



Labour Unions and Economic Openness
The case of *Central Unitaria de Trabajadores* in
Colombia

A Research Paper presented by:

Erika Vanesa Enríquez Chacón

(Colombia)

In partial fulfilment of the requirements for obtaining the degree of
MASTERS OF ARTS IN DEVELOPMENT STUDIES

Specialization:

Governance and Democracy

(G&D)

Members of the Examining Committee:

Dr. Karim Knio

Dr. Freek Schiphorst

The Hague, The Netherlands
September 2012

Disclaimer:

This document represents part of the author's study programme while at the Institute of Social Studies. The views stated therein are those of the author and not necessarily those of the Institute.

Inquiries:

Postal address:

Institute of Social Studies
P.O. Box 29776
2502 LT The Hague
The Netherlands

Location:

Kortenaerkade 12
2518 AX The Hague
The Netherlands

Telephone: +31 70 426 0460

Fax: +31 70 426 0799

Contents

<i>List of Tables</i>	<i>iv</i>	
<i>List of Figures</i>	<i>iv</i>	
<i>List of Acronyms</i>	<i>v</i>	
<i>Abstract</i>	<i>vi</i>	
1	Introduction	1
2	Theoretical Framework	3
3	Methodology	5
3.1	Information sources	8
4	Antecedent Conditions (1930-1985)	10
4.1	Labour Movement	12
5	Critical Juncture (1986-1991)	16
5.1	Labour Movement	19
5.2	Alternatives and actors	21
6	Legacy (1992 - Today)	25
6.1	Mechanisms of reproduction of the legacy	30
6.2	Rival explanations	35
7	Conclusion	38
References		

List of Tables

Table 1. Main Labor Market Reforms, 1931-2010, Colombia	18
Table 2. Violations of the right of trade unionists to life, liberty, and security of the person, 2011, Colombia	34

List of Figures

Figure 1. Unionization Rate 1939 – 2010, Colombia	14
Figure 2. National Government external debt as percentage of GDP, 1970 – 2010, Colombia	20
Figure 3. Quarterly Unemployment Rate 1984 – 2011 and GDP annual change 1991 – 2011, Colombia	25
Figure 4. Persons in informal employment as percentage of total employment 2001 – 2011, Colombia	27
Figure 5. Unemployment Rate, 2011, South American Countries	31
Figure 5. Number of unionized workers murders, 1986 – 2010, Colombia	33

List of Acronyms

GDP	Gross Domestic Product
ILO	International Labour Organization
ENS	Escuela Nacional Sindical – National Labour School
HRW	Human Rights Watch
IMF	International Monetary Fund
CUT	Central Unitaria de Trabajadores de Colombia
CGT	Confederación General del Trabajo
CTC	Confederación de Trabajadores de Colombia
ANDI	Asociación Nacional de Industriales
US	United States
FTA	Free Trade Agreement

Abstract

Labour unions originated in Colombia in the 1920s when workers started to be involved in activities different from agriculture. During the 1930s thanks to the Liberal Party support, the organized labour movement was consolidated. However in 1945 the liberal government was defeated giving rise to a decade of partisan struggle and labour unions repression. Labour unions lost the political weight they have gained with the Liberal governments. From then on labour unions influence in economic policy has been limited. In this paper is analyzed how the labour movement shaped and was shaped by the largest economic policy shift of the last decades: the economic openness, that took place during the late 1980s and early 1990s in Colombia.

Relevance to Development Studies

Worker's organization has been recognized throughout the world as a basic right. In Colombia the international labour law was introduced in the 1991 Constitution, still in force nowadays, in which was recognized the right to work. Colombia also ratified in 1976 the conventions N°87 and N°98 of the International Labour Organization (ILO), the first one about freedom of association and protection of the right to organise and the second one about right to organize and collective bargaining. Yet, unions in Colombia have faced major challenges. The unionization rate which reached its highest point in the 1960s around 13% has felt to 4,2% in 2010. Moreover, according to the Human Rights Watch 2012 World Report, in Colombia the number of trade unionist killed every year remains higher than in any other country in the world, in 2010 51 unionist were murdered according to the National Labour School (ENS, for its acronym in Spanish)(Human Rights Watch 2012:232).

This paper aims to contribute with new insights to the study of the organized labour movement in Colombia, by making a historical analysis to understand the particular processes that have shaped labour unions and the way in which they relate to other actors in society. The explanation given here seeks to go beyond the ones that lack rigour in understanding the particular context in which this movement has evolved. The approach used here can be replied in other case studies.

Keywords

Labour unions, path dependence, critical junctures, CUT, Colombia, economic openness

1 Introduction

In the current phase of economic globalization, Latin American countries have gone through a fast process of economic integration. In the late 1970s and early 1980s, the growth rate of most developing countries collapsed, 'in this situation arguments emphasizing the positive role of free markets development attracted greater attention' (Gore 2000:792). The collapse in developing world gave rise to a set of policies formulated by official institutions located in Washington, later labelled the 'Washington Consensus'. In Latin America the Washington Consensus emerged as the main alternative to national development policies (Ibid). Consequently, during the 1980s Latin American countries went through process of macroeconomic adjustment. Although the reforms made, varied across countries, 'in most instances they shared some core components, including the opening up of international trade, the implementation of anti-inflationary programs, the privatization of state-owned enterprises, and the deregulation of markets' (Edwards 2003:1). Between 1980s and 1990s all Latin American governments, except for Cuba, reduced both trade and capital controls (Weeks 1999:151). As part of the same process, Latin American countries introduced reforms to make their labor markets more flexible.

In Colombia, as in most of Latin American countries, after the Second World War development model was characterized by the adoption of protectionist mechanisms in order to promote the internal industrial development (López 1994:15). This model was known as the Import Substitution Industrialization (ISI) which seeks to replace imported goods with local production to promote employment creation and lower the dependence of external markets. The first attempt to change this model in Colombia, by reducing regulation and giving greater participation to market forces in the economy, was in the 1970s under the administration of Alfonso López Michelsen (Kalmanovitz 2010:238, López 1994:20). Later, the liberalization process was taken up by Virgilio Barco administration between 1986 and 1990 and deepened by César Gaviria administration (1990-1994). It continued under Alvaro Uribe's mandate between 2002 and 2010, whose strategy in the economic front was aimed to strengthening national security and adjust the public finance in order to promote both Foreign Direct Investment and the participation of national private sector in the economy (Departamento Nacional de Planeación 2003, 2007). Similarly, the current government has promoted the competitiveness and innovation as the better way to achieve the economic growth and social development (Departamento Nacional de Planeación 2011). As a result of the market-oriented reforms, Colombia is increasingly better positioned in the 'liberalization rankings'. For instance, according to the World Bank Project, *Doing Business*, which measures business regulations and their enforcement, Colombia was 47 in the ease of doing business rank in 2012 among 183 economies, winning five places in the ranking with respect to 2011 (World Bank 2011). Additionally, according to Economic Freedom of the World, in Colombia the economic freedom index rose from 5,32 (out of 10) in 1970 to 6,27 in 2009 (Gwartney et al. 2011).

One of the derived outcomes of the market-oriented reforms is the deregulation of the labour market, this means the elimination of all the elements that hinder market performance. The organized labour movement has often

been seen as one of this obstacles. Nevertheless, worker's organization has been recognized throughout the world as a fundamental right. Despite a generalized reduction in the unionization rate, workers have been capable of organizing strikes and exercising veto power, demonstrating that membership decline does not necessarily means that unions have no power (Van den Abeelen and Schils 2006:16). Additionally, as representatives of working class, labour unions have been recognized as an important social and political force, which can foster transformations in the local and global level. According to Harrod and O'Brien (2002:8), 'the responses generated by labour in the face of neoliberal globalization certainly indicate a social force which is central to the development of the international political economy'. Organized labour movement has been a force balancing power in a globalization process led by corporations and governments. To survive to the conditions established by policies aimed to make labour market flexible, unions have gone through a process of internal adaptation and have begun to cooperate with national and international trade unions and other types of civil society organizations.

To illustrate the continuities and changes of the organized labour movement, this paper analyzes the case of the *Central Unitaria de Trabajadores de Colombia* (CUT), the largest confederation of Colombian workers in terms of membership and also one of the most influential in the national political field. The organized labour movement in Colombia has faced major challenges. Nowadays Colombia has one of the lowest unionization rates in the world and it has been labelled as the most dangerous country for union activities (Human Rights Watch 2012:232). Additionally, the market-oriented reforms implemented from the 1990s and the internal conflict have made more difficult for workers to fight for their rights and to organize their movement. So, how has Colombian organized labour movement, and more specifically the CUT, managed to survive to the economic openness process? this is the question this paper tries to answer taking into consideration that this is not the only obstacle that Colombian workers have faced in the last decades, as is going to be seen along the document. The hypothesis of this paper is that beyond the membership, the CUT has been able to adapt its internal agenda as well as the way in which relates to the government and entrepreneurs, to the recent changes to continue to be a player in the national political field.

This paper is divided in seven chapters. The first one being this introduction. Chapters two and three addressing the theoretical approach and the methodology. The method proposed to carry out the analysis of Colombian labour unions is theory guided narrative. The elements from the theoretical framework considered to drive the construction of the narrative are: antecedent conditions, critical juncture and legacy. This three elements are presented in chapters four, five and six. In this paper is argued that the economic openness process in Colombia that took place in the late 1980s and early 1990s is a critical juncture that has shaped the political development in recent years. In this case the influence of this event is analyzed in a specific institution, the labour unions, in particular the CUT and the way in which it has related to the Government and entrepreneurs. In other words, the CUT is the unit of analysis with respect to which the critical juncture is argued to be critical. Section seven contains the conclusions.

2 Theoretical Framework

To analyze the case of economic openness and the CUT, some analytical elements are particularly useful in understanding the interaction between the economic reforms and this particular actor. First, the importance of historical events; second, the autonomy of institutions and, third, the role of symbols in politics. These elements reflect the focus on institutions as proposed by the 'new institutionalism' rather than in individuals as proposed by behavioural approaches. Historically, political science theory had viewed political institutions as influencing individual preferences and actions and acting with relatively autonomy. Nonetheless, the behavioural perspectives, influential during the 1960s and 1970s, assume that 'political phenomena are best understood as the aggregate consequences of behaviour comprehensible at the individual or group level' (March and Olsen 1984:735). Behavioural perspectives have been criticized for their contextualism, reductionism, utilitarianism, functionalism and instrumentalism (March and Olsen 1984). New approaches have renewed the interest in institutions, building on earlier theories. These approaches offer analytical tools that are useful for the case being studied here.

The first tool is the renewed interest in history, on how historical events lead to particular institutional configurations. The study of labour movement can hardly be detached of contextual and historical conditions, although sharing common elements, labour movement is a place of convergence of different forces which vary according to the historical and social context. Institutional configurations are relatively invariant in the face of changes of individuals' preferences and expectations; at the same time, preferences are influenced by institutions. This helps explaining why the same operative forces might generate different results depending on the contextual features of a given situation often inherited from the past (Hall and Taylor 1996:936). For instance, the different legacies of the economic openness across Latin American countries. This does not mean that there is no change according to this theory, but that change is constrained by historical events (concept of path dependence). In contrast, behavioural approaches assume an efficient historical process, defined by March and Olsen as 'one that moves rapidly to a unique solution, conditional on current environmental conditions, thus independent of the historical path' (1984:737).

The second tool is the importance and autonomy of institutions and its influence on individual preferences and actions. 'Political behaviour is embedded in an institutional structure of rules, norms, expectations, and traditions that severely limit the free play of individual will and calculation' (Wolin 1960, quoted in March and Olsen 1984:736). For instance, it will be seen in next chapters that institutions as labour unions are not only affected by society but they also affect society; so, they not only defend workers' interests but also shape them. According to new institutionalism, preferences and interests develop 'through a combination of education, indoctrination, and experience; they are neither stable nor exogenous' (March and Olsen 1984:739). In contrast, the behavioural approaches explain political events as the outcome of calculated decisions. Preferences are assumed to be 'produced and changed by a process that is exogenous to the process of choice...in other versions preferences change, but choice itself does not produce a change in preferences'

(Ibid). By taking into account institutions autonomy, new institutionalism confers an important role to power, specially to 'the way in which institutions distribute power unevenly across social groups...giving some groups or interests disproportionate access to the decision-making process' (Hall and Taylor 1996:941).

The third and last tool is the role of symbols in politics which will be specially useful to analyze the process of implementation of economic reforms. Politics influence individuals' interpretation of life, is a place to elaborate, express and share meanings (March and Olsen 1984:741). At the same time culture and values affect political institutions where some procedures are adopted not for being the most efficient but for being culturally-specific practices (Hall and Taylor 1996:947). In contrast, the behavioural approaches give primacy to the outcomes over the process of politics, ignoring symbols or seen them as part of manipulative efforts to control outcomes (March and Olsen 1984:738). In this respect the new institutionalism defines institutions broadly than earlier political science theories, since it includes not only formal rules but also symbol systems and moral templates which provide a frame for human action (Hall and Taylor 1996:947).

