

# Work as Key to the Social Question

The Great Social and Economic Transformations and the Subjective Dimension of Work



## Collective Actors and Human Work: Social Dialogue in Latin America

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The author dwells upon how social players have acted in the last decade and how macroeconomic transformations have impacted the social situation and the process of social dialogue in Latin America, with a special emphasis on the actions of employers associations, workers organizations and on the social action of the catholic Church.

### 1. INTRODUCTION

Two sections of *Laborem Exercens* Encyclical Letter are the starting point for our reflections, namely Chapter IV [1] on the rights of workers considered within the larger context of human rights, and L.Ex. 20, where workers organizations are described as *a mouthpiece for the struggle for social justice*. They will provide us with a useful perspective in presenting the issues concerning social actors and social dialogue in Latin America. A clarification of the terms used in this paper is necessary for a common understanding. The term Social Dialogue is meant here as a process involving an opinion exchange that is more constant than consultation but not quite as decisive as concerted social decisions —these being agreements among the parties. By Social Dialogue we mean a starting point, a platform to reach concerted social decisions, national agreements or social pacts. The decision-concerting process stems from a social and economic policy adopted by different countries in their tackling of major national issues. It involves a commitment whereby social players undertake, without renouncing the defense of their specific interests, to act in a manner allowing the implementation of policies consensually adopted in response to economic and social challenges. A certain measure of consensus is sought with a view to obtain, in the mid- and long term, advantages for the parties concerned and for society at large.

Social players will so join in the bargaining process, the stakes of which are the drafting of macroeconomic and macrosocial policies. Concerted decision-making creates a unique,

legitimate space for social power to be expressed during bargaining. For the ILO, social dialogue requires participation and freedom of association. Hence, social dialogue is a goal in itself in democratic societies for the purposes of conflicts settlement, social justice and the social implementation of policies. It is through social dialogue that rights are defended and stable employment and work are promoted. [2]

In Latin America, social dialogue has been implemented through various modalities:

- 1) Standing bodies (economic and social councils);
- 2) A constant non formal practice (tripartite dialogue, as in the Dominican Republic, or tripartite commission, like in Venezuela);
- 3) Social pacts (declarative or normative, like in Argentina and Costa Rica).

Any decision or rule affecting the scope of the main social players shall be adopted with their prior consent. **This is the golden rule of social concertation.** The onus on the fulfillment of those decisions adopted rests with the parties concerned.

Building social dialogue and concertation is a gradual process. **Social concertation depends on the existence of a political democratic pact and on the rule of law.** A dialogue-based, participative democratic system is possible only under the rule of law and providing that the rights of the human person are guaranteed (Centesimus Annus. 46). The institutional environment thus generated will be conducive to the fulfillment of social and economic demands and to the settlement of conflicts. An environment of political freedom must exist, especially one of freedom of association guaranteeing a modicum of political agreement and institutional stability. It must be supported by the organized civil society and commit itself to respect the autonomy of the workers and employers organizations.

As a priority, the state must undertake the task of meeting the basic needs of the poorest, marginalized sectors of society. In so doing, social organizing at all levels must be favored and an adequate information on specific points and on the political, economic and social environments must be gathered. In other words, **social concertation mechanisms are means to regulate conflicts in the social economic arena with a view to achieve development. As such, they are instrumental in fulfilling the commitment to justice, which “must be closely linked with commitment to peace in the modern world”** (L.Ex.2).

## **2. DIALOGUE AND SOCIAL CONCERTATION BEFORE THE NEOLIBERAL OFFENSIVE**

In dealing with workers' solidarity, the Encyclical *Laborem Exercens* (L.Ex. 8) states that workers' organizations have taken part in different ways in discussing working conditions, but new forms of injustice have arisen with the emergence of ideological systems of power. In Latin America, the usual way of both capital and labor to deal with the state was, from

the 1940s to the mid 1970s, a system based on the action of intermediate, highly inclusive bodies that virtually monopolized relations between individuals and the state. Features typical to such a system were the forceful participation, a marked hierarchy, and institutional accords with the state. In some South American countries like Chile, Argentina, Uruguay, and Bolivia, the model was nurtured by a highly organized, highly centralized trade unionism protected by a labor law promoting united workers' organizations, while employers' representations were more dispersed and segmented.

