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United we restrain, divided we rule: Neoliberal Reforms and Labor Unions in Turkey and Mexico

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Basak Kus and Isik Ozel

United we restrain, divided we rule: Neoliberal Reforms and Labor Unions in Turkey and Mexico

Introduction

1 The past few decades have seen a series of neoliberal policy reforms take place in the developing world which attempted to make markets work more “freely” and “efficiently.” Increasing the flexibility of the labor market was among the most central objectives of these reforms. Government policies regarding the collective representation of labor underwent substantial changes in this context. The nature of the change in question has not been uniform, however. Although taming the power of unions so as to decrease resistance to market reforms and increase labor market flexibility remained a somewhat common objective to the neoliberal agenda across all nations, governments employed different strategies and means to achieve these ends. Identifying the differences in the ways governments dealt with unions in the context of neoliberal reforms constitutes an important step towards understanding the varying courses of change that nations’ union movements have undergone.

2 In this article we cross-examine the transformation of the union movements in Turkey and Mexico in the context of neoliberal reforms. As the data will show, the union movement in Turkey has become more concentrated in the neoliberal era, while the union movement in Mexico has become more fragmented. We discuss how the historically varying patterns of government-union interaction played a role in the emergence of such divergent forms of change in these nations’ union movements, notwithstanding the common objective shared by both their governments of appeasing the unions.

3 We should note from the outset that the purpose of our analysis is not to provide a definitive explanation for the overall patterns of change observed in Turkey’s and Mexico’s union movements – a task which can only be accomplished by analyzing in detail the interplay of multiple social, political and economic factors, but rather to specifically explore the role the states played in these respective countries in coming to shape a more fragmented union movement in one case, and a more concentrated one in the other through the various strategies and tools they used in the context of reforms.

I. Neoliberal Reforms and Labor Unions

4 The early literature on globalization and neoliberal reforms in the 1980s and early 1990s embraced the idea that governments all over the world were in the process of abandoning their distinctive institutions and policies, and embarking on a set of common strategies in an attempt to adapt to the various pressures imposed upon them by the global markets. Flexible labor markets unencumbered by strong unions were seen as among the key elements of the predicted “neoliberal convergence” across nations, along with the minimalist welfare state, reduced taxation and limited business regulation (Campbell & Pedersen 2001: 5, 271).

5 To be clear, the anticipation of national capitalisms converging around a set of objectives and policies was not unfounded at all. Employers and policymakers across the world had indeed employed reform rhetoric that remained strikingly similar (Thelen & Kume 1999). Nevertheless, the evidence that has accumulated over the past few decades has shown that in their quest to become globally-integrated market economies, nations have prioritized different policy objectives or have taken different routes to achieving similar outcomes. Whereas the earlier studies of globalization and market reforms had talked about homogenous change culminating in the “erosion of national capitalisms” (Weiss 2003: 3), more recent research has highlighted the differences in the national histories, institutional structures, social relations, interests, and ideas that have caused the process and outcome of reforms to vary in different national contexts (Hall 1986, 2001; Block 1990; Weiss 1998, 2003; Campbell & Pedersen

2001; Fligstein 2001; Hall & Soskice 2001; Hay 2001; Murillo 2001; Blyth 2002; Fourcade-Gourinchas & Babb 2002; Swank 2003; Prasad 2006).

6 In cross-examining the patterns of change in the union movements of Turkey and Mexico, our contribution in this article is to this more recent literature that highlights the cross-national differences. While we acknowledge the similarity in both context – that governments have attempted to diminish the political potency of labor unions in their attempt to create market economies – we go one step further to highlight the different ways in which they have done so, which, we argue, ultimately yielded two divergent patterns of change in the structure of these nations' union movements – towards more centralization and concentration in the case of Turkey, and towards more fragmentation and decentralization in the case of Mexico.

7 Turkey and Mexico provide particularly suitable comparative cases to explore the transformation of the union movement in the neoliberal reform era, as well as the role of the state in this process. Specifically, Turkey and Mexico are both nations with similar levels of development, which, at the onset of reforms, had structurally similar economies. Both followed import substitution principles, were dominated by large corporations, and had fairly equal shares of industry, agriculture and services in total national income. Yet, the historical development of the union movement and the state's specific relation to it remained starkly different in these two cases. As we shall discuss in the rest of this article, these historical differences were critical to the specific courses of action that each government would take in dealing with the labor unions in the course of neoliberal reforms. The Turkish and Mexican governments undertaking neoliberal reforms had different experiences, hence different understandings, with respect to the role unions play in the democratic and policy processes, the political power they possess, and the nature of challenge they posed to market reforms; hence, they utilized different means and strategies to deal with them.

8 We begin by providing an historical panorama of the state-labor union relations in each country prior to the neoliberal reform period. We then shift our focus to the context of neoliberal reforms. We show that in Mexico, until the onset of neoliberal restructuring, less than a handful of extremely strong unions organized at the industry-level represented the labor force in an authoritarian-corporatist arrangement. In this context, where labor had maintained a close and co-dependent relationship with the previous governments, the challenge was understood as making sure that the economic reform agenda would not be kidnapped by a few powerful unions. Under the banner of “democratizing” the union movement the Salinas government (1988-1994) thus attempted to break the political power of what remained a centralized and concentrated union movement led by well-known union leaders. The tool kit of the Mexican government in carrying on such policy however remained rather limited. Due to the historical co-dependence which had come to define state-labor union relations in Mexico throughout the post-war era, the Mexican government found its hands relatively tied in the process. Consequently, the government resorted to subtle tactics, such as encouraging “new unionism” so as not to push the unions away, while at the same time employing divide-and-rule strategies through the back door. The use of such tactics was not limited to the Salinas government, but widely used by the successive governments in order to assuage the actual and anticipated reaction of unions against the neoliberal reforms, as well as to create new alliances with pro-reform unions. Partly due to these policies, the total number of unions increased in Mexico throughout the 1990s, while the associational monopoly over the union movement of the few large unions, measured by the percentage of unions and unionized workers affiliated with them, decreased substantially.