3 Methodology

As it was explained in the last chapter, in the approach taken to carry out the analysis of Colombian labour unions, there is a path dependent pattern of change as opposed to an efficient historical process. In a broad sense, the concept of path dependence means 'that what has happened at an earlier point in time will affect the possible outcome of a sequence of events occurring at a later point in time' (Sewell 1992, quoted in Mahoney 2000:510). Krasner (1984:240,243) distinguishes between periods of institutional creation and periods of institutional stasis. According to Krasner, after established, political institutions enduring over long periods (Ibid). This understanding of path dependence is deterministic, because after the establishment of a particular institutional configuration is difficult to explain change and this is why it will not be used in this paper. This deterministic patterns is what Mahoney (2000:511) calls "inertia" '- i.e. once process are set into motion and begin tracking a particular outcome, these processes tend to stay in motion and continue to track this outcome'. To overcome the determinism of this conceptualization of path dependence, researches of this field have focused in different elements to bring contingency into the analysis. One of this elements is 'critical junctures' which are a major watershed in political life when a particular institutional arrangement is chosen from two or more alternatives (Collier and Collier 1991:27, Mahoney 2000:513). In this approach, contingency is understood as 'the inability of theory to predict or explain, either deterministically or probabilistically, the occurrence of a specific outcome' (Mahoney 2000:513). However, contingency does not mean that an event is random, because this event has also antecedent causes (Ibid).

Furthermore, critical junctures incorporates sequence into the analysis of path dependence, a sequence where 'each event is both a reaction to antecedent events and a cause of subsequent events' (Mahoney 2000:526). By focusing in breakpoints or points of significant change in a sequence of causally connected events, critical junctures offers a solution to the problem of infinite historical regress that characterizes path dependence (Mahoney 2000:526,527). Moreover, by incorporating sequence, this approach provides a 'clear temporal ordering among events in a sequence' (Mahoney 2000:532). According to Thelen (1999:388) 'the great strength of the critical junctures literature lies in the way in which scholars have incorporated issues of sequencing and timing into the analysis, looking specifically at the different patterns of interaction between ongoing political processes and at the effect of these interactions on institutional and other outcomes'. In this paper is argued that the economic openness process in Colombia that took place in the late 1980s and early 1990s is a critical juncture that has shaped the political development in recent years. In this case the influence of this event is analyzed in a specific institution, the labour unions, in particular the CUT and the way in which it has related to the government and entrepreneurs. In other words, the CUT is the unit of analysis with respect to which the critical juncture is argued to be critical. This approach allows to analyze the continuities and changes of an institution that, in the context of a flexible labour market, is seen as an obstacle for both the adjustment to economic cycles and jobs creation.

Theory guided narrative offers an special useful method for making sense of the multiple steps in a sequence of causally connected events (Mahoney 2000:530). Flyvbjerg (2011:311) rightly observed that narratives are 'forms of sharing experiences' and also 'an expression of innate relationships in the human mind, which we use to make sense of the world by constructing it as narrative'. Narrative is widely used in case study research in social sciences especially when the focus of the research is on long-term processes as the one analyzed in this paper. Recent literature in both history and social sciences 'has shown a large consensus that "narrative" does not necessarily equate with undisciplined or ad hoc storytelling' (Capoccia and Kelemen 2007:357). To go beyond the simple storytelling, theory guided narrative propose the use of a theoretical framework to structure and guide the narrative.

The purpose of the theoretical framework is to drive the construction of the narrative by focusing on concrete aspects considered outstanding by the theory (Capoccia and Kelemen 2007:357). In this case such aspects are taken from the work of three of the most important authors in the field of critical junctures, Collier and Collier and Mahoney. In their study of the evolution of the 20th century politics in eight Latin American countries, Collier and Collier (1991:29) define a critical juncture as 'a period of significant change, which typically occurs in distinct ways in different countries (or in other units of analysis) and which is hypothesized to produce distinct legacies'. With a similar approach, in his study of the liberal reform and its legacies in the Central American political dynamics, Mahoney (2001:6) defines a critical juncture 'as a choice point when a particular option is adopted from among two or more alternatives'; critical junctures are defined by historical conditions and lead to the creation of institutional patterns that endure over time (Ibid). In short, Collier and Collier established a framework to asses arguments about critical junctures an its legacies; more recently, Mahoney has made further progress by emphasizing the path-dependent process that follows a critical juncture and the power of agency in shaping the outcomes of it. The aspects from this approach considered for the study of labour unions in Colombia are:

- 1. Antecedent Conditions:** 'represent the base "line" against which the critical juncture and the legacy are assessed' (Collier and Collier 1991:30). However, antecedent conditions can have direct causal links with the legacy when *rival explanations* are taken into account. Mahoney, with a similar approach but emphasizing more the process of selection that characterizes a critical juncture, defines the antecedent conditions as 'historical factors that define available options and shape selection processes' (2001:5). Regarding the rival explanations, Collier and Collier highlight the importance of the ones involving "constant causes", as opposed to "historical causes" in which the critical juncture framework is focused. Constant causes are defined as 'attributes of the system that may contribute to the presumed stability of the legacy, but that are not the product of the critical juncture' (Collier and Collier 1991:37). Here can be seen the renewed interest in history of this approaches, and the rejection of a historical efficient process which ignores path dependent process. While a constant cause generates the same result year after year, a historical cause shapes a particular outcome that reproduces itself without the recurrence of the of the original cause (Collier and Collier 1991:35). In words of Hall and Taylor (1996:936), historical causes explain why the same operative forces,

might generate different results depending on the contextual features of a given situation often inherited from the past. Mahoney, even more than Collier and Collier emphasize the path-dependent process that follows a critical juncture; 'junctures are critical [when] it becomes more difficult to return to the initial point' (Mahoney 2001:7). In the case studied on this paper the antecedent conditions comprise the period 1930-1985 and rival explanations are presented in chapter 6.

2. Critical Juncture: in general terms, a critical juncture is a period of significant change that emerges from historical conditions and give rise to persistent institutional patterns. Critical junctures are triggered by a *cleavage* or crisis that emerges out of the antecedent conditions and produce a legacy (Collier and Collier 1991:30). The cleavage is an important element of the analysis, since it is seen as producing and generating the critical juncture; therefore, a careful study should be made about the links between the two. The argument here is that economic crisis of the early 1980s represents the generative cleavage, and economic openness, the critical juncture.

About the critical juncture duration, it depends on the causal mechanisms involved, according to Collier and Collier (1991), and it depends on the duration of the path-dependent process that it initiated, according to Cappocia and Kelemen (2007). These approaches are complementary in clarifying critical juncture length, causal mechanisms might produce a change that is produced rapidly or gradually; nonetheless, this period is always shorter than the path-dependent process that it initiated. Collier and Collier and Mahoney highlight the comparative analysis as an important element of critical juncture approach; and is indeed comparative-historical the type of explanation that both offer. Although the importance of comparisons with other units of analysis, meaning other labour unions, is understood by the author, this is not the main focus of the research. This is an open space, where the research can be expanded in the future. Finally, On his definition of critical juncture, Mahoney emphasizes the power of agency on shaping the outcome of this periods. According to this author, 'critical junctures are moments of relative structural indeterminism when willful actors shape outcomes in a more voluntaristic fashion than normal circumstances permit' (Mahoney 2001:7). Elements of this approach as the alternatives available at the critical juncture and the actors involved in the selection process, are also taken into account in this paper.

3. Legacy: the legacy is the reference element where the importance or lack of importance of a critical juncture is established (Collier and Collier 1991:33). In this paper the economic openness period is intended to explain labour unions dynamics. Collier and Collier identify a set of elements of the legacy that should be analyze. First, the *mechanism of production* of the legacy; 'the legacy does not crystallize immediately after the critical juncture, but rather is shaped through a series of intervening steps' (Collier and Collier 1991:31). This intervening steps are responses to reactions and counterreactions to the institutional pattern that follows the critical juncture. 'The reactive sequencing eventually give way to more stable outcomes, which can be considered the "heritage" of a critical juncture period' (Mahoney 2001:11, Collier and Collier 1991:37). Second, the *mechanisms of reproduction* of the legacy; 'the stability of the legacy is not an automatic outcome, but rather is perpetuated through ongoing institutional and political processes' (Ibid). Third, the *stability of the core attributes*

of the legacy; that is 'the basic attributes produced as an outcome of the critical juncture' (ibid). Finally, the *duration* of the legacy; 'in analyzing the legacy of the critical juncture, it is important to recognize that no legacy lasts forever; one must have explicit criteria for determining when it ends but must also be open to ambiguities about the end points...[Consequently] the choice about end points is best viewed as a matter for ongoing analysis' (Collier and Collier 1991:33). In order to assess continuity and change is necessary to make comparisons with the antecedent system. In analyzing critical junctures not only changes are important but also continuities; in some instances, apparent continuities conceal significant change (Ibid). For instance, the focus here is on how the CUT shaped the economic openness process and at the same time, the specific ways in which the openness experience in part perpetuated, and in part modified the CUT.

Back to the two types of explanation of continuity in social life: "constant causes" and "historical causes"; Collier and Collier based on Stinchcombe's (1968) work, emphasize the importance of the mechanism that reproduce the legacy of the historical cause. "These mechanisms of reproduction involve in part the fact that, once founded, a given set of institutions creates vested interests, and power holders within these institutions seek to perpetuate their own positions' (Strinchcombe 1968, Verba 1971, quoted in Collier and Collier 1991:35). The role of sunk costs is also emphasized; since, the continuation of an established institutional pattern is probably less expensive than create a new one (Ibid). This is related to the role of symbols in politics and the autonomy of institutions, both addressed in the previous section. The established institutions are trusted and have influence on peoples preferences and expectations; although, their practices could not be the most efficient. In March and Olsen words, the process of politics have primacy over the outcomes of it.

3.1 Information sources

The main sources of data for this paper are documentation and archival records. According to Yin (2009:103), although documents are useful they are not always accurate and may not be lacking of bias. Therefore, to minimize the problem of bias and lack of accuracy of documents, as many sources as possible are used to corroborate data about historical events.

- Books and reports from different institutions that have been written about economic history of Colombia prioritizing the documentation about labour unions and the change in the economic model in the 1990s; labour reforms and public policy analysis. To select the main books of economic history of Colombia the bibliography covered in the courses of this topic in the main Colombian Universities was consulted. It was also consulted the selections made for other institutions as the Colombian Association of Economic History (ACHE, for its acronym in Spanish) and the Central Bank. Also books and papers about new institutionalism and critical junctures are important sources.

- Journal articles, overall the ones published in Colombian academic journals as "Análisis Político".
- Interviews and speeches registered in journals and newspapers.
- Think Tanks publication as the ones of Fedesarrollo.
- Human Rights Watch: information about rights violations and violence against unionized workers. www.hrw.org
- Central Bank of Colombia and National Statistics Department: information about labour market based on household surveys and information about the economy in general based in the national accounts. www.banrep.gov.co and www.dane.gov.co
- Escuela Nacional Sindical (National Labour School): is a civil society organization created by academics and unions leaders to study of workers situation. The ENS collects periodically information about labour unions as number of affiliates, economic activity and date of foundation or settlement. Human Rights Watch reports are based on ENS's information. www.ens.org.co
- International Labour Organization: general information about labour market and in particular the one related to labour unions. www.ilo.org
- Web pages of Colombian labour union confederations: *Central Unitaria de Trabajadores de Colombia (CUT)* - www.cut.org.co; *Confederación General del Trabajo (CGT)* - www.cgtcolombia.org; *Confederación de Trabajadores de Colombia (CTC)* - www.ctc-colombia.com.co

4 Antecedent Conditions (1930-1985)

After the great depression of the 1930s, Colombia as the most of the Latin American countries when through a process of industrialization. Both, government and entrepreneurs agreed on a economic model of open trade supported on the exportation of agricultural products, particularly coffee. However, after the Second World War, concerns in the country started to arise about an eventual invasion of the national market of products from United States (US). The concern originated from a bilateral agreement between the two countries signed in 1935 in order to lower tariffs (López 1994:16). In 1950 for the first time the government adopted measures to protect Colombian industry from foreign competition. The administration of Mariano Ospina Pérez from the conservative party signed a reform to increase tariffs for foreign products. The support of entrepreneurs from the industrial sector, mainly of conservative orientation and organized in the *Asociación Nacional de Industriales (ANDI)*, made easier the adoption of this measures. Although the tariff reform was going against the bilateral agreement signed with US, this country did not opposed it, since its major interest was to guarantee the possibility of invest in Colombia and this aspect was been not modified by the reform (Ibid).

In Latin American context the protection in Colombia was moderate. It was greater than the one adopted in Perú, Cuba or Central America but, inferior to the one established in Argentina or Brazil. Nonetheless, according to Ocampo (1992:17) protection was not as important as coffee exportation for the expansion of local market and therefore, the industry. Between 1945 and 1979, coffee exports represented more than a half of international trade (Ibid). Despite the positive effect of coffee exports in the trade balance, the low elasticity of production also caused internal inflation; as a result, Colombian peso tended to be reevaluated. The multilateral organisms - World Bank, International Monetary Fund and Inter-American Development Bank - often pressured the government to devalue the currency. These measures produced short periods of stability, but those were followed by period of high inflation, giving rise again to the same cycle. From 1958, the *Frente Nacional* (National Front)¹ governments received credits from the US as part of the *Alianza para el Progreso* program (Alliance for Progress, 1961-1970)² in order to stabilize trade balance; however, foreign trade remained deteriorated, currency devalued and inflation high. Increases in wages achieved by workers also contributed to keep inflation rate high (López 1994:19).

