

" UNION MEMBERSHIP IN ARGENTINA. A THEORETICAL AND METHODOLOGICAL DEBATE." ¹

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INTRODUCTION

The labour unions in Argentina have traditionally had an important role in the settlement of labour market conditions. The firsts labor movements arose at the beginning of the 20th century with the massive immigration of Spaniards and Italians to the country. This incipient unions were strongly influenced by anarchist, socialist and communist ideas. However, it was not until 1945 - under Juan Domingo Perón's influence - that most labour unions acquired their current characteristics. Unions in Argentina used to be important social organization, not only a mean of representation of the working class. Nonetheless, during the 90s - the period of neoliberal reforms - union membership began to experience a drastic fall. Since Argentinean renowned political and economic crisis at the end of 2001, the membership rate stabilized. Moreover, the number of union members increased a 20% between 2006 and 2009. However statistics on union density in Argentina are no exception to the common lack of historical and comparable data source that takes place in other countries.

This work focuses on union membership in recent years in Argentina. For this, data produced by the Ministry of Labor, Employment and Social Security (MTESS) that shows recent trends in terms of union membership. In particular, the results of the *Módulo de Relaciones Laborales* (MRL) (Labor Relations Module) - from the *Encuesta de Indicadores Laborales* (EIL) (Survey of Labor Indicators) in 2006⁵ - will be shown.

The union membership verified in 2008 by the EIL in Argentina indicates an increase in the number of workers belonging to unions, closely linked to the overall increase in formal employment and the revitalization of collective bargaining in the last few years. The union density in this article will be defined as the relationship between the number of workers from which companies deduct the payment of union membership, to the entire group of workers represented by the survey - approximately 2,450,400 employees.

The main purpose of this paper is to describe Argentinean's current situation on affiliation. How are Argentinean unions structured? How do the economic and political environment influence the union membership? How is the membership rate measure in Argentina and which are its limitations? Finally, what explains the increase on union members?

First, the Argentinean union modes is going to be described. The main features which explain union membership and collective bargain are expose. Later, the characteristics and methodology used for compiling the membership data of the Argentine case from the EIL are

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⁵ The *Encuesta de Indicadores Laborales* (EIL) (Survey of Labor Indicators) is monthly conducted by the MTEySS since 1998. It is targeted at private formal businesses with more than ten employees in five urban centers: Greater Buenos Aires, Greater Cordoba, Greater Rosario, Greater Mendoza and Greater Tucuman in all branches of activity, except the primary activities sector (agriculture, mines and quarries).

presented. Finally, the results of the MRL from the EIL are presented and, in turn, this data is contrasted with recent studies that show the global decline in the rate of union membership.

LABOUR UNIONS IN ARGENTINA

Most of unions' regulations have been settled under the influence of Peron. First, when he was head of the Labour Secretary (1943-1945) and later as President (1946-1955). Minor changes have been introduced in unions' rights since then.

Unions in Argentina have always had a special bond with governments. Even nowadays, most unions identify themselves with the peronist movement. However, not all of them have a strong link with the Justicialist Party (created by Peron). Unions are strongly affected by the political orientation of the government. When conservative or right-wing parties have taken office, their policies have tended to diminish union's influence. Nonetheless, unions have always reacted to this type of policies. Unions were one of the most important actors that opposed vigorously to the last violent dictatorship (1976-1983). Until the 90s, union's support of the government was crucial to the government performance. Contrary, left or center-left-wing governments have clearly contributed to promote and strengthen union action. Argentina has a strong tradition of state intervention on industrial relations specially participating as a third part in collective bargaining and labour conflict. Thus, the political orientation of the government strongly influences the membership of workers.

One of the most serious challenges that Argentinean unions have been confronted with, was the globalization and - more particularly - the establishment of neo-liberal reforms. These reforms were carried out by the government of Carlos Menem and the Justicialist Party. As a result, unemployment increased dramatically as also did precarious working conditions and economic uncertainty. The traditional industrial sector collapsed and the services sector - with no powerful union custom - grew. In this regard, some authors argue that when unemployment increases rapidly it affects a large part of the economically active population, then the likelihood of having a negative impact on membership rises (Mason and Bain, 1993; Wallerstein and Western, 2000). These circumstances favoured an offensive by business and weakened the trade unions. There were also important changes in the model of production, some flexibility norms were introduced and the individualization of the workforce prevailed. All these transformations impacted not only in union membership but in collective bargain centralization as well.

Nevertheless, regardless of the neo-liberal reforms, labour unions have managed to keep the legal framework that regulates their activities, and which, in turn, enhance the bargain position of the older unions. In words of Frege and Keelly (2003) legal framework influences the unions' ability to negotiate and agree on wages and is the same framework which establishes the rights and obligations of trade unions for their members. Depending on the institutional structure of the country, there is an incentive for workers to join the union or not. Argentina can be identified as a country with strong institutional structures.