9 In Turkey, on the other hand, the organization of the union movement displayed a much more fragmented structure from the beginning, with a large number of unions operating at both the workplace and industry levels. Although a more corporatist and centralized structure had emerged in the early 1950s with the establishment of a national labor confederation, *Türk-İş*, this was undermined in the 1960s and 1970s as the labor movement became increasingly fragmented and politicized with a large number of unions advocating for change on issues that went far beyond the protection of worker interests. Creating a centralized and de-politicized union movement with narrowly defined interests remained central to the agenda of the

government that took office in the aftermath of a military coup early in the 1980s, as well as to that of its successors. Unlike the Mexican case where the government had resorted to more subtle tactics to break the power of a centralized and concentrated labor movement, which had maintained a long-lasting corporatist relationship with the state, the Turkish government remained able to carry on its agenda through decisive legal changes that drastically restricted labor’s right to unionize. In a matter of a decade only (from 1975 to 1985), the number of labor unions in Turkey dropped from 781 to 99.

Figure 1: Neoliberal Reforms and Labor Unions in Turkey and Mexico

SIMILARITIES				DIFFERENCES			OUTCOME
			Historical Pattern of State-Union Relations	Organization and the nature of the union field prior to reforms	State’s union policy in the context of neoliberal reforms		
<ul style="list-style-type: none"> • Comparable level of development • Structurally similar economies with fairly equal shares of industry agriculture and services in total national income 	→	M:	Historical co-dependency within a corporatist arrangement 1930-1980	Centralized and concentrated labor union field with a few number of large unions having substantial influence over state policy	“Divided we rule” Breaking the size and power of large unions so as to create more policy freedom; subtle tactics and backdoor strategies	→	Increasing number of independent unions; decreasing associational monopoly in the field of labor unions with the share of largest unions in total membership decreasing.
<ul style="list-style-type: none"> • Transition to a market-oriented economy from an import-substitution development model • Common objective of limiting the power and agency of labor unions 	→	T:	Authoritarian approach with some corporatist elements until the end of the 1950s; Liberal policy permissive to union development between 1960-1980	Fragmented labor union field with a large number of unions operating both at the workplace and industry levels; Increasing politicization starting from the 1960s with unions developing objectives that go beyond workers’ interests	“United We Restrain” Creating a centralized, depoliticized union movement with narrowly defined interests. Rigid legal restrictions to unionization adopted; only industrial branch unions operating at the national levels and confederations allowed; political activities of unions banned.	→	A more centralized, concentrated and depoliticized union field with fewer unions and union confederations

II. Neoliberal Reforms and Labor Unions in Turkey: United We Restrain

10 In Turkey, until the end of the 1950s the political parties in power displayed a consistent effort to limit the autonomy and agency of what remained a rather small working class population through authoritarian and semi-corporatist means, and it is only in the 1960s and 1970s that labor unions became a powerful independent actor in Turkish politics.

Authoritarian State and Rival Unionism

11 Although in the early 1920s, the founding years of the Republic, the military and civilian elites who had led the Independence War had supported the formation of workers' associations, seeing them on par with their anti-imperialist struggle¹, such supportive attitude had proved to be quite short-lived (Mello 2006: 211). Once they consolidated their power, these elites, united under the CHP (Republican People's Party), the party that would rule for almost three decades in a single-party system, became adamant about repressing all forms of political associations, including labor unions, which could potentially pose a threat to the stability of the regime (Ahmad 1977; Keyder 1987; Mello 2006). The Law for the Maintenance of Public Order adopted in 1925 constituted a significant legal step along these lines, characterizing early on the authoritarian framework within which state officials would tackle the social cleavages in the country. Relying on this law, the CHP government closed down the existing labor unions, along with nascent opposition parties and religious orders.

12 The state's suppression of labor organizations became more intense in the 1930s (Mello 2006). The Law of Associations adopted in 1938 declared illegal all associations based on family, community, religious or class interests (Önder 1990: 89). From a political point of view, these changes were designed to prevent any challenges to the official ideology emphasizing national unity and solidarity. From an economic stance, also, they were functional for they promoted the growth of industry by keeping wages down and the labor force docile (Mello 2006: 212).

13 With the transition into a multi-party system and the adoption of direct suffrage in the mid-1940s state-labor union relations took a slightly new turn. Realizing the importance of winning workers' support for victory at the ballot box, the CHP government lifted the ban on class-based associations. The Law of the Worker and Employer Unions and Union Associations adopted in 1947, which would remain the operative legal framework for labor union activity until 1963, defined it a constitutional right – the right of citizens to form associations, including unions, without prior permission from the government. Be that as it may, the law in its essence hardly represented a break or a discontinuity in the state's authoritarian approach to labor. Rather, it constituted a preemptive strategy on the part of the government, as Cizre (1992: 714) observes, to control the form and substance of the labor unions, whose number and influence had been increasing. It forbade unions from establishing any financial or administrative links with political parties, for instance, as well as from forming alliances among themselves without the backing of the government. These legal provisions essentially aimed at thwarting the formation of a strong and centralized union movement, while making sure at the same time that unions would not become venues to disseminate the ideas of certain political, mainly leftist, parties and groups. The result of such policy, which some scholars dubbed "rival unionism" (Dereli 1968; Önder 1990), was a union movement consistent of a multitude of small local unions with few members, no substantial powers, and devoid of political activity. In other words, a pluralist organizational structure had emerged, which allowed room for the formation of an unlimited number of unions in the same branch of industry, but this had not happened under democratic premises. It had taken place, on the contrary, in a persistently authoritarian framework aimed at preventing working class mobilization from gaining salience through centralization, thereby keeping it "vulnerable to state-monitoring" (Cizre 1992: 714).