This was the panorama when Carlos Lleras Restrepo (1966-1970) took office in 1966. Within the framework of substantial stability in the economic model, Lleras Restrepo administration made significant changes (Collier and

¹ National Front was a bipartisan coalition agreed in 1958 to finish the violent struggle that had started in the country one decade ago. The agreement consisted in letting the opposite party govern intercalating for a period of four presidential terms and equally divide all seats in the legislative body

² Alliance for Progress was a program initiated by the administration of John F. Kennedy in the US, aimed to establish economic cooperation between US and Latin America

Collier 1991:682). To face the most urgent problems, Lleras Restrepo requested a credit to the IMF. But, the IMF conditioned the credit to the adoption of orthodox measures as import release, exchange controls elimination and currency devaluation; the same measures that previous governments had adopted with unsatisfactory results. Finally, Lleras Restrepo, ignoring the IMF conditions and listening the demands of groups of the population opposed to the intervention of multilateral organisms, among them the trade union, decided to increase import restrictions and to introduce more exchange controls. However, after strong discussions with the IMF who insisted in a massive devaluation, the government adopted a crawling peg exchange rate regime that stabilized expectations about export and import prices (López 1994:20). Additional to import restrictions, Lleras Restrepo administration promoted a model of export-led growth subsidizing nontraditional exports and creating the *Fondo de Promoción de Exportaciones* (Agency to Promote Exports)(Collier and Collier 1991:682).

In 1974, López Michelsen administration (1974-1978) proposed for the first time to open the economy to international competition and to give greater participation to market forces in the economy. According to Kalmanovitz (2010:238) this attempt to change the economic model, broke the economical-political equilibrium achieved under the National Front. The experiment was not successful, oil exports were increasing and with it the participation of the government on the economy through investments in infrastructure projects (López 1994:21). Moreover, in 1977 with a large national strike, population showed its opposition to the economic reform (Kalmanovitz 2010:238). After López Michelsen's failed attempt, politics towards liberalization were abandoned. But, from 1980 a sequence of events would trigger economic openness. In 1980 coffee prices collapsed. International context was characterized by economic recession and dollar revaluation with respect to other developed countries currencies. Measures aimed to keep Colombian peso parity with respect to dollar caused revaluation and the loss of important markets for exports. The strategy adopted by the government of Julio César Turbay (1987-1982) was import liberalization, worsening the trade balance deficit (López 1994:22). This marked the end of export boom, industry collapsed and the economy stagnated.

Coupled with economic stagnation, the region was going through a debt crisis which initiated with Mexico's Finance Minister declaration that the country was no longer able to pay its debt. Resulting from this, Colombia had difficulties to obtain funding; although it continue to pay its debt on time. Additionally, Colombia lost its second trade partner, Venezuela whose currency was extremely devalued. To face the crisis new import controls were adopted and the currency was devalued to promote exports. This one was the last protectionist phase in the country. The government ask for credit to private banking; but loans were conditioned to the signature of an agreement with the IMF. The administration of Belisario Betancur (1982-1986) who prided itself on being autonomous in its economic policy-making, refused to sign the agreement at first; but finally, macroeconomic problems forced the government to sign a supposedly more "flexible" agreement than the one proposed at the beginning by the IMF. However, the consequences for the economy were almost the same; the program included macroeconomic adjustments under IMF supervision and the design of sectoral policies under World Bank direction (López

1994:22,23). These events marked the beginning of the transition to a new economic model.

4.1 Labour Movement

The rise of organized labour movement was one of the fundamental outcomes of capitalist development in Latin America (Collier and Collier 1991:3). In Colombia the first evidence of unions formation has been found in 1909 (Urrutia 1978:75, Collier and Collier 1991:86). These first unions were short-lived and their objectives were more religious than political; however, they were a good school for union leaders of the 1920s (Urrutia 1978:75). Labour unions history starts in 1920s when Colombia ceased to be an exclusively agrarian country and labour force gets involved in different activities (Urrutia 1980:182). In the 1920s an important wave of strikes occurred. Strikes in Bogotá in 1924, the Tropical Oil Company in 1924 and 1927 and the United Fruit Company in late 1928, were met with substantial repression (Collier and Collier 1991:87). Because of the repressive reactions of the Conservatives government lost support and in 1930, Enrique Olaya Herrera from the Liberal party, won the elections. Liberals would defend workers' rights until 1945 (Collier and Collier 1991, Urrutia 1978).

In addition to Liberal Party support, the process of industrialization under a protectionist model of the 1930s, allowed for the beginning of modern trade unions (Kalmanovitz 2010:234). This period was also characterized by the state reform from a laissez-faire posture towards a greater participation in economic and social issues. Although a moderate role of state was still promoted, new social, welfare and economic responsibilities were assigned to the state, changing its relationship with the new urban sectors, including the working class (Collier and Collier 1991:102,103). "The reorientation of the Liberal Party [toward a greater participation in economic and social issues], was also in response to the loss of its traditional strength in urban areas in the face of the increasing electoral importance of the Socialist Party, which had been founded in 1919 among urban workers' (Collier and Collier 1991:126). Until 1945, the state actively supported the organized labour movement, the ability of unions to organize greatly increased. In 1945 Alfonso López Pumarejo resigned the Presidency, its administration was going to a crisis due to the division of Liberal Party and the strong Conservative opposition; in addition, López was facing serious familiar problems that had forced him to stay away from his office on several occasions. The Presidency was then commissioned to Alberto Lleras Camargo; one year later Conservatives triumphed over a divided Liberal Party. Lleras Camargo initiated unions repression 'marking the end of the period of state mobilization of labor and the beginning of a period of intense intraparty and interparty polarization...and a decade of violent partisan struggle' (Collier and Collier 1991:294).

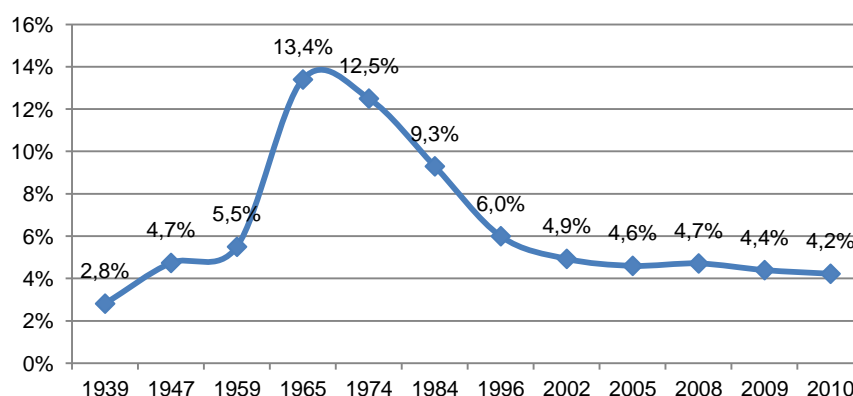
After 1945, when workers lost Liberal Party support, their participation in economic policy formulation was limited. While unions were strongly beaten by the partisan struggle, entrepreneurs were not affected. Associations as the *Sociedad de Agricultores de Colombia* (SAC - Colombian Agricultural Association) and the *Federación Nacional de Comerciantes* (Fenalco - National Federation of Co-

Colombian Commerce) divided the board of directors, equitably between liberals and conservatives. The *Asociación Nacional de Industriales* (ANDI - National Business Association of Colombia - ANDI), founded in 1944 in Antioquia and traditionally conservative, also welcomed liberals participation. By contrast, the partisan conflict produced the recoil and atomization of labour unions. With the creation of the *Unión de Trabajadores de Colombia* (UTC - Union of Colombian Workers) by the Catholic Church in 1946 and the repression of the *Confederación de Trabajadores de Colombia* (CTC - Workers Colombian Confederation) created in 1935 with liberal and communist orientation, the organized labour movement was divided. Moreover, the CTC was internally divided between liberals and communists, differences between the two were deepened after the assassination of the liberal presidential candidate, Gaitán in 1948 (Kalmanovitz 2010:237, Collier and Collier 1991:311). In 1953, after a military coup, Rojas Pinilla took over as President. Rojas tried to imitate the Peronismo³ by creating its own labor union, the *Confederación Nacional de Trabajadores* (CNT - National Workers Confederation) to gain popular support; the Communist Party was declared illegal and the CTC crisis was extended to the UTC. However, Rojas attempt failed and the regime was overthrown in 1957 (Kalmanovitz 2010:237).

In 1958 as an attempt to finish the violence it was created the National Front (1958-1974). The National Front restored the opposition and workers' rights allowing the reorganization of labor unions (Kalmanovitz 2010:233, Ocampo 2007:328). This period presented the higher unionization rate, as is shown in Figure 1, around 13% of workers were affiliated to unions. In 1964 is created the *Confederación Sindical de Trabajadores de Colombia* (CSTC - Workers Colombian Unions Confederation), independent from the government and politically autonomous and influenced by the communist wing of the CTC. However, policy making during the National Front Period was heavily influenced by economic elites. Therefore, the input from representatives of peasants, labour unions or leftists political forces in policy making was limited (Avilés 2006:32). The peak of unionization rate is given in a context of protection of the economy from external competition. As it was already described, the economic model followed by Colombia and the most of Latin American Countries in this period was characterized by protectionist mechanisms adopted by the government to promote internal industrial development (López 1994:15). In 1974 López Michelsen administration began to undermine the protectionist model of development when he proposed, for the first time, to open the economy to international competition and to give greater participation to market forces in the economy.

³ Model followed by the Argentinean President Juan Domingo Perón who built a personal power base, mobilizing popular support for his own rule.

Figure 1. Unionization Rate 1939 – 2010, Colombia



Source: 1939 – 1947, Urrutia (1978); 1959, Ocampo (2007); 1965 – 2005, ENS (2006) based on census Ministry of Labour and ENS; 2008 – 2010, census ENS for Affiliates, National Statistics Department for total employment

Note: Unionization rate is calculated as the ratio between affiliates and total employment

In the early 1980s, economic stagnation profoundly affected Colombian social movements and unionism. According to Pegler et al.(2007:55) the recession led to indolence and 'a behavioral inertia where the initiative to struggle died'. Conformism and bureaucratization of union leadership characterized the union movement as it was losing touch with its base (Ibid). A general balance of antecedent condition period is that after the lost of liberal party support in 1945, labour unions lost the political weight gained under state protection. Regarding the change in economic model that started to take form in the second half of the 1970s, labour unions participation was limited. In addition to the scarce state support, some economics groups were dominating economic policy formulation. According to Avilés (2006:33,34) protectionists policies had contributed to the success of financial and industrial sector but also to the conformation of a few and large economic groups. According to López (1994:18), were the entrepreneurs who between 1950 and late 1980s defined the economic model, they had a major influence over economic policy, which in this context had relative continuity and an increasingly technical character.

Although Colombian economic policy was relatively successful throughout this period, it was nonetheless characterized by uneven distribution of the benefits of economic growth. The influence of economic elites over economic policy, and the growing privatization and technocratization of the decision-making process, have all reduced popular sector participation in economic policy formulation (Collier and Collier 1991:638, López 1994:18). Consequently, in Colombia the government succeed in carrying out major economic reforms as the ones mentioned above, that in other countries was only possible to implement under military rule (Collier and Collier 1991:682). Redistributive policies proposed by some governments as those of Lleras Restrepo (1966-1970) and Betancur (1982-1986) failed due to the opposition of economic elites. However, while economic stability of the country was exceptional in the region, inequality would led to social instability. 'Popular sectors were increasingly dissatisfied with the traditional parties' handling of economic policy, leading to a significant increase in worker protest in both urban and rural areas' (Bagley 1984, quoted in Collier and Collier 1991:683). According to Pearce (1990 quot-

ed in Avilés 2006:44) 'between January 1982 and March 1984 there were 78 local and regional civic strikes...of the 300 civic strikes that took place between 1971 and 1986, 207 occurred between 1978 and 1986'.

5 Critical Juncture (1986-1991)

Critical junctures are triggered by a *cleavage* or crisis that emerges out of the antecedent conditions and produce a legacy (Collier and Collier 1991:30). In this case, the cleavage that triggered the critical juncture was the economic crisis of the early 1980s, where a series of events converged. First, the collapse in coffee prices, one of the main export products. Second, the Colombian peso revaluation and consequently, the loss of markets for exports in developed countries and the collapse of industry. Third, a large trade balance deficit. Fourth, the debt crisis in Latin American countries which make difficult for Colombia to obtain funding. Fifth, Colombia lost its second trade partner, Venezuela whose currency was extremely devalued. At the beginning to face this situation, the government adopted protectionist measures; however, the depth of crisis, in the end pushed the government to sign a macroeconomic adjustment agreement with the IMF and the World Bank that implied the transition to a new economic model.