In a legal, institutional democratic environment, politics and economics worked as a coalition of urban-industrial interests (including employers, the middle classes and workers). This coalition tended to include, albeit subordinately, less favored groups like peasants, rural workers and marginalized people. There was a kind of balance between the state, which played a distributive function, and people's movements, organized in order to have their claims recognized and to press on the public powers and state bodies, particularly on the union and political fields, although also at other organizational levels.

The state played a major role in the economic growth. It laid the model's economic and financial foundations, by a sustained increase in public investments, the creation and expansion of a productive and services infrastructure required for production, trade and transport. The protectionist policies encouraged domestic industries, and allowed for opening and widening both domestic and foreign markets. The state also provided more social services to the population, by generalizing public education, multiplying health care services, enhancing social security, and improving urban sanitation (water supply, sewage systems, etc.). Thanks to these policies, mortality rates, especially children's, dramatically declined, the population's educational levels improved, and illiteracy rates dropped.

The state took up the responsibility for intervening in the meeting of social demands (minimum and vital wages, social housing, work regulation, etc.). In some cases, it was very similar to the welfare state resulting from America's New Deal and later adopted by postwar Europe. Typically such a state incorporated the workforce into the productive system via state-run companies. Hence the emergence of an institutionalized labor market in which state-run companies even trained their workers. Relations between capital and labor were mediated by the state, both directly on institutionalized markets, and indirectly through regulations. Interestingly, the state mediation was marked not by purely economic criteria, but by sociopolitical criteria instead. As a result, conflicts arising between capital and labor were settled by the balance of power deriving from the close relations among the state, business, political parties, and trade unions, having the state as the key arbitrator and the recipient of concerns. The state, besides, used to grant a considerable power to people's representatives, as well as to mass public meetings as the way to articulate the political element with the social one [3].

### **3. THE NEOLIBERAL OFFENSIVE AND THE END OF SOCIAL DIALOGUE**

This balanced system went into a crisis in the late 1980s, to be soon replaced by the so-

called “free market economy”, following a strategy carried out in several stages:

The first stage was one of **terror** and **violence**. During the 1970s and early 1980s, many Latin American countries slipped in civil war and military dictatorship. They were engulfed by violence and victims of authoritarian states. Social organization was disrupted, and thousands of peoples’ leaders and militants were persecuted, tortured, jailed, or killed. Our countries were heavily indebted. This was the dawning of a new era of dependence, characterized by external indebtedness and the emergence of new economic groups.

The second stage was one of **economic terror**. In the late 1980s, our peoples underwent a kind of “monetary terrorism”, i.e. hyperinflation in Argentina (195% monthly rate in June 1989) and Bolivia, or high inflation in Brazil (45% in May, 1994), with the ensuing high uncertainty among the population. Nobody knew how prices were set, or where in the production and distribution chain they got higher.

As money depreciates on a daily basis, or even, in some cases, on an hourly basis, the individual is no longer aware of its value and cost, nor is he certain anymore of a sense of order.

Furthermore, what we have termed “monetary terrorism” has had the following consequences:

1. A brutal transfer of resources towards the hands of those who unleashed the process.
2. A surge in society’s material demands.
3. A wider acceptance of economic adjustment plans, as a way to regain a sense of order.

New, deeper distortions in the income distribution were produced; resources and power accumulated and concentrated in the hands of a few decision-makers. Parallel to this, a significant number of jobs were lost.

The road was thus paved for the all-out reign of the market.

The third stage was that of **structural adjustment programs**. In Latin America, neoliberal policies have changed people’s living conditions, as a result of a profound transformation in the power structures brought about by the splitting of the public and private spheres. Capitalism in Latin America was thus reborn. To this end, neoliberals proposed a package of economic and social measures —the so-called structural adjustment programs. Ostensibly the aim was to rehabilitate the economies by regaining macroeconomic balance. However, other aims were undeclared, i.e. making sure that foreign debt payments would continue, our economies would be denationalized, and wealth would continue to concentrate in a few hands.