The Democrat Party Government and the Incorporation of Corporatist Elements

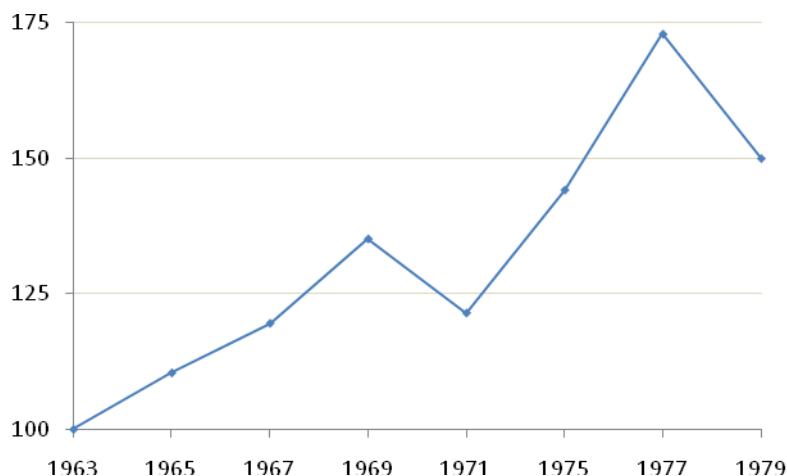
14 Turkey's first general elections in 1950 terminated the three-decade-long single party rule by bringing DP (Democrat Party) into government. The DP's coming to power was received optimistically among workers, for when in opposition, the leading politicians of the party had promised to extend rights to labor including the right to strike. The DP government accommodated some of these expectations by granting certain concessions to labor including paid holidays, sick days and a minimum wage. Nevertheless, state-union relations in this period, for the most part, exhibited continuity with past policies. As Cizre notes, the main legal-regulatory framework within which unions operated in the DP era was still that of the 1947 Act "with its restrictions and prohibitions on 'all' aspects of union life"(1992: 715). Although it had put the right to strike on its party program in 1949, for instance, the DP had abandoned the idea altogether as early as the end of its first year in office, resorting instead to maintaining the interventionist role of the state so as to prevent the growth of labor's political agency (Cizre 1992). That being said, there were still some differences in the way state officials confronted social cleavages in the country, which made the nature of state-union interaction during the DP administration distinct in some aspects from the single party era (Mello 2006: 124). For one, the DP's approach to the labor unions was "non-pluralist" and embodied elements of state corporatism. As Bianchi points out, the repressive policies of the state towards unions were "gradually being supplemented by attempts to enlist the support and cooperation of still weak and insecure interest group leaders in implementing economic policies without substantially increasing their political economy or widening their roles in policy formation" (Bianchi 1984: 106 quoted in Mello 2006: 124). An important step along these lines was the formation of a nation-wide labor organization in 1952 – Türk-İş, a confederation that would play the role of a mediator between the government and the unions. As Tunay (1979: 37 quoted in Önder 1990: 144) notes, the Democrats considered Türk-İş a convenient tool to help control the fragmented labor movement largely consisting of small and local unions, and to enlist the support of labor when necessary through certain concessions. The DP's semi-corporatist relationship with Türk-İş did not prove to be a lasting one, however. As time passed unions found some of their most significant demands unmet, the most important of which being the right to strike, and this began to create discontent and unrest on the part of rank-and-file members (Önder 1990). The tension between the government and labor increased further in the second half of the 1950s as the economic performance of the country turned worse and labor's conditions worsened with it. The DP's efforts to prevent any class-based political action against its administration became more intense in this context, and the party increasingly resorted to authoritarian elements.

Developmental State and the Labor: Increasing Fragmentation and Politicization of the Unions

15 Democrat Party rule ended with a military takeover in May of 1960. The aftermath of the coup was characterized by the "rise of an ideological enthusiasm" to institute a sound growth strategy along "positivist-rationalist grounds" (Ünay 2006: 57). The sound growth strategy in question was a planned industrialization effort relying on import-substitution policy. The state would promote the growth of the manufacturing sector, and protect it by heavily restricting and even banning imports of locally produced goods. Social and political incorporation of the working class was a key policy objective for the new ruling elites. The state-labor union relations in previous decades had largely taken place in an authoritarian framework. The corporatist measures employed had been short-lived and had often been undermined by the authoritarian tendencies of the government. Starting from the 1960s, however, the state began to abandon repressive measures to control labor activism and instead resorted to more liberal corporatist arrangements. The 1960s and the 1970s saw, therefore, substantial improvement in the social rights and real wages of workers (see Figure 2). Retirement pensions, health, children and housing benefits were all extended in this period. With the Unions Act of 1963, freedom of unionization was put under constitutional guarantee, and collective bargaining and strike rights

were granted for the first time. The membership base of the labor unions expanded significantly in this period. The state encouraged a multi-union organization by allowing the formation of local unions at the work place, federations of unions in the same branch of industry, regional labor unions, as well as national confederations (Önder 1990: 180).

Figure 2: Increase in Real Wages (1963=100)



Source: The Ministry of Labor

Table 1: The Increase in the Number of Unions and Union Members

	Total union membership	Union membership as % of wage earners	Number of unions
1950	76,000	5.90	88
1960	282,967	15.50	432
1970	2,088,215	53.80	737

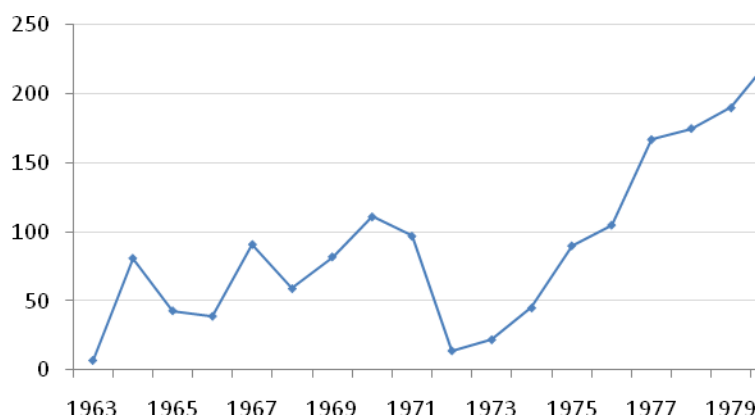
Source: The Ministry of Labor

16 The leftist movement also found a welcoming ground in the permissive legal environment of the 1960s and 1970s with important implications for the labor movement. A significant development in this regard was the establishment of TİP (Workers Party of Turkey) in 1961, which emphasized class differences, and advocated for a non-capitalist path of development (Mello 2006: 220). Another important development was the foundation of DİSK (Confederation of Revolutionary Trade Unions) in 1967. The founders of DİSK who aligned themselves with TİP rejected the docile nature of labor unions operating in the country, as well as the “above party politics” stance that Türk-İş had been carrying on. DİSK’s objectives were not simply confined to improving the status of labor in the country, but involved restructuring the workings of the state, economy and society with respect to a wide range of issues from land reform to foreign affairs (Sunar 1974). Whereas Türk-İş had been operating within the ideological and institutional boundaries of the existing system, DİSK explicitly sought to challenge them. By the end of the 1960s the confederation had already become, in the words of Dodd, “hardly distinguishable from a political body in organizing invariably violent May Day demonstrations, engaging in political propaganda, and taking the lead in denouncing the rightist coalition governments” (Dodd 1983: 41, quoted in Mello 2006: 222).