The main measures taken were aimed at reducing government intervention in international trade. This measures included, reducing import quotas, accepting import request that had been denied and reducing export incentives and subsidies (López 1994:23). Nonetheless, export sector was compensated by the devaluations made in 1985 and 1989. Due to the adoption of this new strategy, Colombia had access again to credits from multilateral organisms. Besides, coffee prices rose, producing a surplus in the trade balance in 1986. In subsequent years, devaluation and restoration of trade with Latin American countries allowed a considerable increase in exports. In addition, investments in mining from the 1970s began to generate revenue. By this time the idea that open the economy to foreign competition was the best strategy was widely spread, it would made national companies more competitive and less dependent on local markets. Moreover, export growth of mining and some manufactured products, strengthened international reserves. Furthermore, although it was not mentioned in the official circles, income from drug trafficking was also helping to keep the equilibrium in international trade (López 1994:24). In 1986 the Conservative Party was defeated and the liberal Virgilio Barco (1986-1990) was elected as President; however, the economic policy exhibited substantial continuity towards trade liberalization. Even the same persons remain in office in important positions as the Central Bank Director and External Debt Negotiator.

In 1990 the *Conpes*⁴ (National Council for Economic and Social Policy) presented the "*Programa para la modernización de la economía Colombiana*" (Economic Modernization Program) which followed World Bank recommendations for trade liberalization and integration to the global economy, contained in the report *Colombia, Commercial Policy Survey 1983-1987*. In the centre of the plan were

⁴ Created in 1985 is the ultimate authority in economic and social policy; it does not issue laws but advises the government, studies and approves policy documents. Is chaired by the President of the Republic, and the Vice-president, all the ministers and the planning department director take part on it.

both, the elimination of import restrictions and the reduction of tariffs, and also the removal of protections from labour and the attraction of foreign investors (Juárez 1994, quoted in Avilés 2006:46). This was happening during Barco's last year in office a moment of great political instability; therefore, probably one of the worst moments to take such important economic policy decisions. Drug trafficking war had reached one of the most violent points and three presidential candidates had been murdered, among them Luis Carlos Galán. Galán, who had the higher probability of winning, was assassinated by the drug lords, because he was favoring their extradition to the United States. However, the country was once again pressured by the World Bank in exchange for credits, and the US government was lobbying the liberal reform. Officials of the Office of US Trade Representative held a series of meetings with representatives of the Barco administration with the objective of liberalizing Colombia's economy (Urrutia 1994, Juárez 1994, quoted in Avilés 2006:46). Barco's popularity was extremely low, he had lost support and leadership and the members of his government in charge of economic policy, were acting with great autonomy (López 1994:25). This group was mainly composed by 'economic advisors and technocrats with experience working for international financial institutions and/or the banking industry who shared the philosophy that free markets and international competition were key to development' (Cepeda 1994:159-163, quoted in Avilés 2006:46). In addition to international pressure, Colombian exporters from industries such as banana, flowers, fruits, textiles, cement and leather, were also pressuring the government to adopt the economic reform. Furthermore, replacing Galán, the liberal party had elected César Gaviria as its presidential candidate, former Minister of Finance of Barco administration and advocate of economic openness. Although, Galán and Gaviria had little ideological affinity (López 1994:26), as Galán replacement, Gaviria quickly gained popular support. As a result, the "Economic Modernization Program" was approved by the administration of Barco in February 1990.

In August 1990 Gaviria took office. He emphasized the gradual character that should characterize the economic openness process, as opposed to shock policies adopted in other Latin American countries, where the crisis had been deeper. However, the implementation ended up being drastic. Attributing the low economic growth to the policies of industrialization through protection, Gaviria administration justify the implementation of a radical structural reform which broke the 'gradualist tradition' of the country towards economic policy (Ocampo 1992:18). Following the Economic Modernization Program, during Gaviria administration tariffs were reduced and 'previous license regime' was abolished, except for goods as firearms. The entrepreneurs had accepted the program but insisted in the necessity of a gradual process and the inclusion of all economical sectors, including support from the government to the most vulnerable ones, the agriculture and some industries. The agricultural sector continue to be protected by the government through mechanisms such as price support schemes, conditioned credits and import controls. Regarding industry, the most vulnerable were metal products and non-electrical machinery; but as its contribution to the industrial GDP was small (around 7%), little attention was paid to the opposition of this fraction of the industry (López 1994:28).

Under Gaviria administration a new Constitution was adopted and a series of laws approved, among them: law of international trade (N° 07 of 1991); law of international exchange (N° 09 of 1991); tax reform (Law N° 44 of 1990);

financial reform (Law N° 45 of 1990); new statute of ports (Law N° 01 of 1991); indebtedness reform (Law 51 of 1990) and two directly related to the labour market, labour reform (Law N° 50 of 1990) and the social security system reform (Law N° 100 of 1993). According to López (1994:28) the legislative branch approved all the laws the government put into its consideration, because it wanted to change its image of inefficient and bureaucratic. In addition to all the economic reforms, the new Constitution came to add support to freedom of competition, economic freedom, private initiative and enterprises as the basis for development. About the role of the State, the new Constitution gave it the role of guide the economy, intervening in natural resources exploitation, public services supply and quality of life improvement (Cabrera 2005:300). Thereby, By the end of 1991, the main path for trade liberalisation had been set on. 'The average level of tariffs was reduced from 44% to 12%, quantitative restrictions on imports were removed and the capital market was exposed to international competition. Foreign direct investment grew and various multinationals entered the Colombian economy' (Pegler et al. 2007:7). Likewise, labour market was increasingly deregulated. Table 1 contains the main labour market law reforms summary starting in the 1930s when thanks to the Liberal Party support, the labour unions experienced their first peak and the first laws to defend workers' rights were implemented. In contrast, it can be seen that from 1990 on, labour laws were aimed to make this market more flexible.

Table 1. Main Labor Market Reforms, 1931-2010, Colombia

Year	Law Number	Summary
1931	83	Regulated the strike and in general the labour unions activities allowing the its consolidation
1945	6	Labour Unions achieve some benefits like Sunday's remuneration, severance packages, accident and illness compensation and it was created the labor union charter. The law also established the minimum wage; however, it became effective five years later when for the first time it was fixed a minimum wage in 2 Colombian pesos per day
1946	90	Established the mandatory social security for workers and created the Colombian Institute of Social Security, responsible for organizing and managing the social security
1950	2663	With this law is adopted the ' <i>Código Sustantivo del Trabajo</i> ', is the labour code which objective is to regulate the relationship between employers and workers
1968	75	Increased the contributions of employers to the SENA (National Learning Service) from 1% to 2% of the monthly wage modifying the Decree 118 of 1957 which had also established the contributions to the Family Compensation Funds
1974	27	Established an additional contribution of 2% of the monthly wage to the ICBF (Colombian Institute of Familiar Welfare)
1990	50	Reformed the ' <i>Código Sustantivo del Trabajo</i> ', with the objective of make the labor market more flexible, reduced the severance packages, reduced hiring and firing costs and make easier the temporal hiring

1991	Political Constitution	Replaced the Constitution of 1886. Is the current governing document of the Republic of Colombia
1993	100	Reformed the social security system; increased the social security contributions, compensating to some extent the effects of the Law 50 of 1990
2002	789	Reduced the firing costs, legalized 'Work Cooperatives' to intermediate the labor contracts, reduced income from overtime and holidays and created incentives to job creation
2010	1429	Created incentives to the formalization of workers and firms and jobs creation, through further labour market flexibility

Sources: Kalmanovitz (2010), Santa María et al. (2009), Ocampo (2007), Urrutia (1978), text of the laws

5.1 Labour Movement

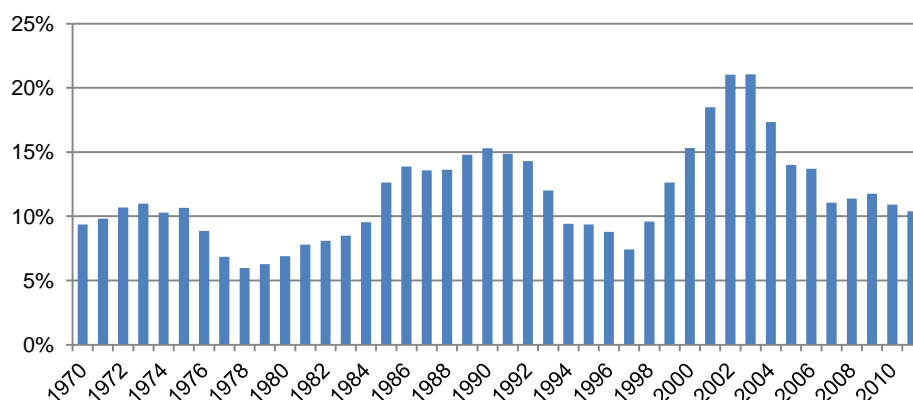
The transition to the new economic model was happening in a context of social instability. Increasing dissatisfaction of popular sectors gave rise to a series of protests, overall from the early 1980s. 'In 1986, close to 70% of the country's municipalities had experienced some type of strike or protest demanding protection for human rights, public services, infrastructural support and urban development' (Avilés 2006:44). Between 1986 and 1990 there were 1.167 protests for similar reasons (Ibid). The 1980s was also a period of reinvigorated left, indigenous organizations, labour unions, leftist parties and even guerrilla's groups as the *Ejército de Liberación Nacional* (ELN - National Liberation Army), were increasingly coming together to strength their organizations and increase their influence (Avilés 2006:45, Archila et al. 2010:69). All these leftist socio-political forces were merged into an organization called *A Luchar* (To Fight). However, the association of workers movement with armed groups turned out to be negative, since labour unions were stigmatized and then attacked by paramilitary groups (Archila et al. 2010:70). The 1991 Constitution meant to be the answer to social dissatisfaction; but, on the contrary, the conflict deepened in the following years.

Labour Unions organized themselves in the *Central Unitaria de Trabajadores de Colombia* (CUT - United Confederation of Workers) in 1986, which is the unit of analysis of this paper. The labour union confederations, UTC, CTC and CSTC, were in crisis; therefore, its leaders and other independent unions took the decision of form a new confederation. A committee conformed by Orlando Obregón from the UTC and Angelino Garzón from FENALTRESE (affiliated to the CSTC) traveled throughout the country promoting the new confederation (Cabrera 2005:246). The first step was taken by the CSTC and independent unions as FENALTRESE, FENASINTRAP, FEDEPETROL, FECODE, SITTELECOM, who agreed with the creation of the new confederation for all Colombian workers, irrespective of ethnicity, religion, and philosophical or political ideas (Ibid). In November 1986 the CUT is founded, Jorge Carrillo, former Labour Minister of Betancur administration, was elected as President and Orlando Obregón as Vice-president. 'At that time, the CUT, consisting of the CSTC and a wide variety of independent unions, federated and not-federated, formally covered 58% of all unionised individuals...The CUT affiliated 45 federations and 600 base unions, this was approximately 80% of all unions in Colombia' (Pegler et al. 2007:13). The CUT defines itself

as a "clasista", democratic and progressive union with a fundamental mission to defend the rights and interests of the working class (and the Colombian people in general) and to unite all Colombian workers in one national centre of confederation (www.cut.org.co).

In the CUT converged different fractions of the organized labour movement, the CSTC of communist orientation, independent unions and important parts of UTC and CTC of conservative and liberal orientation, respectively. Because of this, before its creation some people thought that it was a non-viable project and after its creation that it would not survive. Nonetheless, nowadays the CUT is still the largest confederation in Colombia in terms of membership. Although a political position from the diverse CUT was difficult to imagine, from the beginning one of the convergence points was the opposition to IMF recommendations and the increasingly external debt which had kept a growing trend since 1978, reaching 14% of the GDP in 1986 (Figure 2). According to its President Jorge Carrillo (*Análisis Político 1987:100,101*), following the CUT's principle of defend the interests of Colombian people, they opposed the IMF conditions imposed to debt payment, because it was the cause of the most serious problems and a threat to democracy, peace and the improvement of population's life quality. Moreover, Carrillo declared the debt 'illegitimate' since it was the product of Colombian peso devaluations required by the IMF in exchange of new credits, and the reduction of prices in exported products (*Ibid*). The CUT's leaders proposal, was to limit debt payment to 10% of exports and invest the remaining in projects aimed to country's development and took as an example Perú and Brazil, where similar measures had been taken (*Ibid*).

