freedom to construct new public policies in accordance with its political platform, without interference from the opposition.

It is important to note that the triumph of the FA in 2004 was not unexpected, as the vote count for the party's presidential candidates jumped from just 21% in 1989 to 30,6% in 1994 than to 40,1% in 1999, in this last case losing in the second round of balloting due to an agreement that guaranteed the support of both traditional political parties to the Colorado Party candidate, Jorge Batlle. According to Chavez (2008), the key factors that explain the growth and consolidation of the left as the predominant political force in the urban areas of Uruguay include the demographic changes which gave more importance to the youth vote, the widespread popular dissatisfaction with social and economic policy after the banking crisis of 2002, and the innovative and efficient management of the city of Montevideo by the FA since it captured the mayoralty in 1990. Due to this, in 2004, the FA was able to capture a substantial amount of votes from social sectors distinct from its traditional base of unionized workers, students, and intellectuals.

The electoral platform of the FA, which later formed the base for its policy proposals regarding labor issues, contained the following points:

- The reactivation of the *Consejos de Salarios*
- The recuperation of the purchasing power lost by workers during the Batlle government (2000-2004)
- An even more expressive valorization of the minimum wage and of the salaries of teachers and public healthcare sector workers
- A reduction in the levels of structural unemployment, especially for groups of workers in more precarious situations (such as youth, women, minorities, and unskilled workers)
- A reduction in informal work

In order to construct the final version of its labor policy agenda, Vasquez and other leaders of the FA dialogued with business and union leaders, in order to ensure that their interests were reflected. Employers' organizations, such as the Uruguayan Chamber of Commerce and Services, doubted the FA's intentions at first but then signaled their relief when Danilo Astori, a centrist leader of the party committed to maintaining economically

orthodox policies founded on open markets and macroeconomic stability, was named Finance Minister. With regards to the union movement represented by the PIT-CNT, the FA's program reflected the great majority of its aspirations, due to the historic and ideological links that these two organizations have shared since the founding of the FA in 1971. For that reason, it has been argued that the PIT-CNT places more endogenous constraints on the ruling leftist party than any other workers' movement operating within the context of the "new left" that has surged in Latin America during the past decade (Luna, 2010). Thus the key issues advocated by the PIT-CNT, such as the reactivation of the CS and the reduction of informal work, were highlighted in the FA's platform, and other policies of interest to the unions, such as greater protections for union negotiators in the CS and a widening of the right to strike, were also included in the FA's policy agenda.

It is important to mention that the capacity of the FA government to transform the Uruguayan labor relations system beginning in 2005 was not only linked to its auspicious position as majority party, but also to the decidedly favorable economic context, due to the high international prices for its export commodities such as beef, soy, rice, and forestry products as well as to the reactivation of demand for services such as tourism and computer programming both in the national and regional market. These factors, combined with a boom in foreign direct investment (FDI) estimated in US\$ 6.6 billion during the years 2005-9, help to explain the dramatic growth in GDP per capita, calculated in 25.1% during this period (Olesker, 2009). Although the majority of FDI was concentrated in sectors with low levels of incorporation of technology, such as food and beverages, cellulose and paper pulp, and cattle production (Red de Economistas de Izquierda del Uruguay, 2010), industrial production was favored due to the increase in internal consumer demand for non-durable goods and to the industrial promotion policies put into place by the government of the FA for the first time since the decade of the 1950s.

As it was stated earlier, one of the utmost priorities of the FA after Tabare Vasquez's inauguration in March 2005 was the reactivation of the *Consejos de Salarios*, something that did not require new legislation to be put into place, as the regulatory framework created by Law 10449 was still technically in force. However, to ensure the success of the new round of negotiations in the CS, several new structures were created. The *Consejo Superior Tripartite* and *Consejo Superior Rural* were formed to classify all of the economic sectors and sub-sectors into groups to facilitate collective bargaining, and to propose provisions to modernize Law 10449. The *Consejo Bipartite* was also created as a space for social dialogue with public employees. With this new institutional structure in place, the first round of collective bargaining processes were convened in 2005, divided into three levels of negotiations. The "macro" level, represented by the *Consejo Superior Tripartite*, incorporated national leaders of the PIT-CNT and employers' organizations together with representatives of the Ministry of Labor and Social Security (MTSS, for its acronym in Spanish), who defined general parameters for all of the negotiations and also fixed the level of the national minimum wage. The "meso" level involved negotiations between union leaders and employers of individual economic sectors, accompanied by representatives of the MTSS, separated into 20 groups