According to the Argentinean Act of Union Association⁶, only unions with legal recognition (*personería gremial*) have full rights⁷: they are the ones who can collectively bargain on behalf of workers and represent their collective and individual interests. Union representation not only relates the union with the member but also to all unionized salaried employees. The coverage of collective bargaining is wide. In Argentina, the concept of *erga omnes* is applied. This notion determines that the working conditions from collective bargaining, including wage increases, are extended to all workers represented by the union regardless of union

⁶ Article 25 of the law 23.551 - *Ley de Asociaciones Sindicales*

⁷ Argentinean Constitution guarantees freedom of association. Therefore, there's no limitation on the number of unions. However, the state bestows the monopoly of legal representation only on unions which have proven to be the most representative in their area. Thus, only one union per area can sign formal collective bargains that are binding agreements.

membership. The trade union legal recognition constitutes one of the central axes in the Argentine union model.

It could be argued that an extended coverage, while enhance the strongest union bargain position, it could as well disincentive union membership. According to approaches inspired by Olson's theory about free riders, if the coverage reaches the level of activity and negotiations include both union workers and non-union members, these employees might be less motivated to join the union because the wage benefits reach them anyway. However, joining unions provides other benefits.

Only legally recognised unions have other rights that non recognised unions lack: they can collect union dues through payroll deductions from employers and most importantly, they manage their own health insurance. Some literature has tended to relate the data of membership numbers with the "union power", the latter being the amount of available economic resources by the union. Membership becomes in these types of discussions a primary objective of unions, since it would be the main mode of financing themselves. Nonetheless in Argentina, the "payment of union membership" is not the only economic resource that legal unions have. There are other resources that come from a portion of the workers' wages as well:

- Apart from "payment of membership", there is a "deduction for health insurance". It is a compulsory contribution, whether or not the worker is a member of the union, as required by law. That money is intended to finance health care for workers and their families. Since 1997, workers can choose a different health insurance than that of the union which they are a member of. This modification had impact negatively on unions incomes.
- There is also a "solidarity fee for the union", mandatory for some guilds. This contribution from the worker is agreed to only through collective bargaining. The destination of these funds are earmarked vary according to union (for example, expenditures for social action). This is only paid by workers which do not belong to the union. In other words, union membership is encouraged by exempting employees from paying this solidarity fee.
- Finally, there are other payments such as "worker's contributions in order to finance insurance," for example, life or funeral insurance or pensions to supplement retirement. This contribution is also mandatory for some guilds.

Thus, even if the wide coverage could encourage a free rider attitude in employees, the legal framework regarding union's source of financing can act as deterrent to non-affiliation. It shall be emphasized, once again that only those employees that pays the "payment of union membership" are considered union members.

This brings about the question of how to measure union density in Argentina.

UNION DENSITY IN ARGENTINA. METHODOLOGICAL CONSTRAINTS AND EVOLUTION OF THE MEMBERSHIP RATE.

The definition and interpretation of the "union membership rate" has been and still is a widely debated concept in national and international literature. Some authors (Frege, 2003) refer to unionization as one of the main indicators that allow us to understand the evolution of trade unionism worldwide. However, the preparation of this data varies from country to country and over time, depending on the methodology used to measure it. In Argentina, the studies of Cerruti Costa (1957); Rotondaro (1971); Torre (1973); Doyón (1975); Godio (2000), and Marshall (2006), among others, refer to the difficulty of having statistics that clearly reflect the number of members and there is some consensus in attributing these distortions on the membership data to the source of the information. In fact, union membership data has generated some controversy in regard to the source of information used, and the continuous availability of comparable statistics.

The membership rate is a tool used to measure the union density in a society and is commonly defined as the ratio between the actual membership and the *potential*

membership. Regarding the latter term, one might question who would be the “potential” members: the entire economically active population, registered employees, etc. Once potential membership is defined, there are problems related to the “actual affiliation”: What the source of this information is and how members are counted?

Usually, the sources of information for counting union members are records or surveys.

The main problem with union records, is that information is compiled from administrative records of the union or federation itself. Some authors (Lamadrid and Orsatti, 1991; Frege, 2006) argue that unions tend to overestimate or underestimate the data regarding the number of members.

Regarding surveys, there are different kinds of respondents: workers, businesses or households. Each source of information presents different difficulties. In Argentina, when the ones responding are workers, surveys may be conducted in the workplace (as in the case of the *Encuesta a Trabajadores en Empresas* (ETE) (Workers’ Survey in Workplace) or in homes (as in the case of the *Encuesta Permanente de Hogares* (EPH) (Permanent Household Survey).