Figure 2. National Government external debt as percentage of GDP, 1970 – 2010, Colombia



Source: Central Bank for both, National Government external debt and GDP, author's measure

Note: GDP base 1975 until 1996, base 2005 from 1997

In 1990 the administration of Barco approved the "Economic Modernization Program" which as it was said above, followed World Bank recommendations for trade liberalization and integration to the global economy. The program was later implemented under the administration of Gaviria. One of the elements of the program was the labour reform (Law 50 of 1990). The reform was concentrated on hiring and firing regulations, with the goal of increasing

economic growth through higher flexibility and productivity (Pegler et al. 2007:9). The CUT strongly opposed Law 50 of 1990. They feared that economic openness would bring more imports affecting national industry and consequently, employment. So, the CUT, called for a national strike against economic openness in November 1990. The government declared the strike illegal; however, it did not take measures as repressive as in the past since, in the conjuncture of change to a new constitution, it was not appropriate to combat one of the social groups that was taking part on the Constitution settlement. Besides, government rightly thought that it was difficult for workers to organize a great social mobilization. The CUT was also aware of these difficulties, nonetheless the strike was made (López 1994:30). As a result, the government included CUT leaders in the discussions about the labour reform. After negotiating, the CUT and other unions accepted the labour reform in exchange of strengthening of collective rights, as automatic recognition of labour unions legality and the extension of legal strike period (Ibid). Collective rights amplification was also the way to fulfill the agreements with the International Labour Organization (ILO), approved in 1976; first, the convention N°87 about freedom of association and protection of the right to organise; and second, the convention N°98 about the right to organize and collective bargaining. Additionally, the international labour law had been introduced in the 1991 Constitution. Nonetheless, the reform 'substantially reduced the costs of dismissing workers and widened modalities to hire workers; [in addition], Law 50 extended the use of temporary contracts, reduced severance payments, widened the definition of just cause dismissals, sped up the process of mass dismissal, and adopted a wage system integrating all remuneration for higher-income workers' (Pegler et al. 2007:9).

By the end of 1991, the main policy instruments for trade liberalization had been established. All this, of course, had far-reaching effects on the internal market and thus on employment. Many companies did not survive or had to reduce production and/or labour costs drastically (Pegler et al. 2007:8). Although, Law 100 of 1993 tried to compensate to some extent the effects of the Law 50 of 1990, the liberalization process itself was extended and deepened by successive administrations. Furthermore, simultaneously to liberalization, a process of privatization was taking place. The 1991 Constitution opened the door to privatizations, as part of 'modernization of the State' strategy (Archila et al. 2010:73). As a result 'economic activities that had traditionally been the preserve of the State, now opened up to the private sector, especially infrastructure and social security...strongly affecting public sector unions, and the labour market in general' (Pegler et al. 2007:7). In recent years, this process has been deepened in sectors such as communications, financial services and others (Ibid).

5.2 Alternatives and actors

As it was said in the methodology chapter, in Mahoney's definition of critical juncture elements as the alternatives available at the critical juncture and the actors involved in the selection process are emphasized. According to Mahoney, 'critical junctures are moments of relative structural indeterminism when willful actors shape outcomes in a more voluntaristic fashion than nor-

mal circumstances permit' (Mahoney 2001:7). In the case being analyzed in this paper, at the critical juncture there was a feasible alternative available for the government that would probably have originated different policies towards labour unions. This alternative was the program proposed by the presidential candidate Luis Carlos Galán. As it was already mentioned, Galán was assassinated before the elections and in his place, the liberal party elected César Gaviria as candidate. Although, this is an important fact, it is worth to clarify that here is not argued that this is the cause that explains the legacy. Owing to the importance given to historical events in this paper, the arguments focused in this kind of short-term causes preceding the outcome or legacy, are rejected.

Gaviria and Galán had deep differences in their proposals. On the one hand, Galán had proposed a gradual economic openness with a long term horizon, even more this was not a priority on his agenda. On his campaign speeches, Galán had declared that regarding economy, his priority was to control the inflation and create employment. On the other hand, in Gaviria's program, economic openness was a priority and it was planned for a medium term horizon, from six to eight years (López 1994:26) (although, at the end it was implemented in a much more short term). Meanwhile, the board of directors of the liberal party discussed the program which would guide the future liberal government, building on Galán's ideas. This program stressed the gradual and selective character of economic openness, adjusted to the country characteristics. The model proposed was 'market economy under state direction'. Moreover, the document clarified that the called 'neoliberal theories' were opposed to liberal party doctrines (Partido Liberal Colombiano 1990:4,5,29-32). The program proposed by the board of directors was welcomed by all liberal pre-candidates, except for Gaviria who criticized it for being a "simple directory" which gave more "directions than solutions" and with "a bad diagnostic about the current situation of the country and wrong perceptions about international reality" (El Espectador 1990:10A, quoted in López 1994:26); in the last sentence he was evidently, making reference to the openness project critics. Yet, on March 1990 Gaviria was elected presidential candidate of the liberal party. For the board of directors it was difficult to take a different decision. During Galán's burial, his son Juan Manuel Galán entrusted his father 'flags' to César Gaviria who had been his Campaigning Director. Many liberals wanted to succeed Galán, but he had already taken the decision before his death. On his campaign speeches, Galán used to call Gaviria 'his most closer fellow traveler in a long-term project' (Lozano 1993). Although, the board of directors' program was declared as the official for the future liberal government, it was not fulfilled by Gaviria's administration. Nonetheless, there were no consequences due to the lack of coercive mechanisms to force the government to fulfill the program proposed during the campaign.

Alternative views to the ones of Gaviria administration, claim that the radical measures were not necessary. For instance, according to Ocampo (1992, 1996, 2007), the arguments behind the adoption of radical measures to open the economy during the Administration of Gaviria, were based on wrong assumptions about the situation of the economy. The reforms were presented as a way to overcome the limitations of the Import Substitution Industrialization model; however, according to Ocampo from the 1950s these limitations had been recognized and the country had already evolved towards to a 'mixed' model, combining imports protection and exports promotion. Therefore, the

adoption of radical measures aimed to change the development model were not necessary. These measures broke the gradualist tradition that had identified the country's economic policy and that was the base for macroeconomic stability that had characterized the country. A gradual and moderate openness policy would have allowed to build on the progress made by the country in previous decades, without the consequence of economic and social instability.

It can be seen here how important the role of agency is in shaping the outcome of the critical juncture, how actors' choices give rise to specific institutional configurations and structures, which in turn shape subsequent actor behaviors (Mahoney 2001:12). For example, the board of directors of the Liberal Party could have elected someone who agreed their program, instead of Gaviria who was one of its major critics. Despite differences between Galán and Gaviria in such an important topics as the economic policy, voters elected Gaviria as president. Gaviria inherited Galán's popular support. People was following the symbolic message that he would continue what Galán had started. Although, this was not true for all the fronts, particularly for economic policy, Gaviria had been clear with his position in this respect and therefore it cannot be conclude that this was part of manipulative efforts to control outcomes; rather, this illustrate the importance of symbols in politics and of the process of politics over the outcomes of it. Even, at the beginning Gaviria showed himself willing to implement a gradual openness process. Gaviria had appointed Ernesto Samper who openly opposed the openness, because he thought Samper would support him with the proposal of a gradual process (López 1994:33). However, Gaviria was facing at the same time macroeconomic constraints. With tariff reductions in March 1990, the government expected an increase in imports. Notwithstanding, expectations about further reductions produced the opposite outcome, and imports decreased. Meanwhile, devaluation stimulated exports. Fearing inflationary pressures due to the great liquidity, the government revaluated the currency and abandoned support for exporters. Moreover, the legal banking reserve was increased and the government started to acquire money through open market operations. All these measures produced an increment of interest rate in a moment where it was decreasing in the most of Latin American countries. Resulting from this, a new wave of foreign currency arrived to the country, reevaluating the Colombian peso and affecting the export industry. After a heated debate and despite Samper opposition, in August 1991 Gaviria decided to impose immediately the tariff levels planned for 1994 (Ibid). In this way, the openness process was accelerated more than planned. So, while Gaviria administration choices where setting the main institutions for trade liberalization, at the same time this institutions would shape its subsequent decisions.

Form the side of the organized labour movement there were also different alternatives and actors making choices. The most important change of the organized labour movement, during critical juncture period, was the consolidation of the project intended to organize all the labour unions in one confederation, the CUT. Although, the CUT grouped a high percentage of unionized workers, two additional confederations continue existing: the CTC and CGDT (Today CGT). In the process of creation of the CUT, the first step was to identify the common interest among workers. Leaders from UTC, CTC,

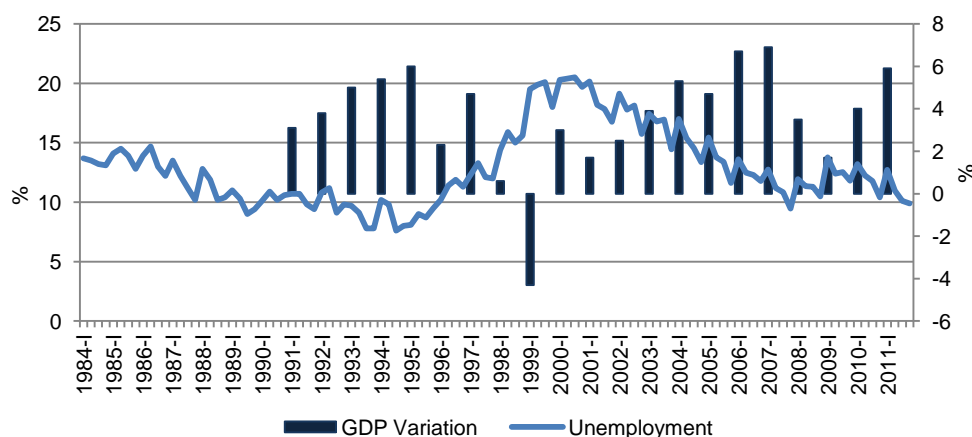
CSTC, and non-confederate unions agreed in three main objectives for the movement. First, to fight against IMF conditions and for a limited external debt payment, established in 10% of exports. Second, to defend workers rights, emphasizing that labour unions and high wages are not the cause of unemployment, but the high financial costs that discourage companies formation and therefore, slow employment creation. On the contrary, worker's wages should increase in order to increase domestic consumption and stimulate the economy. Third, to defend right to life and fight against violence and terrorism. All the objectives were detached from political orientation that had characterized the labour movement in previous years. The CUT proposal was to unify workers, independently from their affiliation to traditional parties; although participating in politics to defending worker's rights (Análisis Político 1987). The promoters of the project as Angelino Garzón and Jorge Carrillo, not only defined labour movement objectives, but their role was so important in the creation of the new confederation, that some people thought the CUT wouldn't survive without them (Análisis Político 1987:99). So, while CUT aimed to represent workers interest, at the same time this interest being identified by a minority of the movement, would shape workers interest in subsequent years.

6 Legacy (1992 - Today)

The period between 1985 and 1991 was one of big changes, new institutions and laws aimed to liberalize international trade were established as well as a new Constitution. One of the main outcomes for labour movement of this period, was the creation of the CUT as an attempt to organize unionized workers and face the challenges of the new context. However, unionization rate felt during the legacy period, from 13% in the 1960s to 6% in the 1990s and around 4% in the 2000s (see Figure 1). Undoubtedly, labor reforms had a negative impact in the organized labour movement. However, these reforms as well as the CUT remain established nowadays. Next is going to be described how this legacy was crystallized.

The labour reforms were directed to make the labour market more flexible and few workers demands were included on them. To begin with, **1990 reform** had the positive effect over organized labour movement, of strength the right to associate; but by facilitating temporal hiring and reducing the cost of fire workers, labour stability one of the movement pillars, was strongly affected (Archila et al. 2010:73). This help explaining the fast decrease in unionization rate. In 1990, the CUT strongly opposed the economic openness and labour reform, its members feared an increase in unemployment rate due to the increase in imports. Although this did not occurred during the first half of the 1990s, from 1995 as is shown in Figure 3 (left axis), unemployment rate increased fast and recovery has been slow. After the reform of 1990, the share of temporary employment in total urban employment increased from 15% to 20% between 1990 and 1997. This lowered firing costs and was expected to increase turnover among formal workers within less than a year of the reform. However, informality levels in Colombia currently remain over 50% (Figure 4).

Figure 3. Quarterly Unemployment Rate 1984 – 2011 and GDP annual change 1991 – 2011, Colombia



Source: Central Bank for Unemployment Rate, National Statistics Department for GDP annual change

Note: GDP is in constant prices of 2005

As it was already described, at the end of 1990 the economy was experiencing inflationary pressures, the Government adopted measures to contain inflation and the objective was achieved; however, it was produced a contraction in aggregate demand and a deceleration in 1991. So, the Central Bank (independent after 1991 Constitution) adopted an expansionist monetary policy, at the same time Government decided to increase public expenditure. As a result, demand grew fast, investment boom and economic recovery were accompanied by currency revaluation and imports enhance. In 1994, the Central Bank began to adopt measures to slow demand growth; however, revaluation trend and trade balance deterioration remained. Deficit in current balance was financed through external debt. Nonetheless, Asian crisis increased costs and make more difficult to get external funding. The Central Bank took on policies to avoid a disorganized devaluation by keeping high interest rates. At the beginning, devaluation process was controlled through the movement and widen of the exchange bands, a system adopted in 1994. Finally, in 1999 complying with an agreement signed with the IMF, it was adopted a floating exchange rate regime. However, the high interest rates were kept during 1998 and 1999 giving rise to the first recession since the 1930s (Ocampo 2007:385,386). GDP fell 4,3%, investment collapsed and unemployment rate reached 20%.