and approximately 190 sub-groups defined by the *Consejo Superior Tripartite*. Negotiations on the level of individual companies take place in the “micro” level, in order to address issues which may not have been agreed upon at the “meso” level. It should be mentioned that the role of the State (embodied by the representatives of the MTSS) is not that of a mere observer whose principal role is to guarantee that the labor legislation is respected, but is actually quite proactive, especially in the negotiations at the “meso” level, where it presents its own proposals for clauses to be negotiated in cases when employers’ and workers’ representatives cannot arrive at a consensus.

This process, defined as “amplified social dialogue” by Mendez, Senatore, and Traversa (2009), in order to differentiate it from the more restricted negotiations which were held during the Sanguinetti government, culminated in the celebration of 181, 213, 226, and 205 agreements in 2005, 2006, 2008, and 2010, respectively, incorporating topics related not only to salaries but also to gender equality in the workplace, vocational training, occupational health and safety, and working hours. Out of the total number of collective bargaining agreements signed in 2005, 2006, 2008, and 2010, 96%, 86%, 84%, and 84% were resolved by consensus, thus confirming the capacity of this mechanism to mediate and pacifically resolve labor conflicts. These agreements covered a total of 440,000 private sector workers, 150,000 public sector workers, 80,000 rural workers, and 95,000 domestic workers (this last category, only beginning in 2008), encompassing over 50% of the economically active population in Uruguay. It is also presumed that the agreements reached in the CS helped revalue workers’ salaries, which lost an average of 16% of their real purchasing power after the banking crisis of 2002. Furthermore, the fact that over 200,000 new jobs were produced during 2005-8 also proves that the improved levels of remuneration for workers agreed upon in the CS did not “crowd out” the creation of new employment opportunities (Olesker, 2009).

In addition to the reactivation of the CS, other norms to strengthen labor rights and social dialogue processes were also put into place during the government of Tabare Vasquez. In order to protect the activity of union leaders involved in the negotiations taking place in the CS, the Law of Special Union Protections (*Ley del Fuero Sindical*) was passed in 2005. In accordance with ILO Convention 87, already ratified by Uruguay, this law explicitly stipulates that the creation of new unions and activities of existing organizations must take place in a context free of employer influence, and that any worker fired from their job as a result of their union activity must be promptly and automatically rehired. The law also guarantees that union leaders be given paid leave to exercise their functions. It is important to mention that this law initially met with stiff resistance by the Uruguayan Chamber of Commerce and Services, but the active support of the PIT-CNT and strict party discipline applied by the members of the FA in the Congress permitted its approval with only minor amendments.

In 2009, towards the end of Tabare Vasquez’s period in office, the Congress worked to pass two new legislative proposals, in order to keep advancing towards the institutionalization of a new labor relations system based on social dialogue processes, in both the public and private sector. Law 18508 addresses collective bargaining in the public sector, extending this right to all public employees, which was previously denied

to important segments of this workforce, such as certain functionaries in the Executive branch and public school teachers, despite the previous ratification of ILO Convention 154 which only excludes members of the Police and Armed Forces from collective bargaining processes (Bajac, 2010). Specifically, this law states that all workers of the Legislative, Executive, and Judicial branches, state-owned enterprises, autonomous State entities, and local governments are allowed to celebrate collective bargaining agreements covering the following issues:

- Working conditions and occupational health and safety
- The design and implementation of vocational training programs
- The structure of civil service careers
- Proposals for reform of the public sector
- Relations between employers and employees

(Mendez, Senatore and Traversa, 2009)

The general framework of the negotiations between the State and its employees is set by the *Consejo Superior De Negociacion Publica del Sector Publico*, while individual agreements in each State entity are negotiated directly in bipartite processes involving equal numbers of union and State representatives (in their capacity as employers). The responsibility to guarantee compliance with the agreements is given to the MTSS.