17 DİSK’s rapidly growing influence and membership base, which had already reached to 500,000 by 1980 from 67,000 in 1967 (Mello 2006: 158) eventually had an impact on Türk-İş as well, turning the latter’s policies away from a pragmatic stance towards a more activist and leftist stance. As several scholars have noted, what took place in the nature of unionization in the 1960s and 1970s, as such, was a shift from “job unionism” concerned only with pragmatic bread-and-butter issues to “political/ideological unionism” (Cizre 1992: 715; Mello 2006: 147). A major component of this change was the frequent strikes (see Figure 3) and rallies, which often took a violent form. With the foundation of the Confederation of Nationalist Trade Unions (MİSK) in 1970, and in 1976 Hak-İş, the fundamentalist confederation known for its close ties to the religiously oriented MSP (National Salvation Party), the labor union

movement in Turkey became increasingly fragmented ideologically and involved increasingly violent elements.

Figure 3: Number of Strikes per year



Source: Önder, 1999

Turkish Unionism in the Neoliberal Era: Towards Centralization and Concentration

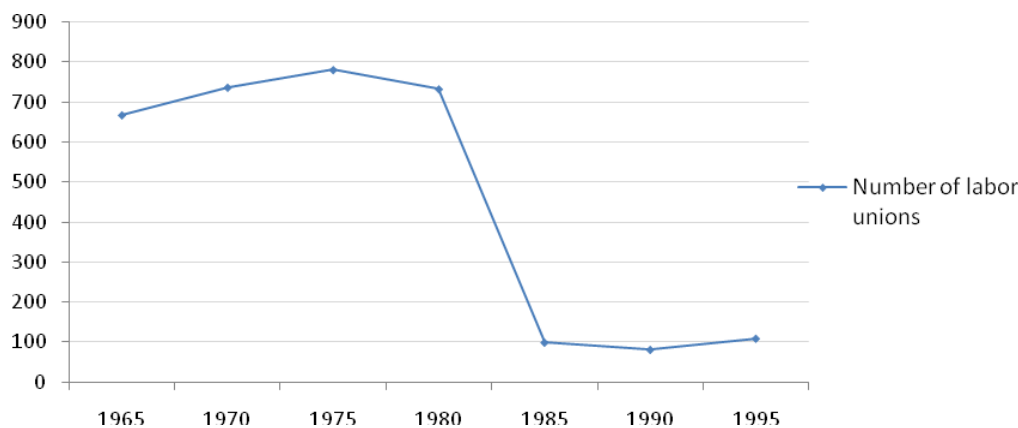
18 The wave of neoliberalism took Turkey in its orbit at the end of the 1970s. The promising economic performance that the Turkish economy had displayed had come to halt by the second half of the 1970s. The country suffered from serious foreign exchange and debt crises and the inflation rate reached triple-digit figures. The deterioration of the economic conditions was accompanied by social unrest. The early elections that took place in this context, in October of 1979, put Demirel's center-right Justice Party in government. The priority of the new government was to fix the economic problems facing the nation. Turgut Özal, who was in charge of the State Planning Organization (SPO), the pinnacle of economic bureaucracy at the time, was appointed as the Undersecretary of Prime Minister. In this position, Özal announced a stabilization package on 24 January 1980, widely known as the "January 24 decisions". The package constituted a turning point in Turkish economic history, signifying the end of planned development and the beginning of a market-oriented restructuring process. It involved a wide range of policy changes from liberalization of finance and exchange rate regimes to that of foreign trade.

19 The country was deeply divided ideologically around these developments, and violence took over the streets. On 12 September 1980 the Turkish Armed Forces stepped in to restore political stability. The interim military government that was established right after the 1980 coup backed up the market-oriented reform process by appointing Turgut Özal to the position of deputy Prime Minister. After the country's return to civilian rule in 1983 Özal became the Prime Minister and continued his ambitious reform agenda. In short, between 1980 and 1989, under Özal's continuous leadership, Turkey experienced a decisive political-economic transformation. Turkey had experimented with liberalization reforms prior to the 1980s; however, these had been short-lived. What started in 1980 was a forceful and continuous reform process that would radically recast the relationship between the state, economy and society.

20 Turkey's neoliberal restructuring process involved important implications for the labor movement and the unions. As is the case in other nations undertaking neoliberal reforms, the Turkish government – both the interim government that ruled during the three years immediately following the military coup and the civilian government that came to power in 1983 – considered labor a major challenge to market reforms and to the political stability of the country. As Adaman *et al* note, the tolerance for class-based activity had "rapidly eroded after a period of less than two decades when labor unions appeared as important social actors" (2009: 173). Labor would soon find its position in the formal policymaking process marginalized, its real wages significantly diminished, many of its recently achieved social benefits curtailed, and its associational rights considerably restricted.

Labor's Challenge and the Constitution of State Labor Policy under Neoliberalism

- 21 In Turkey, the government's labor policy, at the onset of neoliberal reforms in the early 1980s, remained focused on erasing what was deemed the "unionist malaise of the 1960s and 1970s," namely, "the proliferation of unions, the infiltration of ideological unionism at the leadership level and lack of trade union leadership capable of restraining the membership" (Cizre-Sakallioğlu 1991: 61). The workplace unionism and the number of unions was seen as having proliferated under the legal framework system set up by the 1963 Labor Act to an extent that was incompatible with the socio-economic conditions of the country (Önder 1999). Moreover political unionism – of the leftist brand represented by DİSK² in particular – was perceived as something whose development should be prevented for the sake of the unity of the state and society (Özbudun 1991).
- 22 What the interim government envisaged was a centralized union movement with very narrowly defined objectives that would be supervised by the state (Önder 1999). Unlike in the Mexican case, where the government had to engage in subtle tactics and resort to informal channels when necessary in dealing with the unions and executing what were considered to be anti-labor policies, the governments undertaking the neoliberal reforms in Turkey would carry on their agenda through explicit legal changes.
- 23 Two pieces of legislation adopted in 1983 entailed particularly important provisions regulating union activities (Önder 1999: 207) – Acts 2821 (Trade Unions Act) and 2822 (the Collective Bargaining Strike and Lockout Act). These new laws did not forbid workers from joining unions but forbade membership to more than one union. The right to strike was severely restricted as well. Moreover, according to these new laws (Articles 13 and 14 of Act 2822) only those labor unions that obtained a certificate of competence from the Ministry of Labor could negotiate a collective agreement. The new laws introduced very strict conditions for the issue of this certification. It required a trade union to represent a minimum of 10% of all workers in a particular industry, and 50% + 1 of all the workers in an individual establishment, in order to be eligible for collective bargaining. In addition, the new legislation permitted only industrial branch unions operating at the national levels and part of national confederations so as to promote a centralized and concentrated trade union organization "capable of controlling the membership" as Önder puts it, "but greatly restricted in power and resources vis-à-vis the state and employers" (1999: 234). What is more, the new laws also restricted the definition of labor unions strictly to industrial relations by imposing a comprehensive ban on the political activities of the unions.
- 24 Market liberalizing reforms continued full force with the return to electoral democracy in 1983. The legal framework that was put in place by the interim military government was maintained after transition to the civilian regime. The legal changes concerning the collective representation of labor, which were maintained after transition to civilian regime, have led to concentration and centralization of the labor movement, as well as to its de-politicization. As Figure 4 shows, the number of labor unions dropped significantly in Turkey, particularly after 1984. Furthermore, the institutional restructuring of the state, which involved centralization of the policymaking process within a narrow circle including the Prime Minister and the Cabinet of Ministers, cut off of the mechanisms for including labor unions in the policymaking process. Throughout the 1980s Turk-İş, which after the banning of DİSK had become virtually the only representative of labor, was consistently left out of the decision making processes concerning labor.