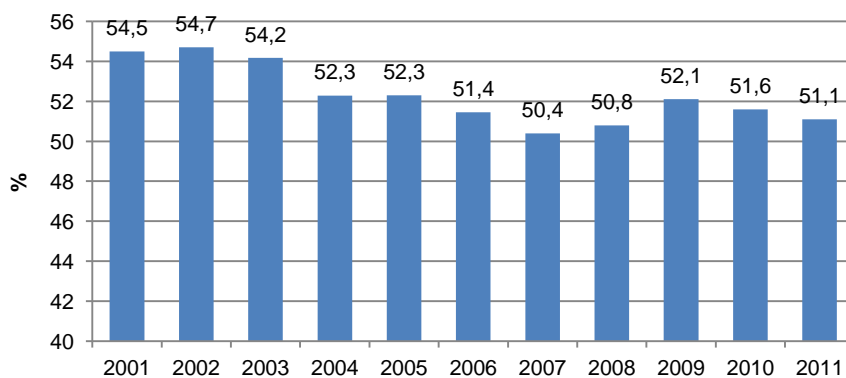
After the 1999 crisis, labour market deterioration was fast, overall jobs quality. The diagnostic of the Government that took office in 2002 was that unemployment levels increased during the economic recession of 1999 because of 'labour market structural problems', rigidities such as 'high non-wage costs and inflexible wages' prevented the adjustment of the labour market to the economic cycle (Echeverry and Santa María 2004:13). As a result, the recommendation was further liberalization. With, the **2002 reform** (Law 789) the administration of Alvaro Uribe Vélez sought to create incentives for job creation through further labour deregulation, modifying important arrangements of the labour code. Thus, the reform proposal 'was seeking to complement and go beyond the policy changes introduced in 1990' (Echeverry and Santa María 2004:17). Law 789 of 2002 reduced the firing costs and legalized 'Work Cooperatives' to intermediate the labor contracts, these cooperatives were allowed to pay less than the minimum wage and default social security. The law also reduced income from overtime and holidays in order to incentive job creation during these time. Boundaries of regular time daytime work were extended by four hours and flexible day times were allowed (Kalmanovitz 2010:246). Impacts of this reform have been controversial. However, 'there is general agreement between academics that there have not been any significant effects in terms of job generation' (Pegler et al. 2007:20). Although, unemployment rate has shown downward trend from 2002, other indicators show labour market deterioration, overall in jobs quality. First, informality, another enemy of the organized labour movement, have increased. In 2001⁵ informal employment was 54,5% of total employment; from then on it has shown an downward trend but has remained over 50%, (Figure 4). Second, waged employment⁶ as a

⁵ Is the oldest officially available in the Statistical Department; although, some books of Economic History present older analysis and data.

⁶ Waged employment is composed by the employment in occupational categories private sector employee and public official which are characterized for having the lower informality levels.

percentage of total employment declined from 39% on average in 2001 to 37% in 2011, according to National Statistics Department data. Third, share of temporary employment in total urban employment has increased (Kalmanovitz 2010:246). The organized labour movement was the main loser of the 2002 reform, and any provision was included in the law to compensate them. The CUT, CGT and CTC were active in the discussion about the reform and were successful in delaying the passing of reforms, mobilizing other social groups as university students and pensioners; nonetheless, their postulates were not included in the final reform, or only marginally (Echeverry and Santa María 2004:18).

Figure 4. Persons in informal employment as percentage of total employment 2001 – 2011, Colombia



Source: National Statistics Department

Economic growth after 1999 crisis has been moderate. The exception are the years 2006 and 2007 when raw materials boom boosted economic growth. In 2008 and 2009 global financial crises hit the economy, this marked the end of raw materials boom and foreign direct investment decreased, slowing down growth. Unemployment rate reached 13,8% in the first quarter of 2009; nonetheless, in 2010 and 2011 recovery the downward trend. In addition to the poor economic performance, another element that interferes with labour market recovery is the fast increase in labour participation overall in urban areas. Economically active population as percentage of working age population, has risen approximately 10 percentage points between 1980 and 2005 (Ocampo 2007:405, Kalmanovitz 2010:239). The increase in participation reflects the massive incorporation of women to the labour market, as well as the incorporation of other family members in times of crisis (Ocampo 2007:405). Another factor increasing labour participation, overall in the informal sector, has been the violence in the countryside. The intensification of the conflict in the 1980s and 1990s and so far in the XXI century has produced the displacement of more than 3.500.000 peasants who have fled from Guerrillas groups and Paramilitary and have ended up in the informal sector of the urban economy (Kalmanovitz 2010:247).

In 2010, under Juan Manuel Santos administration, law 1429 was established to create incentives to job creation through once again, further labour market liberalization. The cause of slow job creation during the years of high economic growth was found by government technocrats in labour market ri-

gilities, that prevented the economy to take advantage of peaks of the cycle and to create more jobs. The government also identified informality as one of the major problems. The solution proposed to this problem was to create incentives for formalization, by lowering the costs for being formal for both enterprises and workers (Gamboa 2010:17-19). The proposal also included wages variations across different social groups, for example lower wages for young people and the reduction of non-wage cost for small and medium enterprises. Advocates of labour market liberalization criticized the law for being less than what it was required to reach Santo's proposal of formalize 500.000 workers and create 2,5 million jobs⁷. To sum up briefly, after 1990 reform, after each one of the economic crises the country has gone through; the cause of the negative impact in the labour market has been found in labour market rigidities. Therefore, the measures adopted by the government are always aimed to further flexibility. These measures have gradually eliminated important instruments for the defense of workers' rights. Moreover, it seems that effects on job creation are limited, while effects on workers conditions are negative.

The negative impact of labour market flexibility over organized labour movement is reflected in the extremely low unionization rate. Although, the CUT remains the largest union centre⁸, less than 5% of employed population is unionized; so, percentage of labour force that represents is limited as it is its potential impact in terms of collective negotiations (Pegler et al. 2007:50). As it was already described, in the 1990 reform, the CUT managed to be included in the discussions about the reform and some of their demands were listened. Something similar happened with 2002 reform, the CUT and other unions were active in the discussions and they successfully delay the passing of reforms; although, at the end the only achievement was a provision to evaluate the impact of the reform at the end of 2004 by a commission conformed by the government, representatives of workers and employers and members of Congress (Echeverry and Santa María 2004:18). As the 1990 reform, the one of 2002 was proposed by technical teams first at the Ministry of Labour and then at the Ministry of Finance and the National Planning Department. This reform had two failed attempts before being approved, the first one in 1999 and the second one in 2001. These failed attempts occurred during Andrés Pastrana administration (1998-2002). For Pastrana the reform was not a priority; on the contrary, it was considered as a potential obstacle in his negotiations with the guerrilla group FARC. Moreover, in 2002 after the Liberal Party asked for more participation of political groups different from Conservatives, Pastrana appointed two new Ministers; Juan Manuel Santos, at present the Colombian President, in the Ministry of Finance and Angelino Garzón, former union leader and one of the promoters of the CUT and, at present Colombian Vice-President, in the Ministry of Labour. Garzón opposed, with unions support, the new reform giving rise to a enormous controversy in the media and

⁷ See for example, Fedesarrollo (2010), *Tendencia Económica* N°100

⁸ Although membership statistics are limited, in Petgler et al. 2007 quoting the CUT, is estimated that the CUT comprise a total of 727 member unions, which in turn have a total of 564.523 individual members, this is 65,2% of the national total membership figure.

within the government (El Tiempo 2000, 13 July). The 'defense of labour reform shifted from the Ministry of Labour to the economic team (National Planning Department and to a lesser extent the Ministry of Finance)' (Echeverry and Santa María 2004:27). However, the labour reform was stopped. In 2002 Alvaro Uribe wins the Presidential elections, the reform is defended by the new President and its Ministry of Social Protection (merger of the Ministries of Health and Labour), presented to the Congress and approved in 2002. Also, along this period the IMF, the World Bank and IADB (Inter-American Development Bank) had insisted in including the labour reform as conditionality for loans (Echeverry and Santa María 2004:31).

Although, the CUT 'is still recognized by all sectors of society as an important player in the national political field' (Pegler et al. 2007:50), its influence in labour policy in a context of weak relations with the government is limited. Despite, the permanent conciliation commission to reform labour and wage policies, launched in 1991, negotiations with government and employers has been difficult. The commission is composed by representatives of employers (ANDI), rural industrialists (SAC), the government, the three main national union confederations (CUT, CGT, CTC), and the confederation of pensioners (CPC). 'However, even though it is supposed to be a permanent entity, the committee only meets when the government summons it, and that is only to determine the minimum wage (it addresses no other legislative issues relevant to labour). Furthermore, if the represented unions are unable to agree on a joint proposal, the government decides on the minimum wage unilaterally' (Pegler et al. 2007:50).

In short, the impact of labour unions in shaping economic policy has been limited. Although, the with the creation of the CUT the labour movement achieved a greater organization, the provisions that have managed to include in the labour reforms leaves out the most of workers demands. Nonetheless, 'The CUT has been important in the organization of opposition movements. According to Echeverry part of labour unions success in opposing the 2002 reform was 'based on their ability to mobilize other groups...such as the public teachers' union, university students and pensioners' (2004:18). Moreover, 'several of the CUT leaders are involved into the *Polo Democrático Alternativo* and some former CUT leaders now hold key social and political positions' (Pegler et al. 2007:51). An example of this are Luis Eduardo Garzón, former president of the CUT and Mayor of Bogotá between 2004 and 2008 and Angelino Garzón, former Secretary General of the CUT and currently Vice-President of Colombia. Additionally, in the last years the CUT has gone through a process of internal organization aimed to increase members and strength its capacity as labour movement. As part of this process 'the CUT chose to affiliate to International Trade Union Confederation (ITUC) and to continue its process of sectoral reorganisation, an issue mentioned in its statutes but never put into practice' (Pegler et al. 2007:39). The affiliation to the ITUC changed the provision approved at CUT foundation of keeping the CUT independent, giving rise to a heated debate within the CUT before the affiliation approval. The CUT has also acquired the commitment to lead 'a programme to reform and strengthen the Colombian trade union movement, with financial support from

trade unions in the countries of the North⁹. Also, as it will be seen in next section, the CUT has been more successful in its fight for human rights.

6.1 Mechanisms of reproduction of the legacy

The period of economic openness and its aftermath shape the way in which the government and the labour movement relates to each other. In this section are first analyzed the mechanisms of reproduction of policies towards a flexible labour market. Second, the mechanisms of reproduction of the CUT under this circumstances.

Impacts of the 1990 and 2002 reforms are place of debate among academics¹⁰; however, a general assessment of this literature is that it has had a positive but limited impact on the labor market. Kugler (2004:224) concludes that the 'net effects of the [1990] reform on employment and unemployment are ambiguous'. On the one hand Kugler results show that 'the reform contributed to about 10% of the reduction in the unemployment rate between the pre-[from 1988] and post- [until 1996] reform period' (2004:225). On the other hand, Kugler (2004:226) concludes that 'the reform is likely to explain the surge in the unemployment rate during the late 1990s...[since] the greater flexibility in hiring and firing after the reform is likely to translate into increased hiring relative to firing during expansions but in increased firings relative to hiring during recessions'. In other words, unemployment rate has become more sensitive to the economic cycle which is precisely the objective of a more flexible labour market, increasing employment instability; consequently, making difficult workers organization. Castaño et al. (2004:2) estimated that without the 2002 reform, employment generation in 2003 and 2004 would have been 3,4% lower. Moreover, the reform has contributed to increment quality of employment in the largest urban areas and to make waged employment more stable; however, job quality has deteriorated in both rural and small urban areas (Castaño et al. 2004:54). Núñez (2005), found that after the reform, duration of unemployment decreased significantly between 2002 and 2004. Furthermore, the probability of finding a job in the formal sector increased by nearly 6%.

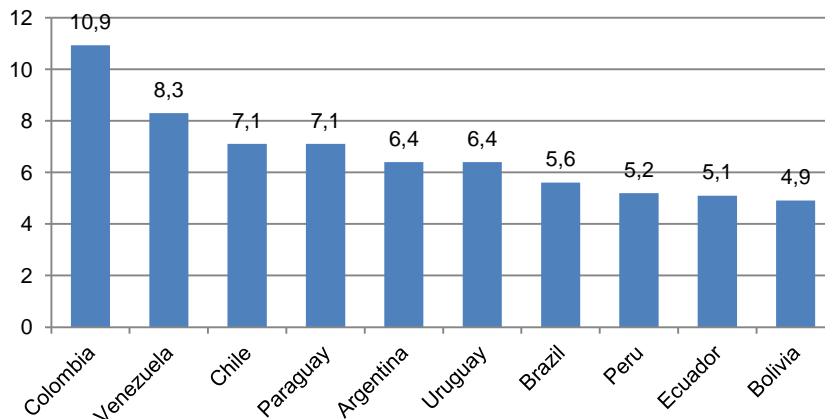
An analysis of the main labour market indicators, allows to see the impacts of labour reforms in workers conditions. Despite downward trend, unemployment rate nowadays is in the same levels as in the late 1990s before economic openness acceleration (See figure 3). Moreover, Colombia has the greatest unemployment rate in the region. Figure 5 presents the unemployment rates in 2011 in the South American countries. This comparison shows that Colombia has the higher unemployment rate in the region and this trend has been kept from 2004. Thus it can be seen that the reforms of the last years have not achieved to solve the unemployment problem. Moreover, the country

⁹ <http://www.fnvmondiaal.nl/english/>

¹⁰ See Robbins 1996; Cárdenas and Gutierrez 1997; Lora 2004; Kugler 2004; Bernal and Cárdenas 2003; Castaño, López and Rhenals 2004; Núñez 2005; Besusán 2007, Echeverry and Santa María 2004

shares other problems with the region as lower education levels, incipient infrastructure and low productivity.