In September 2009, after two years of debate, the polemical collective bargaining law for the private sector was passed by the Uruguayan Congress, due in large part to the partisan discipline of the FA members of Congress and to the intense pressure campaign launched in 2009 by the PIT-CNT. This law enshrines tripartite social dialogue as one of the pillars of the Uruguayan labor relations system, through the regulation of the functions and structure of the *Consejo Superior Tripartite*. This institution, comprised of nine representatives of the MTSS, six representatives of employers' organizations, and six representatives of the PIT-CNT, has the authority to establish and modify the legal minimum wage, classify groups of economic activities in order to facilitate the collective bargaining processes that take place in the *Consejos de Salarios*, indicate the labor and employers' organizations that will participate in the CS, deliberate on questions pertaining to labor and employer's issues to be resolved bilaterally and trilaterally, and develop initiatives to advance labor relations in the country.

It should be mentioned that this law allows any of the three actors represented in the *Consejo Superior Tripartite* to convene the CS, in this way effectively eliminating the possibility that the Executive branch of the government can unilaterally block the realization of these sector-wide collective bargaining processes, as it did during the reinstallation of a "voluntarist" labor relations system during the years 1990-2004. In addition to this, the law stipulates that the agreements reached in the CS are legally binding and of mandatory compliance for all the actors involved, even if the employers refuse to participate in the negotiations. This occurred for example in 2008 in the negotiations in the CS for domestic workers, when no representative of an employers' organization took part in the talks. Likewise, according to this new law, all collective bargaining agreements remain in force until new agreements are signed, thus giving a greater level of stability and continuity to the labor relations system. Due to pressure from employers' groups, a "peace clause" was introduced in the days before the signing

of the law, which guarantees that the actors involved in the negotiations in the CS do not take actions in detriment to the spirit of the agreements. Despite the last-minute inclusion of this clause, the business sector maintained its opposition to the implementation of this law, even taking it to the point where the Uruguayan Chamber of Commerce and Services sent a complaint regarding its contents to the Committee on Freedom of Association of the ILO, and were vindicated when in 2010 this Committee recommended to the Uruguayan government that modifications should be made in order to further demark the role of the MTSS representatives in the collective bargaining processes that take place in the CS (OIT, 2010). To comply with this recommendation, the government established a new tripartite commission to formulate the suggested modifications, and whose work is still in progress.

Besides these laws regarding collective bargaining and protections for union leaders, over 35 other legislative proposals regarding labor issues were proposed by the FA government and approved by the Uruguayan Congress during the years 2005-2010, giving this period the distinction of having produced more labor legislation than any other in the history of the country. Although a detailed description of these other laws is beyond the scope of this paper, some of the issues dealt with in this legislation include the limitation of the working day for domestic and rural workers, the inclusion of domestic workers in the national social security system, the establishment of a new public institute for vocational training, and the prohibition of outsourcing work in cases where this practice is principally used to reduce labor costs and disguise the true employer-employee relationship. Due to this proliferation of legislative activity, it can be surmised that the Uruguayan labor relations system has been transformed from one in which negotiated norms prevail, such as in the United States and England, into one in which the labor norms are explicitly codified through national law, and not bilateral agreements, following the French and German tradition.

The implementation of these new norms has had significant impacts on the Uruguayan labor market, especially in relation to the creation and formalization of employment and to the strengthening of union actors in the labor relations system. Olesker (2009) shows that over 200,000 new jobs were created during the years 2005-8, thus helping to reduce the unemployment rate to 7.2% in 2008 (down from over 13% in 2005). In addition, the real value of the minimum wage was increased by 135% and wages in all economic sectors were revalued during this same period. Olesker also estimates that informal employment was reduced by 3%, however more advances in this sphere are still necessary, as the Instituto Cuesta Duarte (2009) estimates that approximately 33% of all employment in the country can still be classified as informal. With regards to the strengthening of the social actors in the labor market, it is evident that the union movement (traditionally the weakest actor) has taken advantage of this new labor relations framework, as over 200,000 new members joined unions affiliated to the PIT-CNT during the years 2005-2010. This is equivalent to a 200% increase in the unionization rate, as in 2003, the PIT-CNT claimed to have less than 100,000 affiliates. During the Tabare Vasquez government, the representativeness of the union movement also increased qualitatively, as new unions were created in sectors formerly under-

represented by the labor movement, such as domestic work, retail sales, and private security services.

Taking into consideration factors such as the increased promotion of tripartite social dialogue, the unified action of unions and employers' organizations, and the redefinition of the role of the State in the new labor relations system installed by the FA government, it is possible to pose the question if the type of political representation of Uruguayan social actors can now be classified as "neocorporativist" or "societal corporatist." Utilizing the concept proposed by Schmitter, corporatism can be defined as a "system of interest representation in which the constituent units are organized into a limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated categories, recognized (...) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports" (Schmitter, 1974). "Social corporatism" refers to a political system with open and competitive electoral processes and coalition-based executive powers, which also exhibits processes of rationalization of State policymaking that serve to incorporate subordinate social groups more closely within the political process, in this way corresponding to social-democratic systems such as that which operate in the Northern European countries.