Figure 4: Centralization and Concentration in Turkish Unionism in the Neoliberal Era

Source: Önder, 1999

25 The significant concentration and centralization in the labor union field, as well as the increasing exclusion of labor from the official policymaking process had two important implications for the Turkish labor union movement at the turn of the decade. First, these policies eventually had an impact on Türk-İş turning its strategies vis-à-vis the government away from non-partisan politics (Önder 1999). Having experienced their strategy of cooperation and non-partisan politics fail at granting them a seat at decision making tables, Türk-İş leaders in the 1990s increasingly began to take on a political tone in raising their concerns with governments' labor policies. A second important implication has been the increasing prominence of Hak-İş – a confederation representing a form of unionism based on national and religious values. Hak-İş had been set up in 1976, with only seven unions and 20,000 worker members, with the support of MSP (National Salvation Party), as part of the party's attempt to extend its sphere of influence into the labor movement (Duran & Yildirim 2005: 231). The confederation did not achieve a significant following among workers at the outset. This was in part due to the fact that the objectives the Confederation upheld remained irrelevant to a large segment of workers. As Duran and Yildirim (2005: 232) note, for instance, Hak-İş viewed the conflict between labor and capital as artificial, and emphasized the commonality of employer and employee interests on the basis of Muslim brotherhood. Its major demands in collective negotiations included small mosques or prayer rooms in factories, and allowance for time off for individual and collective prayers and pilgrimage (Duran & Yildirim 2005: 231). In the context of the grave economic conditions of the late 1970s, such objectives appealed only to a small segment of workers. In addition, most important sections of the working class had already been organized. It was only at the newly opened state enterprises and small and medium sized private establishments where Hak-İş was able to find suitable ground for unionization. The military take-over in September 1980, however, provided a window of opportunity for the Confederation. As a result of military regime's policy of encouraging Islamic identity in an attempt to weaken the leftist tendencies of workers, Hak-İş was allowed by the military authorities to recommence operations less than a year after the coup. As the only confederation, apart from Türk-İş, that was open throughout the 1980s, it grew rapidly in the post-1980 period, and managed to establish itself as a major labor organization whose base cannot be limited to strictly Islamist segments of the labour movement³.

26 The long-term implications of these developments for Turkish unionism and its relationship to the state require further analysis. Our point here, simply, is that the specific courses of action taken by national governments in the context of neoliberal reforms, as well as the various short and long-term implications of these reforms, were significantly shaped by their specific histories of unionization. As we will discuss in the next section, it is due to the variation in the historical context that the governments in Mexico undertook policies that appear so drastically different from their Turkish counterparts, leading, as a result, to a more fragmented labor union movement.

III. Neoliberalism and Labor Unions in Mexico: Divided We Rule

A Historical Panorama: Emergence of Corporatism and Centralization in Mexican Unionism

- 27 State-labor relations in Mexico were institutionalized between the 1910s and 1930s: Unions that had fought with the army of Venustano Carranza during the revolution were granted with a broad range of rights by the 1917 Constitution, which made the state the arbiter of labor-management disputes (Collier 1992). Labor confederations such as CROM – The Regional Confederation of Mexican Workers (1918) and CGT – The General Confederation of Workers (1921) were founded in the aftermath of the Constitution and began relying on state patronage paving the way for a state-dependent labor movement (Roxborough 1984: 14). In the 1930s, during Cardenas’ rule (1934-1940), labor was incorporated into the functional structure of the PRM (Party of the Mexican Revolution), the predecessor of the PRI (Institutional Revolutionary Party), forming a central support base for the dominant-party regime’s emerging populist alliance. The Confederation of Mexican Workers (CTM), which was founded in 1936 with the direct support of Cardenas for unionization and unification of the fragmented labor movement, became the major ally of the emerging regime. The alliance with labor endowed the state with various mechanisms for controlling and coopting labor, and the resulting capacity to implement centrist policies (Fairris & Levine 2004; Collier 1992). In return, labor was incorporated into corporatist arrangements that provided access to the state and policy-making platforms. This period of institutionalization bore an interdependent relationship between labor unions and the state. Institutionalized links between the unions and the PRI regime were used as mechanisms of political control in which cooptation of union leadership played a central role (Bizberg 1990; Collier 1992; Murillo 2001). State control over the unions helped foster a receptive climate for foreign investment, as industrial conflict was discouraged by means of cooptation. Co-opted unions used various means, including coercion and bribery, to restrain wage demands arisen from their rank-and-file, while the absence of intra-union democracy facilitated the use of these means. Such cooptation enhanced the capacity of the Mexican state to control and subordinate labor to public policy, a major legacy of state-labor relations in Mexico (Collier 1992; Bizberg 1990; Cook 2007; Murillo 2001).
- 28 The state distributed a wide range of resources to the unions in exchange for political support and acquiescence based on a double-layered cooptation process: that of the state over unions and of the union leaders over their constituencies. The state-labor alliance created a strong partisan loyalty of labor to the PRI, while providing the unions with access to the state and a broad range of benefits (Bizberg 1990; Murillo 2001). Union leaders received various incentives in exchange for repressing dissent and cultivating support for the PRI (Tulchin & Selee 2003; Collier & Collier 1991). These incentives provided in exchange for loyalty were expansive for the union bosses, who often used the unions as a stepping stone for political careers through a quota of elected posts granted for union leaders in the PRI. In turn, the PRI regime, which effectively used the rhetoric of revolutionary family, used this alliance as a political machine to co-opt labor. The cooperation of organized labor with the state, as well as its cooptation, facilitated the implementation of even unpopular policies, which then played an important role in the price stability achieved throughout the period of so-called stabilizing development (Collier 1992: 47). Such capacity of the Mexican state to implement policy became a legacy that was used throughout the neoliberal reform process, which entailed unfavorable policies for labor.
- 29 Therefore, the relationship between the Mexican state and “official unions” like the CTM took a highly state-dependent and interventionist pattern, while any opposition against this pattern would be purged through the close cooperation between the state and the union bosses. Although various factions and ideologies had existed within organized labor in the 1930s, the Marxists were purged in the 1940s. Fidel Velazquez’s taking over the leadership of the CTM in 1941 indicated a shift away from radicalism to pragmatism and increasing cooptation with the ruling party (Collier 1992: 47; Collier & Collier 1991: 414). The Mexican state’s

