Revue de droit comparé du travail et de la sécurité sociale

4 | 2017
English Electronic Edition

Collective Bargaining and Inflation: the Stage of Unions and Government Relation

Juan Pablo Mugnolo

Electronic version

URL: <https://journals.openedition.org/rdctss/2482>
DOI: 10.4000/rdctss.2482
ISSN: 2262-9815

Publisher

Centre de droit comparé du travail et de la sécurité sociale

Printed version

Date of publication: 1 December 2017
Number of pages: 228-230
ISSN: 2117-4350

Electronic reference

Juan Pablo Mugnolo, "Collective Bargaining and Inflation: the Stage of Unions and Government Relation", *Revue de droit comparé du travail et de la sécurité sociale* [Online], 4 | 2017, Online since 01 November 2021, connection on 04 December 2021. URL: <http://journals.openedition.org/rdctss/2482> ; DOI: <https://doi.org/10.4000/rdctss.2482>

Revue de droit comparé du travail et de la sécurité sociale est mise à disposition selon les termes de la Licence Creative Commons Attribution - Pas d'Utilisation Commerciale - Pas de Modification 4.0 International.

JUAN PABLO MUGNOLO

BUENOS AIRES UNIVERSITY

COLLECTIVE BARGAINING AND INFLATION: THE STAGE OF UNIONS AND GOVERNMENT RELATION

As usual, most wage bargaining finished in April, 2017. It was carried out through an increasing inflation in the first semester but lower than in 2016. The decrease of inflation (an estimated 24.5 % for 2017 against 40.9 % in 2016) influenced the wage bargaining pattern whose salary increase was around the same percentage.

However, in the second semester, inflation decreased slightly preserving wages in general. Regarding this fall of inflation, the most optimistic predictions augur a triumph of salaries over inflation. In no case, the loss of salaries would be as strong as it was in 2016 when overcoming the economic crisis was slower than what government and people hoped.

The government established the minimum wage as a tool to win the race against inflation. In Argentina, the minimum wage is guaranteed by a particular law which assigns unions and employers' representatives the faculty to agree on its amount. In case they do not, the law authorizes the government to decide on its own. In the current year, due to the fact that unions and employers' representatives have not agreed, the Government set the minimum wage. The increase was 24 % to be paid in three periods: \$8,860 on July 1, 2017; \$9,500 on January 1, 2018 and \$10.000 on July 1, 2018. The minimum wage is a very important datum in the Argentinean labor relations because It is the reference (the minimum) for collective wage bargaining which involves the majority of regularized workers.

In the same line, as another instrument of collective bargaining to preserve wages from inflation, a great number of unions have incorporated a "trigger clause" which activates automatic salary increases in case inflation overtakes the wage percentage negotiated in collective bargaining agreements. It was a very important tool to displace inflation as a core trouble for unions and workers.

The teachers' union of the Province of Buenos Aires constituted a particular case. That union of the most populated area in the country carried out a very strong negotiation with their new Governor. Behind the specific labor issue there was a political fight between the leader of the teachers' union, who was a member of the Peronist Party and supporter of ex-president Kirchner, and the Governor of the Province (the politician with the best public image in Argentina) a woman and emblematic member of the official party (Cambiemos). It is very important to emphasize that after 27 years the Peronism lost the election in Buenos Aires, which generated a rupture in the traditional politics. That rupture of the traditional political logic transformed a real labor trouble into a political party struggle. In the end, the labor conflict finished with an increase of wages (24%) negotiated in collective bargaining closer to the unions' demand. But the political fight was won by the new Governor because the society disapproved the 17 days' strike, viewing it as very strong, exaggerated and pursuant to partisan objectives.

Another important point regarding unions and government relation was the adaptation of the majority of the labor movement to a new political context. After 12 years of Peronism in the government, a new force (Cambiamos) in alliance with another social democratic traditional party (Radical Party) won the presidential election in December 2015 and so they did, two years later, in the general legislative election. Due to that fact, the traditional unions are debating over their positions. On the other hand, the government, who does not have a particular compromise with historical unions' leaders, started to pay attention to some unclear conducts of theirs. Regarding labor relations, the government insists on the negative impact on economic productivity that an inflexible labor regulation causes (worse after the flexibilization of labor law passed in Brazil in 2017).

The most important and traditional Argentinian (Peronist) unions, which in 2016 joined a single trade union confederation (General Work Confederation - CGT), started some internal struggles according to their proximity or not to the current Government. The majority of their leaders prefer to have a contemplate view over the policies of the National Administration (which is not Peronist) and deepen social dialogue. On the contrary, a minority of them think the CGT should strongly confront a government that they see as conservative. As a result, they proposed going on strike as an alternative. Finally, both groups agreed on a march to take place on August 14, a day after the general legislative election granted the official party a great triumph. Therefore, that decision was very wearing for the unions and placed a great part of the society against them and their traditional syndical and political tools¹.

In the same line, traditional unions are losing strength against social associations (called popular economy associations). These associations, which gather workers from informal economy (unregistered jobs, subsidy beneficiaries) as well as the unemployed ones, constitute a big conflict force with a high social visibility and a solid organization.

In my opinion, the majority of the Argentinian unions and the new government will start a period of dialogue based on reciprocal concessions: the unions, expecting the recuperation of the Peronist party and their own public image, the government, just to control the social conflict up to the economy definitely takes off.

Following the development of my analysis it is important to underline a recent rule of The Supreme Court in a case about the police unionization right. The highest tribunal decision denied a group of police officers the right to found a union to defend their interests.

1 Conflicts in some industrial areas were remarkable due to the fact that workers' representatives clashed with the most conservative unions which made it very difficult to reach an agreement. This situation has called into question the efficacy of some points of the Argentinean Union legal system.

The argument was that the ILO Convention 87 expressly states that the authorization for the police union creation is an exclusive faculty of each state of each signatory country. In Argentina, historically, different governments have rejected the police unionization (*"Sindicato policial de Buenos Aires c. Ministerio de Trabajo Empleo y Seguridad Social de la Nación"*- 11/4/2017). The correct decision of the CSJN could be read as a relapse of the freedom of association in the new political context²; however, that has been the historical position of Argentina with regard to the unionization of the security forces. In my humble opinion, the unionization right for the police would redound in an improvement of the critical security situation. However, there is a strong resistance about it in our country.

-
- 2 The Supreme Court intervention over collective labor issues has been very important in the last decade when the legal unions system received a strong objection from the highest tribunal. That objection concerning a violation of the freedom of association was based on the denounces of the supervisory bodies of the International Labor Organization (ILO) which, for decades now, has pointed out the incompatibility of the Argentine union regime with the Constitutional mandate and the ILO Convention 87, and requested its reform. The Argentine regime appears to allow the creation of all the unions that workers consider to be suitable, but only one of them -the one with the largest number of affiliated and, therefore, contributor members in its field - can carry out the main functions of union representation ("most representative union", status reached by the trade union that can exhibit at least a 20% of affiliated workers in the category). That particularity of the system is called into question: the excessive empowerment of the union considered as the "most representative", since it limits any possibility of real pluralism. It happens, in fact, that when the "most representative" union monopolizes the power given by the trade union status, the interest of the workers to constitute minority unions or to affiliate to them becomes illusory; deprived of the power that gives them sense, the potential existence of such unions turns to be very unlikely Cfr. GOLDIN Adrián, "La centralisation imposée de la représentation par les syndicats en Argentine et au Brésil", en *La représentation collective des travailleurs*, MOREAU Marie-Ange, Dalloz, Juillet 2012.