Figure 5. Unemployment Rate, 2011, South American Countries



Sources: **Colombia**, Central Bank, seven main cities; **Argentina**, National Statistics Department – INDEC, urban areas; **Bolivia**, National Statistics Department - INE, urban areas, data corresponds to 2009, last available; **Brazil**, National Statistics Department – IBGE, urban areas; **Chile**, National Statistics Department – INE, national; **Ecuador**, National Statistics Department – INEC, urban areas; **Paraguay**, National Statistics Department – DGEEC, urban areas; **Peru**, National Statistics Department – INEI, urban areas, data corresponds to 2010, last available; **Uruguay**, National Statistics Department - INE, urban areas; **Venezuela**, National Statistics Department - INE, second semester, national

The problem is not only high unemployment levels but also deterioration in job qualities and overall increases in informality levels that is one of the major enemies of the organized labour movement. As it was already mentioned, more than 50% of Colombian workers are in the informal sector. Moreover, temporary employment as share of total urban employment is today higher than ever before. According to Cuellar (2009 quoted in Archila et al. 2010:99), options of hiring as 'Work Cooperatives' and 'temporary employment agencies' cover around 12% to 15% of employed population, while only around 4% of this population is unionized. After the 1999 crisis, deterioration has not only been in labour market indicators but in social indicators in general. This is because considerable segments of the population have not benefited from economy improvements. "These are people who suffered the consequences of the liberalization and privatization processes" (Pegler et al. 2007:7). Colombia is one of World's most unequal societies. According to World Bank data¹¹, after South Africa and Honduras, with a Gini Index of 63,1 and 57,0 respectively, Colombia has the greatest concentration of income with 56,7 in 2009. Around 10% of the richest households own approximately 44,4% of the country's total revenue. While the 10% of lower income households share only 0,9% of total income. Even more, the trend in Colombia is opposed to the one exhibited in Latin America. From 2002 on average Gini coefficient has felt one point per year in Latin American countries while in Colombia this indicator is increasing.

Despite reform's limited impacts, as it has been seen, from 1990s labour policies have keep the objective of make labour market more flexible. There

¹¹ <http://data.worldbank.org>

has not been a national consensus about economic model from economic openness and therefore, labour market flexibility at least with respect to Latin American countries is controversial. For instance, before labour laws of 2002 and 2010 approval, the diagnostic was too much rigidities preventing labour market adjustment to economic cycles; yet, in other government documents¹² aimed to promote foreign direct investment, Colombian labour market is ranked as the most competitive in the region, meaning the one with the most flexible legislation. This is only one example of an ongoing debate in academic and political circles.

After 1990s reforms in Colombia coincided economic liberalization with an increase in the size of the State. The 1991 Constitution extended State intervention although allowing private participation. This views are not antagonistic, but have been confusing enough to impede the creation of consensus about the economic model. Little attention has been paid to countries where an open economy coexist with a modern welfare State. As a result, openness advocates have claimed that while great progress have made in trade and financial liberalization, little progress has been made in labour market liberalization¹³ (Ocampo 2007:344,345). Therefore, as long as this ideas continue to influence economic policy, the most likely recommendation will be further labour market liberalization.

In this context where little attention is paid to the oppositions of labour unions to labour reforms, this organizations have been more successful in their fight for workers rights. This fight started as an answer to the violence of which unionized workers have been victims, and it was possible thanks to the establishment of the *Acción de Tutela*¹⁴ in the 1991 Constitution. The 'Action for Protection' is a legal action to demand protection of constitutional rights. The actions for protection have been usually taken by human rights defenders and labour unions leaders to demand protection of Human Rights and International Humanitarian Law (Ocampo 2007:415). This is one of the reasons why fight for human rights has become one of the labour movement's main objectives.

From the mid 1980s, the exacerbation of the internal conflict between guerrilla, military and paramilitary caused the dead of hundreds of unionized workers, resulting in a new struggle, for human rights and the defense of international humanitarian law. Although, it was expected that Constitution of 1991 would help to overcome the internal conflict; on the contrary the war worsened (Archila et al. 2010:40). The evolution of the violence in this period has been highly influenced by drug trafficking. The boom of marijuana cultivation and trafficking during the 1970s was succeeded by cocaine trafficking which generated large incomes for these illegal activity. According to Ocampo (2007:416) drug trafficking income came to represent up to 4% to 6% of GDP during the mid 1980s. By this time drug traffickers were already cooperating with paramilitary groups who declared the war to labour unions because of their alleged relations with guerrillas groups. Although, before 1986 there were

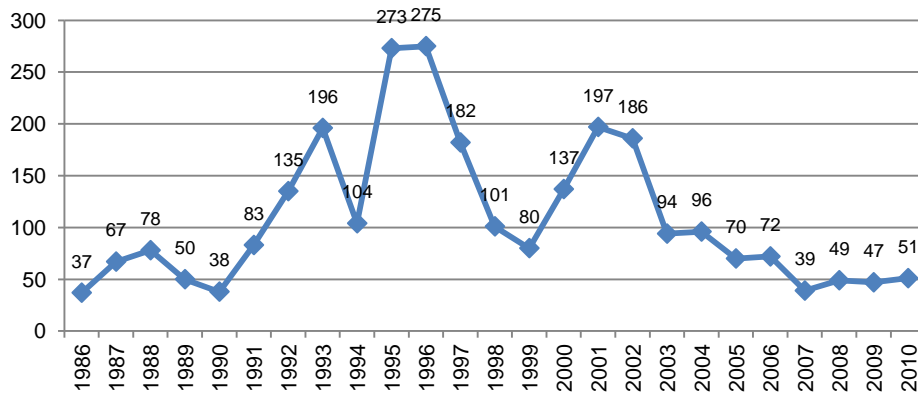
¹² See for instance the 2010 study of Proexport Colombia and Ernst and Young

¹³ See for example Lora and Pagés (1996)

¹⁴ Translated from Spanish as action for protection or guardianship

workers murders, is from this year when the called "dirty war" against labour unions and other social organizations, started (Archila et al. 2010:70,71). Between 1986 and 1989 232 unionized workers were murdered according to ENS data.

Figure 6. Number of unionized workers murders, 1986 – 2010, Colombia



Source: ENS

During the 1990s was recorded the highest numbers of unionized workers murders (Figure 5). At the end of this decade workers murders declined but strikes increased due to dissatisfaction with Ernesto Samper administration (1994 - 1998). Samper who called for a social pact with workers, was involved in the 8000 process scandal which charged Samper for receive money from the Cali Cartel during his presidential campaign; consequently, the social pact never become a reality (Archila et al. 2010:76). Increase in strikes had the unfortunate effect of increase workers murders. Despite the decrease in murders from the early 2000s, in 2012 Human Rights Watch (HRW) reported that in Colombia the number of trade unionist killed every year remains higher than in any other country in the world (Human Rights Watch 2012:232). Moreover, according to the Archila et al. (2010:44,45,58) decrease in unionized workers murders can be reflecting not an improvement in workers conditions, but rather that 'the task of weaken labour unions has been accomplished'; besides, other forms of violence as arbitrary detentions and threats are increasing. In 2011 murders represented only 7,2% of trade unionists' rights violations (Table 2). In several occasions the Government have claimed that workers murders are the product of the general violence in the country, not specifically related to their activities in the unions. However, labour unions and human rights organizations have continued to speak out on the situation, trying to demonstrate that anti trade union violence is not random or a simple reflect of the country's conflict¹⁵.

Like all other unions, the CUT also suffers from the devastating effects of violence in Colombia. Since its foundation, 2.400 members of the CUT have been murdered, among them were a number of its leaders (Pegler et al. 2007:39). In 2010 and 2011, 70 CUT members were murdered, representing

¹⁵ See for example Archila et al (2010) and Escuela Nacional Sindical and Comisión Colombiana de Juristas (2010)

86,4% of total murders (ENS 2011:48). This high percentage can be explained because the CUT is the largest central in number of affiliates and also the most active confederation. In 2010 the CUT represented the 82,1% of the total number of unions actions as strikes and protests (ENS 2011:44). According to Archila et al. (2010:65) this phenomena can also be explained because the CUT, more than the other confederations, is often associated to leftists and comunist movements and therefore more attacked by groups with opposed orientations. Archila et al. investigation also concluded that all sectors of organized labour movement researched by them (banana, oil, cement, palm and food industries and public education and healt) which are the ones more affected by the violence, are or were affiliated to the CUT.

Table 2. Violations of the right of trade unionists to life, liberty, and security of the person, 2011, Colombia

Type of Violation	Total	%
Threats	525	75,2
Murder attempt with or without injury	57	8,2
Murder	50	7,2
Forced Displacement	30	4,3
Torture	16	2,3
Harrasment	12	1,7
Arbitrary detention	3	0,4
Disappearance	3	0,4
Illegal search	2	0,3
Kidnapping	0	0,0
Overall Total	698	100,0

Source: ENS

One of the events were workers fight for human rights had visibility was the negotiation of the Free Trade Agreement between Colombia and the US. Indeed, violations of workers' rights were one of the main obstacles to put the agreement into force. In order to overcome this obstacle, the Colombian government in April 2011 adopted the 'Labor Action Plan' to protect worker's rights. The 'Labour Action Plan' committed the Colombian Government 'to protect internationally recognized labour rights, prevent violence against leaders, and prosecute the perpetrators of such violence' (Colombian Action Plan related to Labour Rights, 2011). The plan included some of the most important claims of workers¹⁶.

First, the Colombian criminal code was reformed establishing criminal penalties for employers that undermine the right to organize and bargain collectively. Second, the law to prohibit the misuse of cooperatives, legalized under Uribe administration to intermediate the labor contracts, entered into force in June 2011 instead of July 2013 as it had been planned for Santos administra-

¹⁶ Took from <http://www.ustr.gov/trade-agreements/free-trade-agreements>

tion. Article 63 of the 2010 Law of Formalization and First Employment prohibited the misuse of cooperatives or any other kind of relationship that affects labor rights, and imposed significant fines for violations. Third, a regime to prevent the use of temporary service agencies to circumvent labour rights was implemented. The regime includes improvements in the inspection process, a design for a new training program for labor inspectors to raise their awareness of this issue, and building databases to identify regions and sectors where there has been abuse. Fourth, in preventing the violence against workers, the scope of the existing government protection program for union leaders was expanded to also provide protection for labor activists, workers who are trying to organize or join a union, and former union activists who may be threatened because of their past activities on behalf of workers. Fifth, in prosecuting perpetrators of violence against workers, action on labor violence cases with leads was accelerated, including a special focus on the priority labor cases identified by Colombian labor unions as well as labor violence cases from recent years. It was provided improved training for judicial police investigators and prosecutors on cases of violence related to union activity. Finally, the National Union School and the Prosecutor general began holding meetings to reconcile the list of outstanding unionist homicide cases compiled. In 2012 the US government confirmed that Colombia was meeting all its Action Plan and this was being implemented successfully; as a result, the agreement entered into force in 2012. 'The accomplishment of the adoption of the Labour Action Plan was also possible thanks to the coordinated action of unions with other actors that were opposing the treatment, as the Colombian party *Polo Democrático Alternativo* the US party Democrats, fractions of the US labour unions, and Human Rights and other civil society organizations'¹⁷.

6.2 Rival explanations

Economic openness in the late 1990s has shaped the way in which labour unions and government relate to each other. It has been seen that government has implemented policies aimed to make labour market more flexible, producing a negative effect in the organized labour movement. Labour unions were able to organize in the CUT, which despite negative forecasts at the moment of its creation, continue to be the largest confederation. Despite all the limitations already described, the CUT is recognized as an important social actor and its fight for workers and in general human rights has become visible in the national and international level. Here the historical evolution of this institutional configuration has been analyzed, taking into account the contextual features of the different situations along the period studied.

In analyzing critical junctures rival explanations must be considered. Explanations involving 'constant causes' is one of the most important types of rival explanations. This type of explanation is characterized by the continuity of the outcome that produce (Collier and Collier 1991:35). The constant causes are 'attributes of the system that may contribute to the presumed stability of

¹⁷ Took from an essay presented by the author in July 2012 for the course, Global Governance and Development: Debating Liberal Internationalism, at the International Institute of Social Studies.

the legacy, but that are not the product of the critical juncture' (Collier and Collier 1991:37). There is one explanation widely accepted to labour unions prevailing characteristics, and is their importance to democracy. Democracy (without going into the discussion of how deep it is) has been an attribute of the Colombian system since the late nineteenth century. Although it can be said that during the period of critical juncture, the 1991 Constitution introduced elements that tried to changed the system by 'opening democracy to citizen participation', democratic system itself predates this period. According to Harrod and O'Brien (2002:16) labour unions are necessary for democracy and that is why 'the right to organize and bargain collectively has been promoted as a universal basic human and political right'. Moreover, organized labour has been crucial to balance power of state and corporations that are the major institutions influencing the process of glabalization; therefore, labour unions have been central to the process of democratization of many States (Ibid).