cooptation of union leaders is epitomized by the so-called “*charrazo*” incidence based on the state’s conflict with the Railroad Workers’ Union in 1948. In this incidence, the state replaced the dissident leader of the Railroad Workers’ Union with a rival called “*el Charro*,” whom the state could easily co-opt.⁴ Thus, the *charrazo* phenomenon symbolizes the state-control of union leaders and union leaders’ control over their constituencies through undemocratic management detached from grassroots (Collier 1992: 44; Collier & Collier 1991: 584; Cook 1995).

30 An immediate consequence of the *charrazo* incidence was the emergence of dissident unions as a reaction against the state control of the union bosses. The inter-union rivalries intensified with the emergence of such dissident unions often provided a channel for the state “to play one confederation off against another” (Collier 1992: 55). The Mexican state counterbalanced the powerful unions and confederations by using “an allied confederation as a bulwark against a dissident union” (Collier & Collier 1991: 583; Murillo 2001: 43). For instance, in its attempt to control dissident unions by means of integrating them into official unionism, the state founded the Labor Congress (CT) in 1966 as an umbrella confederation, which provided “a new arena for union competition within the boundaries of the party” (Bizberg 1990: 115; Murillo 2001: 43). Dissident unions’ challenges against official unionism and the hegemony of the CTM accelerated in the 1970s, epitomized by the Declaration of Guadalajara and the Democratic Tendency Movement. Nevertheless, such challenges remained far from breaking the CTM’s hegemony (Murillo 2001). In the early 1980s, the industry-wide centralized unions were still very strong. Following the launching of neoliberal restructuring processes in the 1980s, however, the landscape of Mexican unionism changed drastically, as it became highly fragmented. Such fragmentation occurred, in part, through deliberate strategies of the Mexican state in the context of the neoliberal restructuring process.

Neoliberal Restructuring and Fragmentation in Mexican Unionism

31 Mexican unionism has become increasingly fragmented since the beginning of the country’s neoliberal restructuring in the 1980s. Confronted by opposition, even by the official unions, the reforming governments in the 1980s and 1990s resorted to a “divide-and-rule strategy.” In doing so, they diverged from their counterparts in Turkey, who opted for strategy of centralization in dealing with the labor unions in the context of the neoliberal restructuring process. Thus, the outcome of this strategy has been increasing fragmentation and decentralization in Mexico, unlike the increasing centralization and concentration in Turkey.

32 A common view about the impact of neoliberal reforms on labor politics in Mexico suggests that neoliberal reforms ended the state-labor alliance and curtailed the political power of the unions (Collier 1992; Cook 1995; de la Garza Toledo 1994). According to Collier the “state-labor alliance became too costly in the context of the commitment to economic restructuring” (1992: 120, 140), since traditional state-labor relations in Mexico were incompatible with neoliberal policies. In a similar vein, Cook claims that neoliberal restructuring brought about a “dramatic reduction in organized labor’s political influence and the virtual destruction of union militancy and autonomy” (1995: 77). This view underlines labor’s failure to confront neoliberalism and its increasing subordination to the reforming governments (Paczynska 2009).

33 However, the empirical reality with respect to the changes in government-union relations has been more complex than what this view proposes. Acknowledging the major changes in state-labor relations in the face of neoliberal restructuring, this article suggests that the major strategy implemented by the Mexican governments has been to fragment and decentralize organized labor in order to weaken the opposition to reforms and promote the emergence of new unions, which, then, became the new allies of the governments in their embrace of neoliberal reforms. Union competition has been intensified in this process, while the ways in which the state manipulated this competition has been diversified. Official unions’ capacity to deliver declined paralleled with their restrained negotiating authority, while their acquiescence to state policies increased further (Fairris & Levine 2004; Paczynska 2009).

The new unionism and increasing fragmentation in Mexico

34 Throughout the neoliberal restructuring process, the Mexican state continuously created new allies that would provide a support base for its policies. Extensively using a divide-and-rule strategy in the 1980s and 1990s, the state attempted to diffuse opposition. Through one such attempt, the so-called “new unionism” became an instrument through which sources of opposition were eliminated. “The new unionism” entailed a thorough restructuring in state-labor relations, such as promoting flexible forms of bargaining, representative and democratic unions, and a new labor culture geared toward increasing productivity in line with the pressures posed by the forces of globalization (de la Garza Toledo 1994; Cook 1995; Murillo 2001). Multinational corporations in Mexico also promoted the so-called modernization of the labor movement proposed by Salinas, particularly the flexibilization of collective bargaining.