The neoliberal project was not only economic. From the mid 1970s, and as a reaction to the world oil crisis, it became clearly political, social and cultural. Later, following the debt crisis in 1982, this project tightened its grip, becoming a policy widespread in our region

from the early 1990s to our days. Neoliberals assert that economics takes precedence over politics, and consequently, all policies must be oriented towards economic efficiency based on the rule of the market (EV 64, L.Ex. 17). In the following lines we will list such policies:

- a. **Modernizing the economy:** retrofitting national industrial capacity with a view to make it internationally competitive, within the framework of economic globalization. To this end, advantage is taken of scientific and technological breakthroughs. For this to be successful, governments had to: create ideal macroeconomic conditions (coordinate fiscal, monetary, tax, exchange and trade policies); build the necessary physical and human infrastructure, as well as the international competitiveness dictated by the agreements of the World Trade Organization (WTO).
- b. **State reform,** as the axis of the adjustment policies and plans, especially by privatizing public enterprises and services, including health care, social security, and education, with a view to fostering economic competitiveness and free market. **Privatization** has been a violent process of power redistribution in society, transferring our nations' resources towards the new centers of transnational power, and generating a rapid accumulation process in those sectors of national oligarchies allied to transnational capital.
- c. **Opening of the economies:** in the globalization of international trade, the “new” comparative advantages are crucial to success. In this context, the availability and easy exploitation of natural resources and raw materials, and the strategic location of a country are no longer advantages. Only through education, research, efficient communication systems and adequate infrastructure do countries have now an edge. If Latin American countries want to compete, they must discard old-fashioned protectionist measures and subsidies policies, since these are hurdles to competitiveness and efficiency. In such a context are launched trade integration processes such as the North American Free Trade Agreement (NAFTA, among Mexico, the US and Canada), the Central American Common Market, the Caribbean Community, the Andean Community, and the Common Market of the South (Mercosur), the aim being to establish a Free Trade Area of the Americas by the year 2005.
- d. **Deregulation:** free market is supposed to be a better and more efficient regulator of the economy, particularly through the free setting of prices. Deregulation is necessary and convenient because it eliminates the costs involved in regulation.
- e. **Flexible working conditions:** working times, wages, allowances, security and safety, working pace, contracting, etc., these are conditions that should be defined by free market economy, instead of being imposed by workers organizations. As a matter of fact, trade unions are contrary to freedom of work, free contracting, and free establishing of working conditions, therefore they must be excluded from any bargaining.
- f. **New fiscal and tax policies,** aimed at balancing public expenditures in a steady and sustained way.

g. **Monetary policy.** Whatever the school of thought, neoliberal policies are characterized by a marked monetarism: “money is *the* institution of institutions”. For some, the sovereignty of a country lies in its currency. Another basic assertion is that for a country currency stability is the paramount law. The aim of any monetary policy will therefore be to achieve and maintain macroeconomic stability.

In trying to implement this model in Latin America, neoliberals have made the region’s social body ill. Defending currency stability has been imposed as a panacea, while the true problem lied in fighting off unemployment. This ethical and cultural assumption by neoliberalism is particularly venomous vis-à-vis human work. And this is a fundamental issue for us. Work in freedom, as an essential part for the fulfillment of the human person, is a mankind’s historic conquest (LE.x. 18). Therefore, the assaults work has undergone in Latin America are not only of economic significance. Millions of industrial workers, employees and professionals removed from productive activity by what Laborens Exercens terms “**the scourge of unemployment**” (n. 8), combined with a legalized greed and the fostering of unproductive speculation, were the results of the neoliberal dirty job. The devaluation of work was instrumental in disrupting the everyday culture of workers and their families. Individuals have modified their personal and social behavior, along with the collective organization of work.