When workers respond, the main obstacle is the confusion or ignorance from the employee regarding which types of deduction is being made. They are not sure whether they are paying a membership fee or the solidarity one.

In the case of household surveys, the difficulty is that whoever responds is the person who is at home, who can ignore the situation of the worker. However, this type of source has the advantage of providing data on the socio-economic characteristics of the member (sex, nationality, employment status, education, etc.) (Visser, 2006).

When the respondent is the company, as in the case that we are going to analyse (*Encuesta de Indicadores Laborales* (EIL) Survey of Labor Indicators), since employers are the parties that are legally obliged to act as agents of retention of the amounts of union membership dues, the use of this source allows a precise estimate of worker union members (Palomino, 2005). However, this information is not easy to be achieved.

Survey of Labor Indicators. The Labor Relations Module

This is a new tool developed by the Ministry of Labour to obtain more information regarding working conditions. The *Encuesta de Indicadores Laborales* (EIL) (Survey of Labor Indicators) is monthly conducted by the MTEySS since 1998. Within the EIL there is the Labor Relations Module (MRL) which has been incorporated in 2005 and is annual. It is targeted at private formal businesses with more than ten employees in five urban centers: Greater Buenos Aires, Greater Cordoba, Greater Rosario, Greater Mendoza and Greater Tucuman in all branches of activity, except the primary activities sector (agriculture, mines and quarries).

The advantage of the MRL is that it is the only survey that nowadays asks specific questions about *union membership* in Argentine. This survey is answered by the “employer.” Thus, the information obtained is more precise because the company, by law, retains from the employee’s salary the payment to be given to the union. Therefore, in order to obtain the “*membership rate*,” as it is called in Anglo-Saxon literature, this article relates the number of workers from which companies deduct the payment of union membership, to the entire group of workers represented by the survey.

As mentioned, the union receives from the company, in its capacity as employer and retention agent, employee contributions with different aims and objectives. However, to obtain the membership data, the only data analyzed are the deductions made under “payment of union membership.” This is the only deduction that is optional for which they must have the approval of the worker to join the union.

That is to say, it is considered that a worker is affiliated with a union if two conditions are met simultaneously. Firstly, if the employee **contributes to the union membership fee**, which gives the worker certain rights that are determined in particular in each entity (for example, participate in the political life of the union, discounts on hotel rates and tourist services,

preferential rate of financial loans and social benefits). Secondly, if the employer acts as an **agent of retention** of a membership fee, which is then transferred to the corresponding union. Therefore, in this survey, situations where workers make their own payments to the union without the involvement of the employer are not considered, as the case of the CTA (Central de Trabajadores Argentinos) among whose members include the unemployed and salaried employees in irregular employment situations.

To correctly interpret MRL data, it must be kept in mind that its results only represent a part of the working world. The exclusions of the following categories limit the comparisons that can be made with data from other national or international sources. The limitations may include:

- The geographic and institutional scope of this survey (registered workers in companies with more than ten employees in the five major agglomerations of the country);
- The unit of analysis of the survey: businesses, not including the public sector or domestic service;
- The operational definition of “membership” (workers to whom companies apply a deduction of wages as union membership fee).
- Excluding unregistered workers or non-salaried employees.

The data that are presented below are from a study that was conducted during September 2006⁸. The sample comprised 1,553 companies, representing a total body of 53,038 companies employing 2,450,400 salaried employees. Of the sample in question, 826 companies belong to Greater Buenos Aires, representing 39,554 companies employing 1,976,381 salaried employees. The rest of the sample, 727 companies, are located in the urban agglomerations of the rest of the county, representing 13,484 companies employing 474,019 salaried employees.

Union Density. Some Results.

The results obtained on the rate of union membership in 2006 indicate that it stood slightly above the 2005 level. According to data analysed, of the body of potentially unionized workers, in non-agricultural businesses of ten or more employees of the five agglomerations covered, 39.7% of workers were union members in 2006, while this percentage in 2005 had been 37%⁹. In terms of statistical significance, it is not possible to speak of an upward trend in the rate of union membership, but a variable that maintained throughout 2005.

While this membership information is not comparable with other domestic sources, nor with international sources some assumptions can be hold with regards to the rate evolution.

Table 1: Union membership in Argentina.

Year	Membership rate
1985	67.5
1990	65,6
1995	38.7
2000	31.7

⁸ 2008 results were still in process by the time this paper was being written. However it was already known the membership rate in 2008 was approx 37% as in 2006 even though there was a higher number of union members.