35 In its fight against the powerful labor confederations that opposed the neoliberal restructuring process, the Salinas government pursued a “divide-and-rule” strategy, decentralizing and dividing labor whenever possible, and continuously shifting its alliances. It openly supported the new unionism and the emergence of rival unions, such as the FESEBES (Federation of Goods and Services Unions) in order to diminish the CTM’s power. Besides supporting the emergence of rival unions, it also favored the emergence of cliques within the confederations and unions, such as the FESEBES-CROC front as an alternative to the CTM (Murillo 2001: 108). President Salinas’ May Day Speech in 1990 portrays the pillars of new unionism promoted by the government:

Unions would participate in agreements to modernize production, pursue a kind of productivity that would distribute wealth, improve working conditions, expand the knowledge base, and involve workers in company administration and ownership. ..Wages would be based on productivity and training, and the state would have to respect union autonomy in order to create a model of labor relations that was participatory, democratic, and based on concertation (not conflict and confrontation) (De la Garza Toledo 1994: 213).

36 New unionism was mainly represented by FESEBES, which was formed in 1990 to challenge the hegemony of the CTM (de la Garza Toledo 1994; Cook 1995). FESEBES, and two of its leading members, STRM (Telephone Workers’ Union) and SME (Electrical Workers’ Union), symbolize the labor movement’s partial adaptation to neoliberalism and resulting restructuring of state-society relations. Hernandez Juarez, the head of the STRM, became the vanguard leader of New Unionism, which proposed cooperation rather than confrontation in order to modernize key sectors to face the challenges posed by globalization, and endorsed the reforming governments in successive stages of the neoliberal transition, the most important of which were privatization and the NAFTA agreement (Murillo 2001).

37 In line with its goal of decentralization through a divide-and-rule strategy, the Salinas government favored the transfer of unions from the CTM to the CROC (the Revolutionary Confederation of Workers and Peasants) & CROM, the CTM’s rival confederations (Murillo 2001). Reforming governments helped accelerate fragmentation and decentralization by means of building alliances with the newly-emerging unions, promoting inter-union rivalry, supporting new unionism, and reducing labor’s participation in the PRI (Cook 1995: 86). Reforming governments used inter-union rivalries to diminish the power of the dissident unions and union bosses, and justified their shifting alliances by the rhetoric of democratizing the unions, cleaning up the corrupt unions and eliminating the empowered union bosses. The campaign against the union bosses intensified during the Salinas rule. In its attack on the union bosses and their opposition to government policies, his government used coercive means, epitomized by the “La Quina incidence,” where the government authorized a military raid against Joaquin Hernandez Galicia, the dissident leader of the Oil Workers’ Union (Collier 1992: 137). Although increasing union autonomy and democratization were the claimed objectives of the governments in the 1980s and 1990s, the extent to which these objectives have been attained is yet subject to question (Cook 2007; Paczynska 2009).

38 Whenever reforming governments, starting with that of de la Madrid, were confronted with union militancy against neoliberal policies, they opted for weakening the sources of militancy by dividing and supporting the rivals. The CTM vs. CROC rivalry during the government

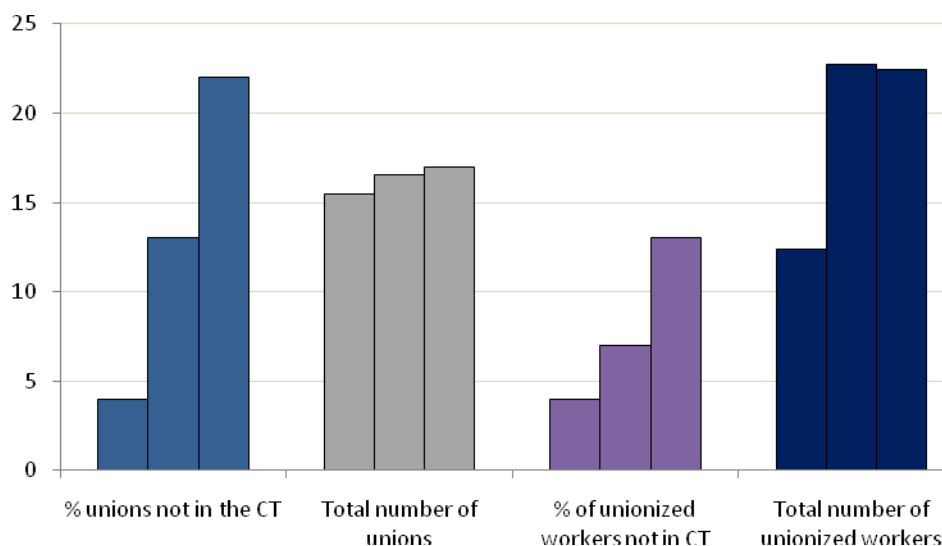
of de la Madrid epitomizes reforming governments' continuously shifting alliances: When the former did not support the government regarding its austerity measures, the government began favoring the latter (Roxborough 1989; Collier 1992; Murillo 2001). Another common tool was delinking the unions from the PRI, signified by the CTM which was left with one representative on the National Executive Committee of the PRI by 1991 and the SNTE (Teachers' Union), whose power was undercut by transferring authority over education policy from the central government to the federal governments. Thus, subordination (by coercive or non-coercive means), erratic inclusion and exclusion, delinking and fragmentation became the major strategies throughout the neoliberal restructuring process.

39 The Mexican state sustained its capacity to implement policy throughout the neoliberal restructuring process, facilitated by labor's weakening due to fragmentation, its subordination and shifting loyalties (Murillo 2001; Paczynska 2009). Organized labor continued participating in the corporatist pacts throughout the neoliberal transition process in the 1980s and 1990s. Its demands, however, were mostly subordinated to those of the reforming governments and the business elite. The most important of these pacts was the Economic Solidarity Pact of 1987 (PSE), which imposed harsh austerity measures such as a wage freeze as part of its stabilization package without incorporating labor's demands, indicating the political marginalization of labor (Collier 1992: 111). Thus, the capacity of the Mexican state to impose policies persisted in the 1980s and 1990s, despite increasing dissent by various labor unions. The pacts signed throughout the neoliberal restructuring era indicate a shift with respect to undermining labor's power, while diminishing labor's participation in policy-making platforms to *de-jure* form (Alba 1992; de la Garza Toledo 1994; Middlebrook 1989). The pacts negotiated and signed in the 1980s and 1990s were mostly imposed on the official unions by the state, as labor's role was diminished to ratifying the agreements that had been already negotiated between business and the state. Therefore, on paper, all confederations associated with the PRI seemed to have supported the neoliberal policies, including the NAFTA agreement in 1994 and consecutive pacts that entailed severe stabilization measures (de la Garza Toledo 2004). The acquiescence of the unions was only possible through union bosses' party loyalties and their capacity to control their constituencies (Murillo 2001).