Unemployment and underemployment —which is unemployment in disguise— are loads placed on the back of the workers, who feel they have lost their human dignity along with their job and their capacity to provide for their families. We therefore affirm that **when work is the cheapest commodity in society, man has no value; man’s dignity and pride disappear, and slavery and moral misery are knocking on their families’ doors (L.Ex. 23).**

The deterioration of labor markets is the consequence of economic restructuring policies meant for the stabilization and the adjustment. These policies were based on the contention of demand, deregulation of prices, privatizations, and deregulations in the labor codes, among others. The progressive loss of jobs has brought about a spiral of misery. Back in the 19<sup>th</sup> century, when owners of production means sucked to the marrow the value of work and thus accumulated tangible capital, the liberal formula was: the more the work, the more the capital; the more the capital, the more the money. Now that this accumulation process is over, a new one has set in, allowing the amassing of intangible financial capital. With the major technological breakthroughs, neoliberalism has been able to largely do away with human work. Unemployment has not only been a logical consequence, but also a boon for neoliberals, at least for a while.

In such a capitalistic market entitled with the right to allot resources and distribute income around the globe, those devoid of goods to trade, money to invest, or workforce to sell, are structurally excluded from the socially produced goods and services. Those lacking economic means, having a lower educational level and less professional training—even those better qualified, but in professions with a lesser demand on the labor market—, and in general those having little or nothing to trade on the market, out of economic, social, ideological, cultural reasons, or due to their age or health condition or any other impairment,

all these people are treated as outcasts in the economy and even in society. H.H. John Paul II, in his Encyclical Letter *Evangelium Vitae* (18), states that “*rather than societies of “people living together”, our cities risk becoming societies of people who are rejected, marginalized, uprooted and oppressed.*”

The new political and cultural reality can be summed up as a freedom of the fittest, exalting individualism and disregarding man’s social dimension. The society of “people living together” thus dislocates (E.V. 19) and gives way to a culture of death that jeopardizes democratic conviviality and social dialogue. As a response, survival strategies are developed, charity schemes are organized, and even small groups are formed with the purpose of collectively solve economic and social problems. Solidarity networks are thus knitted.

#### **4. SOCIAL PLAYERS IN THE 1990s**

Adjustment policies modified the way interests were articulated in the 1970s, and brought about deep changes in the relations of capital and labor with the state, among which:

1. **New economic groups** and holdings emerged, in the context of a strong economic process of vertical and horizontal integration. Ascribing the foreign debt to the financial appraisal of a country has deepened capitals centralization and has strengthened the economic power of creditor banks, together with some national and foreign business people. Such centralization of power would be further strengthened in 1989 by the debt-capitalization-privatization relationship [4].

A new political-business class arose among the new economic agents, endowed with the ideological power to influence the then prevailing economic sectors [5]. However, from a broader perspective, two major transformations occurred in the last decade of the 20<sup>th</sup> century, namely: 1) the creation of domestic-capital conglomerates, and 2) a radically new work organization (marketing and management): a new way to produce and to view the enterprise and the role of its members. The new groups grew, merged, and successfully interacted with the state as purchasers of public companies being privatized. In the meantime, smaller business saw its political and social influence dramatically reduced, and really a few major economic players of the previous period remained viable. More frequently than not, as bankruptcies multiplied, these entrepreneurs preferred to import the goods they used to produce, or to become subsidiaries, to enter into joint ventures, or to sell their assets altogether. **Financial capital took precedence over productive capital, in the context of a new dependence linked to foreign indebtedness.**

2. **Public expenditure** started switching in the mid 1970s. From social, developmental and infrastructure policies, they were redirected towards exports subsidies, procurement and defense spending. The state changed its role, and from fostering development, it switched to promoting transfers towards concentrated-capital sectors (via industry

promotions, public contracts, liquidation of liabilities, nationalization of debts, etc.), resulting in the disinvestments of state-run companies and bankruptcy of the welfare state [6]. Furthermore, the state started to do without traditional social players, including trade unions, and industrialists formerly thriving in state protectionism.

3. **Relations of the state with trade unions.** A change in power relations favoring capital, especially that linked to the international economy, was another objective of most adjustment processes in Latin America. To this end, governments' strategy was to undermine trade unions' power, on both the ideological and institutional fields, as shown in the upper hand granted to some institutions, like the labor ministries, or in the bargaining by private companies (reforms of labor codes) with trade unions being devoid of their powerbroker role. Moreover, following neoliberal diktats, the state became instrumental in repressing social demands and imposing liberalized markets to workers (flexible labor laws) and employers (credit and monetary policies) [7].