Based on this definition, it can be deduced that there is a strong approximation between the neocorporativist or social corporatist model and the current system of interest representation in Uruguay. In structural terms this can be confirmed, as in Uruguay the representation of workers' interests is carried out by the unitary labor confederation PIT-CNT, which has a hierarchic framework (due to the fact that it is composed of federations, which in turn are made up of individual unions), is recognized by the State as the sole legitimate actor representing labor interests in the CS, and even if its selection of leaders is completely autonomous of the State, it does accept the rules of the game implicit in its participation in the CS, including the "peace clause" mentioned above. Although Uruguayan employers' interests are represented by a plurality of organizations without a defined hierarchy, it is important to note that these groups do not dispute the spheres of participation in which they operate and strictly coordinate their actions within the CS. On a historical level, this also can be affirmed, since as Schmitter (1974) states, the transition to social corporatism depends on past liberalism, involving a history of autonomous organizational development, distinctive class self-images and loyalties, the presence of a competitive electoral arena in which wider appeals can be launched, and a gradual expansion of the role of the State occurring in response to the needs and pressures of organized private interest groups. The traditional independence and strong cultural identity of the Uruguayan union movement, the country's deep democratic traditions and strong levels of party identification, and the historic role of the unions in stimulating State involvement in labor relations through the use of their influence on FA leaders all concur with this definition. Finally, on a procedural level, we can also identify parallels between neocorporativism and the Uruguayan labor relations system, as the tripartite social dialogue which takes place in the CS is now convened on a permanent basis, leading to comprehensive, legally-binding agreements. Also, tripartite dialogue processes are now being fomented in other institutions related to the world of work, such

as the national social security institute (*Banco de Previsión Social*) and the national vocational training institute (*Instituto Nacional de Empleo y Formación Profesional*).

Despite these indications, the complete installation of neocorporativism on an institutional, political and cultural level in Uruguay has not been totally achieved yet. According to Offe (1985), the development and stability of corporatist political structures depend on the traditions and specific national configurations that labor movements assume, the suppression of other forms of interest expression, and continuous economic prosperity. In the case of Uruguay, the unitary structure of the union movement and its strategic decision to prioritize tripartite collective bargaining over other types of conflict resolution favor a deepening of corporatist practices. However it is possible that alternative interest groupings could emerge, as the process of incorporation in the leadership of the PIT-CNT and in the bargaining committees of the CS of workers representing non-traditional union constituencies, such as women, youth, and informal sector workers, is quite slow. In addition, the premise of continued economic growth is also in doubt, because despite the fact that Uruguay registered an impressive expansion of GDP in 2010 (measured at 8.5%), aftershocks from the 2008 world financial crisis still threaten to reduce demand for its principal exports, thus weakening the national economy.

Offe also cautions that social corporatist structures could be threatened by the internalization and sharpening of class conflict which would negatively affect the capacity of the State to direct the institutional mechanisms put into place to ameliorate the tensions between labor and capital. Taking this into account, in the Uruguayan context, Senatore and Mendez (2010) warn of the possibility of a regression in the consolidation of a neocorporatist labor relations system, if conflict between employers, unions and the State begins to escalate, particularly in regards to the distribution of public resources, macroeconomic policymaking, and the redefinition of the new collective bargaining law for the private sector. On the other hand, the maintenance of the political hegemony of the FA in the Executive and Legislative branches of the national government, the sustained quantitative and qualitative growth of the Uruguayan union movement, the continued macroeconomic stability, and the widening of policy space on a regional level due to the consolidation of center-left political tendencies in the Southern Cone all contribute positively towards the deepening of a social-democratic political system based on social dialogue and a more equitable distribution of resources in this South American nation. Only with more time will it be possible to discern with greater clarity if this moment truly marks a new critical juncture in the history of the political development of the Uruguayan labor movement, but so far short-term indicators do show that the structural changes implemented as of now by the FA government have been able to benefit both Uruguayan workers and their organizations in a way that has not been seen since the introduction of Batlle y Ordóñez's labor reforms over a century ago.

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