"Democratization" and fragmentation in Mexico: Emergence of the National Union of Workers

40 The endorsement of governments' neoliberal policies caused a major divide and competition within organized labor. The representativeness of the CT and CTM declined over time, as many unions pulled out of these confederations. For instance, the percentage of unions not included in the CT rose from 4% in 1984 to 22% in 1997 (see Figure 5). Inter-union rivalry has intensified, bolstered by the burgeoning and strengthening of the independent unions.

Figure 5: Fragmentation in Mexican Unionism (1986, 1993, 1997)*



(Original Source: Aguilar Garcia, Francisco Javier 1989. "Estructura de la Población trabajadora y de los sindicalizados en Mexico al final del Siglo XX." Mexico City: STPS Concurso de Investigación Laboral.

*CT= Congreso de Trabajo/ Labor Congress

Source: Gates, Leslie 2001

- 41 Dissident unionism went through a revival after the 1980s and 1990s. The formation of the National Union of Workers (UNT) as a new federation by eight unions' leaving the CT in 1997, indicates the intensification of competition and fragmentation. The UNT launched a program of union democratization, asserting that unions' democratization would contribute to an overall democratic transition in Mexico, and promoted a "new social pact" emphasizing its willingness to take part in increasing productivity if democratic and independent unions were secured.⁵ While the UNT generally supported neoliberal restructuring in the aftermath of its emergence, it began to rally opposition against the neoliberal agenda of the National Action Party (PAN) governments after 2000.⁶ The UNT led the formation of broader alliances such as the Front for Unions, Peasants, Indigenous and Popular Sectors (FSCISP) to call for a broad struggle against neoliberal policies.
- 42 Contrary to what was anticipated before the end of seven-decades-long PRI rule in 2000, the relationship between the official unions and the Mexican government has not undergone major changes. Even the appointment of Carlos Abascal Carranza, former chair of the Mexican Employers Association, as the Secretary of Labor, did not hinder close ties between the government and official unions' leaders. Therefore, the pattern of union leaders' cooptation through resource distribution in exchange for acquiescence persisted during the PAN's rule since 2000.
- 43 Confronted with various forms of manipulation bolstered by intensified fragmentation and competition, organized labor, particularly the official unions, did not opt for independence from the state, but rather settled on sustaining their dependency on the state, striving to access the benefits distributed by the state including careers in politics (Cook 2007; Murillo 2001). This, indeed, became a survival strategy for the official unions, whose existence depended on state resources. What Collier and Collier (1991: 597) refer to as "constant renegotiation of the labor-state alliance," referring to state-labor relations in Mexico before the neoliberal era, also persisted during the neoliberal transformation. Where state-labor relations developed in a pattern of interventionism, cooptation and dependence on the state, these legacies persist and shape neoliberal transitions, rather than disappearing.

Conclusion

- 44 Based on a comparative analysis of the Turkish and Mexican cases, this article showed how nations made use of entirely different strategies and instruments to "deal with" labor unions in the context of neoliberal reforms. The authors argued that such variation in state policy towards unions across these two countries with otherwise similar characteristics resulted from the distinct historical patterns that characterized state-labor relations, and the process of unionization in each of these countries. In Turkey, post-1980 governments sought to deal with what they saw as the challenge of an overly-fragmented and politicized Turkish labor movement. In a "unite and restrain" strategy, which was executed through explicit legal changes, the Turkish state sought to create a more centralized and concentrated union movement with fewer players, and succeeded at doing so. In Mexico, on the other hand, the state sought to break the power of large unions in a "divide and rule" strategy, so as to grant itself more flexibility in carrying out its reform agenda. Due to its historical co-dependency with the labor unions, however, the Mexican state had to resort to subtle tactics and discourses such as "new unionism" in carrying out its agenda, so as to dissipate potential reaction from the powerful unions. This involved, on the one hand, supporting the formation of new unions and forming alliances with them so as to gather support for politically costly reforms, and, on the other hand, sustaining its patronage distribution to the major union leaders. As a result of this strategy, the number of unions in Mexico increased throughout the 1990s, while the associational monopoly over the union movement by the few large unions decreased. The differences between Turkey and Mexico suggest that, contrary to the convergence view that has been animating a substantial portion of the literature on globalization and neoliberal

reforms, states were able to pursue the common objective of appeasing societal resistance to neoliberal reforms by means of different strategies, and that the repertoire for those strategies was shaped their distinct historical trajectories.

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Notes

1 The 1924 Constitution, which was adopted right after the foundation of the Republic, recognized the freedom of association as the right of all citizens prompting the formation of new unions across the country, for instance.

2 Indeed, although the activities of both left and right unions were suspended in the context of military intervention, the measures taken against DİSK were exceptional. As Adaman et al note, the confederation would see "its assets confiscated, its leaders brought to court with political charges calling for death penalty in certain cases, and not be able to resume its activities until 1992" (2009: 173).

3 Hak-İş which started with about 20,000 members in 1976 today has more than 400,000 members. As Duran and Yildirim (2005) discuss in detail, a major outcome of this expansion in membership base has been the inclusion in the Confederation's policies of non-religious issues such as democratization and the development of political and social rights. In 1990, for the first time in its history, for instance, Hak-İş,

which had previously denounced the May Day as “a festival of Jews and communists,” held a special meeting on May Day to discuss the labor problems.

4 “El charro” refers to traditional horseman in Mexico, i.e. the cowboy. The nickname of the union leader stems from his cowboy-like attire. Since the charrazo incidence, coopted union leaders are referred as charro.

5 See Hernandez Juarez’ speech at the launching of UNT: <http://www.unt.org.mx/dialogos/intervfhj2703.htm>

6 <http://www.unt.org.mx/dialogos/manifte2503.htm>

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Abstract

This article explores the variation in state policy toward labor unions in the context of neoliberal market reforms by cross-examining the cases of Turkey and Mexico. Although taming the power of unions so as to decrease resistance to market reforms and increase labor market flexibility remained a somewhat common objective to the neoliberal agenda across nations, governments understood “labor’s challenge” in different ways, due to their nations’ distinct histories of unionization, and utilized different strategies and means to deal with it. We show that such differences help explain why the union movement in Turkey has become more centralized and concentrated in the neoliberal era, while the union movement in Mexico has become more fragmented and decentralized.

Index terms

Index by keywords : labor unions, Mexico, neoliberalism, Turkey