Economic stability depended more and more on agreements with those economic groups linked to exports, finances and international credit, and less and less on conventions with trade unions and national employers. It was no longer a matter of protecting domestic consumption, industrial production or centrally-decided wages. In fact, the aim was to dismantle and decentralize traditional players of the former period.

As for social concertation, while it was not wiped out of the public agenda, the line of reasoning during those years was "dismantling socioeconomic actors takes precedence over those self-imposed restrictions and limitations agreed upon in bodies that had been designed to allow a sectoral participation in policy-making."

## **5. POWERFUL LOBBYING, RETREATING TRADE UNIONS [8]**

Economic groups increasingly control significant percentages of the production process and finances, determining the viability of stabilization policies. Business power is not only changing internally; its relationships with the state, labor and society at large are also changing. As the state has renounced to regulate the economy, there is no need for business organizations to lobby public institutions. In a less clear-cut economic and social structure, and as the market acts as the major regulator, businesses are more likely to act individually, with a resulting decline in the actions of employers' organizations (L.Ex.17).

Apart from the new economic groups, multilateral credit agencies (International Monetary Fund, Inter-American Development Bank, World Bank) are other major actors intervening in public decision-making. Not only do they monitor governmental budgets, they force governments into a straitjacket. Any state willing to enjoy a credit support shall abide by their diktats.

Since industrial sectors no longer as clear-cut as they used to be, sectoral agreements between workers confederations and employers' organizations are harder to be entered into. Bargaining tends to be individualized, with little opportunity to have an impact on the working class as a whole. Lobby practices, both lawful or through influence peddling, have gained momentum on the political and economic arena, as a result of the dominant tenet of the "almighty market", prevailing during the neoliberal offensive and permeating the interests of all sectors (politicians, businessmen, trade unionists, and civil servants).

During the 1990s, labor ministries imposed legal restrictions on the right to strike, new laws "flexibilizing" work, and reforms in social insurance. They also started to deregulate collective bargaining practices, in an attempt to decentralize them down to the level of enterprises, so as to make them more consistent with the flexibility required by the adjustment. The idea was to lower labor bargaining from national and sectoral levels down to the level of enterprises. The resulting trade unionism was politically less combative and socially submissive to capital accumulation and free market rules.

Labor-capital bargaining became more technical. Labor ministries no longer represented the state on labor interests, and their concern were to abide by the requisites of adjustment. They have resigned the role of arbitrators, taking up the role as information providers on the rules of the game, thus alienating the class conflicts from state's concerns. The link between trade unions and the state is no longer inclusive; trade unionism must now take place outside the public sphere, since the state has discarded its previous roles and withdrawn from its previous fields of action. The state evolves from a mediator in social conflicts, into one whose sole function is to set the rules of the game. Bargaining must be decentralized and individualized. Wage demands moves from the political arena to the social field. In consequence workers solidarity dwindles, since segmented bargaining results in workers no longer interested in supporting each other in a struggle for higher wages.

Parallel to the changes in trade union composition, the nature of labor conflicts also becomes different. Strikes are more frequent in public services than in productive sectors, both public and private, and all the more frequent since governments rationalize public spending, especially in social sector not much unionized in the past (professionals and civil servants). Workers struggles affect third parties, since conflicts no longer oppose capital and labor exclusively, but also involve a third player, namely: "the consuming citizen". A society of collective identities, which were relatively homogeneous and unified by a certain production mode, gave way to more plural situations, to the fall of both class and political collective identities.

In fact, until the early 1990s, the adjustment had triggered **two kinds of trade union reactions**. One trade union sector accepted adjustment as inevitable, and tried to gain certain positions within the state, acting as interest groups, so as to achieve some claims. This particular sector accepted segmentation and concentration, with a view to defend particular sectoral interests of its members, while trying to influence on-going reforms —this was a "result-oriented trade unionism". Thanks to such strategy, trade unions gained recognition as sole official umbrella institutions, but obtained no significant benefits (except some

bureaucratic privileges) [9].