Associations of trade unions with democracy and participation have been reflected in the Colombian government strategies or proposals towards the organized labour movement. The administration of Alvaro Uribe Vélez (2002-2010) proposed a 'participative' labour movement instead of a 'demanding' labour movement. Uribe's proposal corresponded to its government policy 'The Country of Owners' according to which 'through a social, Christian and democratic capitalism everybody would benefit from private property'¹⁸. The answer from Carlos Arturo Rodríguez Díaz, the CUT president was a proposal to go from 'confrontation labour movement' to a 'labour movement of concertation' trough the mobilization of different social groups, included the government and employers to defend labour unions proposals¹⁹. Moreover, Rodríguez on behalf of the organized labour movement asked the President to include labour unions in the 'consultation' of labour, economic and social policies²⁰. However, coordination between Uribe administration and labour unions was difficult and the relationship was limited to the exchange of opinions about sensitive topics as the FTA with the US and the presidential re-election and privatizations. On his second administration, Uribe proposed an efficient state; neither, abandoning social policies; nor, extending it to the entire society; an State that promotes the private initiative and instead of serving bureaucracy and unionized workers privileges (Departamento Nacional de Planeación 2007:18).

The administration of Juan Manuel Santos (2010-current) assumed a position more conciliatory with the labour movement. In its 'Development Plan' the administration of Santos proposed the creation of a system head on by the Social Protection Ministry, to articulate social organizations as trade unions to the formulation of labour policy (Departamento Nacional de Planeación 2011:137). Moreover, a former trade union leader was appointed as Vice-President of Santos administration, gaining the support of some sectors of the CGT. In April 2011, for the first time in 30 years, the President attended to the

¹⁸ Alvaro Uribe Vélez discourse in a meeting with the labour union USO, in March 2004, quoted in Hernández 2004:413

¹⁹ El tiempo, August 11, 2003.

<http://www.eltiempo.com/archivo/documento/MAM-1022227>

²⁰ El tiempo, February 27, 2004

<http://www.eltiempo.com/archivo/documento/MAM-1566482>

CGT Congress, there Santos said that 'for having a strong democracy, able to make a reality the social justice for workers, is necessary to have institutions guaranteeing fundamental rights of citizens as labour unions'²¹

²¹ El Tiempo, April 26, 2011
http://www.eltiempo.com/politica/ARTICULO-WEB-NEW_NOTA_INTERIOR-9226981.html

7 Conclusion

Organized labour movement in Colombia was originated in 1920s. In the 1930s thanks to the Liberal Party support it was consolidated. Until 1945 the Liberal Party would defend workers rights. However, after Liberal Party was defeated in the presidential elections of 1945, labour movement lost its political weight and its influence in policy formulation become limited. With the election of Conservative Party a decade of labour unions repression and a violent partisan struggle started. The partisan struggle did not affected in the same way to entrepreneurs who, in their organizations managed to keep an equilibrium between liberals and conservatives. Although, in 1958 was agreed a bipartisan coalition that restored workers rights, the distribution of power between employees and employers was already unequal. Workers repression as well as the protected model followed by Colombia in order to promote industry, gave rise to strong economic elites. At the same time the government become highly technocratic. This technocratic government has been successful in maintain macroeconomic stability but sacrificing social stability.

In 1990 took place the larger shift in economic policy in the last decades, as a response of the economic stagnation of the early 1980s; the economy that had been protected from external competition was opened. The organized labour movement had been participating, together with other groups, in a series of protest at the end of the 1970s and beginning of 1980s, as a response to the uneven distribution of economic growth. However, the movement was extremely divided and collective actions were difficult to organize. Therefore, in 1986 as an attempt to bring unionized workers together, unions leaders agreed to create the *Central Unitaria de Trabajadores*. Although, the CUT gather the most of unionized workers and strongly opposed the 1990 reform, its demands were attended only marginally. In 1991 was established a new Constitution that mean to be the answer to social dissatisfaction, but, on the contrary, the conflict deepened.

The economic model followed by Colombia has been place of discussion. The root of the debate is the implementation of two models, seen by many as antagonistic. On the one hand, the 1991 Constitution aimed to introduce social-democratic principles, the State grew in numbers as well as in areas of intervention. On the other hand, economic policy shift towards neo-liberalism. Consequently, openness advocates have claimed that while great progress has been made in trade and financial liberalization, little progress has been made in labour market liberalization (Ocampo 2007:344,345). However, flexibility should be seen as a policy option not as a necessity, as some technocrats in the government tend to see it. The result is a recurrent diagnostic of too much rigidities preventing labour market adjustment to economic cycles. The subsequent labour market reforms following this diagnostic, have eliminated important tools for workers to organize and bargain collectively. Moreover, informality levels, an enemy of organized labour movement, has increased.

Despite all the obstacles the CUT has managed remain the largest labour unions confederation. The CUT has been important in the organization of opposition movements, because of its ability to mobilize other groups such as the public teachers' union, university students and pensioners. Moreover, some of

the CUT leaders hold important political positions and/or are involved in the leftist political party *Polo Democrático Alternativo*. The CUT has also work to be a stronger organization, implementing strategies to attract more members and financial resources by cooperating with international organizations. Furthermore, the CUT has been successful in its fight for human rights.

Twenty two years have passed since economic openness and the legacy of this period is still operating. However, is important to recognize that no legacy last forever (Collier and Collier 1991:33). Greater participation of different social groups in economic policy formulation, allowing for different options from that of market fundamentalism would be a possible end point. This includes, an organized labour movement with stronger relations with the government, more of cooperation than confrontation as it is in the present. The other extreme would be the end of the CUT as the largest unionized workers organization and as an opposition force. Consequently, further liberalization of labour market.

References

- Análisis Político (1987) 'La CUT: Entre El Sindicalismo Y La Política (CUT: Between Labour Unions and Politics) Interview with the CUT Leaders: Jorge Carrillo, Angelino Grazón and Abel Rodríguez', *Análisis Político* 1: 99-119.
- Archila, M., A. Angulo, A. Delgado, M.C. García and L.G. Guerrero (2010) 'Incidencia De La Violencia Contra Los Trabajadores Sindicalizados Y Evolución De Su Protesta'. Bogotá D.C.: CINEP.
- Avilés, W. (2006) *Global Capitalism, Democracy, and Civil-Military Relations in Colombia*. Albany: State University of New York Press.
- Cabrera, M. (2005) *El Sindicalismo En Colombia: Una Historia Para Resurgir*. (First edn) Bogotá D.C.: Editorial Nomos S.A.
- Capoccia, G. and R.D. Kelemen (2007) 'The Study of Critical Junctures: Theory, Narrative, and Counterfactuals in Historical Institutionalism', *World Politics* 59(03): 341-369.
- Castaño, E., H. López and R. Rhenals (2004) 'La Reforma Laboral De 2002 Y Sus Impactos: In Medio Stat Virtus (Labor Reform of 2002 and its Impacts: In Medio Stat Virtus)', *Perfil de Coyuntura Económica* 4: 41-69.
- Collier, R.B. and D. Collier (1991) *Shaping the Political Arena: Critical Junctures, and Regime Dynamics in Latin America*. New Jersey: Princeton University Press.
- Departamento Nacional de Planeación (2011) 'Plan Nacional De Desarrollo 2010-2014: Prosperidad Para Todos'. Bogotá D.C.: .
- Departamento Nacional de Planeación (2007) 'Plan Nacional De Desarrollo 2006-2010: Estado Comunitario, Desarrollo Para Todos'. Bogotá D.C.: .
- Departamento Nacional de Planeación (2003) 'Plan Nacional De Desarrollo 2002-2006: Hacia Un Estado Comunitario'. Bogotá D.C.: .
- Echeverry, J.C. and M. Santa María (2004) 'The Political Economy of Labor Reform in Colombia', *Background paper prepared for the World Development Report 2005* .
- Edwards, S. (2003) 'Labor Reform and Employment in Latin America', *Comp.Lab.L.& Pol'y.* 25: 349.
- El Tiempo (2000) 'No a La Rebaja Del Mínimo: A. Garzón' *El Tiempo*, July 13, .
- ENS (2011) 'Reporte Del Sistema De Información Laboral Y Sindical - SISLAB', No. December 2011ENS.

- ENS (2011) 'Reporte Del Sistema De Información Laboral Y Sindical - SISLAB', No. June 2011ENS.
- Flyvbjerg, B. (2011) 'Case Study', in N. Denzin and Y. Lincoln (eds) *The Sage Handbook of Qualitative Research*, (4 edn). pp. 301-316. Thousand Oaks: Sage.
- Gamboa, J. (2010) 'Ley De Fomalización Y Primer Empleo', *Debates de coyuntura económica y social - Fedesarrollo* 84: 17-19.
- Gore, C. (2000) 'The Rise and Fall of the Washington Consensus as a Paradigm for Developing Countries', *World Development* 28(5): 789-804.
- Gwartney, J., R. Lawson and J. Hall (2011) 'Economic Freedom of the World: 2011 Annual Report' Fraser Institute.
- Hall, P.A. and R.C.R. Taylor (1996) 'Political Science and the Three New Institutionalisms*', *Political studies* 44(5): 936-957.
- Harrod, J. and R. O'Brien (2002) *Global Unions?: Theory and Strategies of Organized Labour in the Global Political Economy*. New York: Routledge.
- Human Rights Watch (2012) 'World Report 2012', World Report. New York: .
- Kalmanovitz, S. (2010) *Nueva Historia Económica De Colombia (New Economic History of Colombia)*. (1 edn) Bogotá: Taurus.
- Krasner, S.D. (1984) 'Approaches to the State: Alternative Conceptions and Historical Dynamics', *Comparative politics* 16(2): 223-246.
- Kugler, A. (2004) 'The Effect of Job Security Regulations on Labor Market Flexibility. Evidence from Colombian Labor Market Reform', in J. Heckman and C. Pagés (eds) *Law and Employment: Lessons from Latin America and the Caribbean*, pp. 183-228. University of Chicago Press.
- López, A. (1994) 'El Cambio De Modelo De Desarrollo De La Economía Colombiana (the Change in the Development Model of the Colombian Economy)', *Análisis Político* (2): 15-42.
- Lozano, J. (1993) 'Luis Carlos Galán', *Revista Credencial Historia* 37.
- Mahoney, J. (2001) *The Legacies of Liberalism: Path Dependence and Political Regimes in Central America*. Baltimore: Johns Hopkins Univ Press.
- Mahoney, J. (2000) 'Path Dependence in Historical Sociology', *Theory and society* 29(4): 507-548.
- March, J.G. and J.P. Olsen (1984) 'The New Institutionalism: Organizational Factors in Political Life', *The American Political Science Review* 78(3): pp. 734-749.

- Núñez, J. (2005) 'Éxitos Y Fracasos De La Reforma Laboral En Colombia (Successes and Failures of the Labor Reform in Colombia)', Documento CEDE, No. 43CEDE.
- Ocampo, J. (2007) *Historia Económica De Colombia (Economic History of Colombia)*. (2 edn) Bogotá: Planeta.
- Ocampo, J. (1996) 'Una Década De Grandes Transformaciones Económicas, 1986-1995', in J. Ocampo (ed.) *Historia Económica De Colombia*, (Fourth edn). Bogotá D.C.: Siglo Veintiuno Editores.
- Ocampo, J. (1992) 'Reforma Del Estado Y Desarrollo Económico Y Social En Colombia (State Reform and Economic and Social Development in Colombia)', *Análisis Político* (17): 37-55.
- Pegler, L., F. Toll, J. Pineda and M.C. Temmink (2007) 'Country Study Colombia', Evaluation Trade Union Co-Financing Programme. The Hague: Trade Union Co-Financing Programme.
- Partido Liberal Colombiano (1990) *Programa Del Partido Liberal Para El Cuatrienio 1990-1994*. Bogotá D.C.: Partido Liberal Colombiano.
- Thelen, K. (1999) 'Historical Institutionalism in Comparative Politics', *Annual review of political science* 2(1): 369-404.
- Urrutia, M. (1980) 'El Desarrollo Del Movimiento Sindical Y La Situación De La Clase Obrera (Labor Unions Development and Situation of the Working Class)', in J. Jaramillo (ed.) *Manual De Historia De Colombia*, (1 edn). Vol. 2. pp. 177-246. Bogotá: Instituto Colombiano de Cultura.
- Urrutia, M. (1978) *Historia Del Sindicalismo En Colombia (Labor Unions History in Colombia)*. (3 edn) Bogotá: La Carreta.
- Van den Abeelen, R. and T. Schils (2006) 'The new trade unions: another 100 years?', June 15, 2006. The Amsterdam Institute for Advanced Labour Studies.
- Weeks, J. (1999) 'Wages, Employment and Workers' Rights in Latin America, 1970-98', *International Labour Review* 138(2): 151-169.
- World Bank (2011) 'Doing Business 2012'. Washington D.C.: .
- Yin, R.K. (2009) *Case Study Research: Design and Methods*. Vol. 5. Sage publications, INC.