⁹ Data coincides with the result obtained in the ETE that was conducted by the MTEySS in 2005, surveying workers in their workplace. Under the ETE, union membership represents a 37.6% of the total population within the sample.

2005*	37
2006*	39,7
2008*	37

Source: Data from 1985-2000: Calcagno y Gontero, 2001 (collected from different sources). * Ministry of Labor, ETE and EIL.

The puzzling question that arises is why union membership rates stop falling? In addition, why is it still significant? Atzeni and Ghigliani (2007) argues that Argentinean union density remains well above most industrialised economies, where the decline have been much more marked (Visser 2006). Since Argentinean crisis at the end of 2001 many significant political and economic changes have taken place. Firstly, the Convertibility Law - which had determined, for more than a decade, that 1 peso was equal to 1 dollar – was repealed. This gave the surviving national industries some competitiveness. In 2003 a government¹⁰ with a centre-left-wing orientation was elected. Since then, Argentina has experienced an ongoing economic recovery. Furthermore, between 2003 and 2007, there was significant growth in employment, and a reduction in unemployment from 20.4 to 8.4 per cent. The new jobs which were created differed from that in the previous decade mainly because of the predominance of formal (legal) employment¹¹. Kirchner's government was characterised by state intervention which sought to raise the minimum wage, strengthen collective negotiations, promote legal employment and reform the legal system in order to guarantee greater protection for workers.

Other significant result of the EIL survey have been:

- a) Numbers regarding union's member presence in the workplace: The data showed that 65% of companies employ at least one worker affiliated with a union; that percentage was much higher than 56% in 2005.
- b) Economic areas more unionized: Union membership is higher in the areas of traditional union strength such as manufacturing and transportation, as well, financing and social services shows a lower rate. By the year 2006, the manufacturing, construction, transportation and retail were the more unionized sectors, with more than 45% union density, and financing and services have the lowest union density, with 28,5% and 26,5% respectively.
- c) Importance of establishment size: Establishment size is positively associated with union density. The likelihood to be affiliated is higher in larger firms than in medium and small ones. Union membership rate is 85% in bigger establishment. As the size of firm reduces, the rate drop until 71% and 63% respectively. This variation could be associated with union presence in the workplace. According to Oskarsson (2003), a union with a strong local presence that offers selective incentives for member workers will incite workers to join the union. In larger firms there are more union delegates, as proportion of total employment, than in smaller: 61,1 % in big firms, 31% in medium firms and 7,5% in small firms. Workplaces with union delegate experiences an increase in union density. Moreover, it should be noted that in small companies there was a growing number of members, which seems to be related to the type and quantity of social benefits that are offered by the unions.

¹⁰ Nestor Kirchner has been president form 2003 to 2007. At that time he represented the Justicialist Party. In 2007, his wife – Cristina Fernandez de Kirchner – was elected president and she is in office at the moment.

¹¹ Unregistered employment dropped from 49.7% of employees in the third quarter of 2003 to 41.6% in the first quarter of 2007.

CONCLUSIONS

The objective of this study was to show the current state of union membership in Argentina using the information provided by the Ministry of Labor. Even though there is no comparable data on the evolution of Argentinean union density, a stable trend in recent years was checked. Argentinean union membership has been strongly affected by the neo-liberal reforms. Although the legal framework regulating union life has not changed, the number of union members during the 90s fell. After two decades of recommending the labour norms flexibilization, today exists a growing consensus about the regulation effects on unemployment or employment. In fact, against the labour flexibility predominance during the '90s, nowadays there is a confirmable tendency to protect labour stability.

In the case of Argentina, it is worth noting the return of unions to the public arena associated with the growth of the economy and of the registered employment over the past five years, in the framework of a new role of the State as a market regulator. While collective bargaining wages and labor disputes have not been the subject of this investigation, we should not ignore the impact that these collective actions have in promoting membership.

In regards to the indicator of union membership, the problems of definition were identified, as well as the sources used (surveys-registries) and problems or methodological limitations for defining them; problems of data interpretation and the difficulties of standardizing information for the purpose of making it comparable.

It is worth mentioning then, the advantages of the type of survey (MRL) used for Argentinean case. Firstly, it is a good source because the unit of analysis focuses on companies. This guarantees the reliability of the data, since the companies are retention agents of contributions from workers for the union. Secondly, the survey has been designed for the specific purpose of gaining deeper knowledge of labor relations, especially of the role of trade unions and union membership.

This trend of expanding membership contrasts with the downward trend of unionization in the United States and the European Union analysed by other researchers. Comparing with data from recent studies in industrialized countries, generally speaking, it is verified that countries with long-term stability in their industrial relations systems have experienced a continuous decline in the rate of unionization.

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