A second union attitude was to call the adjustment into question and to support the maintenance of traditional forms of social movement, calling for closer links with and mobilizing the rank-and-file. However, opposing the adjustment in defense of the working class did not gather sufficient social support so as to actually change the adjustment plan.

The change in the model of interests intermediation by the state is a sign of the concentration of economic power in a few hands. Winners are foreign investors and creditors working together with domestic capitalists. Working and middle classes are dislodged from the power they held in making national policies, the main loser being the middle class since much of the power acquired during the industrial age eventually disappeared. The process institutionally affects trade unions and cooperatives whose power and influence decline. Adjustment and globalization processes undermine the social alliance and economic-social consensus that characterized the postwar era.

## **6. THE TRADE UNION CRISIS**

As the industrial society declines, workers movements are no longer historic actors of social transformation. The exports-oriented accumulation model triggers the expansion of the informal sector, a rise in unemployment and a worsening in working conditions. Labor precariousness is on the increase, and multitudes are left out of the social security system. Upward social mobility, once a real possibility for urban workers, is compromised. Trade union ranks shrink, as unionized industrial workers reduce in number, as well as wage-earners in general. The new international financial system works against the tripartite scheme promoted by the International Labor Organization (ILO), as it curtails full-time jobs enjoying stable, collectively bargained salaries and sheltered by a system of social laws and benefits guaranteed by the state. This is a change that undermines the social foundations of trade unionism and weakens trade unions ability to represent the workers' interest through mass mobilizations.

The strength of trade unions was linked to their organizational capacity, their policy of united actions, and to a state defender of fair wealth distribution under the democratic rule. In this model, it is assumed that the state makes centralized decisions, is able to force employers into fulfilling the agreements, and holds enough public resources (for social, fiscal and employment allowances) inherent to the bargaining process. At the beginning of the 1990s, however, the state loses its capacity as full-employment sponsor and social benefits warrantor. Among its main concerns are the fostering of fiscal balance and of competitiveness on international markets. The rise in unemployment reflects the deep changes occurred in the composition and nature of employment. On the one hand, among unemployed people there are more primary workers, young and adult bread-earners, particularly poor and unskilled workers. As a result, secondary workers, women and the young are no longer the majority of Latin American jobless. On the other hand, it takes much longer to find a first job or to be reinserted in the labor market, particularly for

middle-aged, redundant workers. This adds to the mass of discouraged workers.

In most of our countries, trade unions have lost their power, and work regulation systems have been made more flexible. This is a clear sign of institutionalized, legitimized subordination of labor to capital. The new working class can be divided into four basic groups [10]:

a) a handful of permanent, protected workers, employed in peak, exports-oriented industries, made up of well-paid professionals and qualified technicians, with sufficient bargaining muscle to impose their claims to employers and the state;

b) a group of semi-qualified workers, whose working conditions are increasingly precarious, employed in traditional, domestic-oriented industries (food, textile, steel, etc.) that fueled the exports-substitution model of development and are now in decline due to the on-going industrial retrofitting;

c) under-qualified tertiary workers (except employees in financial, banking and insurance sectors), employed especially in urban informal sectors or in micro-enterprises in the building industry, repair and other minor sectors, and whose jobs are highly precarious, and

d) the most vulnerable group of workers in our countries, made up of jobless people, whose reinsertion on the labor market is highly improbable due to their age and lack of qualifications.

To sum up, the rich became richer and the poor —and the middle-class— poorer. The reduced participation of the working class in the national income is a sign of how the adjustment was oriented and how the distribution mechanisms work in cutting costs to the detriment of the workers' incomes. While incomes have shrunk in all the working sectors, there have been differences among groups of workers and sectors of activity. As real wages decreased, households allotted a larger proportion of incomes to purchasing food products, cutting on other items like education, health care, and clothing. Furthermore, low wages and male unemployment pressed more women into the formal and informal labor market. As a result, in addition to traditional responsibilities in household chores and children caring, women have had to bear the loads of bread-winning and family support. Male workers, either unemployed or partially employed, have added to statistics of alcoholism and have produced an increase in family break-up and violence. However, despite the larger number of working women brought about by a decrease in male employment, women do not earn adequate incomes to ensure the survival of their families. **Hence the emergence of child labor, posed as a new feature on the social urban reality of Latin America** [11].

At the threshold of the new millennium, the situation of Latin America and the Caribbean can be summarized as follows:

1. Production transformation and economic growth prevailing from the postwar to the mid 1960s were made possible by expanding employment according the usual patterns of

development.

2. Production diversity and unfair wealth distribution were reinforced.
3. In the last decade, in countries where open unemployment rose the most, the relative importance of industrial and public wage work was reduced.
4. The gap has widened between wealth and poverty: incomes for the richest 5% actually increased, with those for the poorest 75% declined.
5. For most of the population, the per capita average income is a meaningless category.
6. Figures for the destitute sectors of the population have increased.
7. Urban poor in Latin America have outnumbered rural poor.
8. A significant part of urban middle-class is now more vulnerable to the effects of the new stabilization or adjustment policies.
9. Figures for young people not formally enrolled in the education system or on the labor market are higher than at the beginning of the 1990s, and these young people risk marginalization and economic and social vulnerability more than anyone else.
10. The state of the family and its housing are crucial to what children will achieve later in life.
11. Education is essential to individuals' abilities to produce incomes.
12. Rural areas are at a disadvantage compared to urban areas.
13. In the labor world, women remained at a clear disadvantage compared to men.
14. Standards of living have deteriorated for the lowest strata and for the middle-class alike.

## **7. THE CATHOLIC CHURCH AS A SOCIAL PLAYER**

For the last 25 years, the Latin American Church has played an important role in different circumstances and events. For instance, it had a part in the peace process in Central America during the 1980s; it contributed to the democratic transition after National Security Dictatorships of the early 1980s, and it favored the Vatican's participation as a mediator avoiding the possible armed conflict between Chile and Argentina on the borders of Patagonia (1979), as a mediator in the South-Atlantic war between Great Britain and Argentina (1982), and in the Ecuador-Peru armed conflict of 1994-95.

Moreover, Social Pastoral Departments and Commissions of many dioceses regained momentum after two major events in 1981: the publication of the *Laborens Exercens* Encyclical Letter, and the emergence of Solidarnosc with the support of Poland's catholic Church.

In many Latin American countries, bloody events took a high toll from the Church, following its commitment with the poor and its defense of human rights and peace in the region. Many pastoral leaders, priests, nuns, and members of the episcopate sacrificed their lives on behalf of the Gospel and their brethren. With a view to uphold this leading role of the Church, many information clearing houses and resource centers were created to spread the Catholic Social Doctrine, such as ILADES in Chile, IMDOSOC in Mexico or CEFAS in Argentina. Their mission to read reality and find ways to act upon accordingly (*Ecclesia in America*, 54). The Church's Social Doctrine has been conducive to closer contacts and cooperation between the Church and the labor movement. Testimony to this are colloquia "The Church and the Workers Movement" (1978, 1981 and 1982), in the wake of the publication of Encyclical Letters *Laborens Exercens* and *Sollicitudo Rei Socialis*, and the conferences "Church's Social Doctrine and the labor world" (1985, 1989 and 1991), marking the centennial of *Rerum Novarum*. Such a cooperation was clearly acknowledged by H.H. John Paul II when addressing a delegation of the Latin American Confederation of Workers (CLAT) that came to thank him for *Laborens Exercens*: "there is much hope in Latin America from a labor movement invigorated by so much trial and tribulation, if it is able to embody the best people's and nations' traditions based upon the Church's social teachings." [12]

In other Latin American countries, original pastoral experiences took place, like the Brazilian Land Pastoral inspiring new social movements like the *Movimento Sem Terra* or the Street-Children Pastoral [13]. In Argentina, people's faith revolved around the Sanctuary of St. Gaetan, held by the labor movement as workers' saint patron. This fact has been instrumental to the evangelization of workers and the drafting of social guidelines [14]. The deteriorating social situation and the growing social injustice were further aggravated by natural disasters in some Latin American countries (El Salvador, Venezuela, Peru). This has prompted the Church to assume a more active role in social assistance, especially by developing solidarity networks, as a means to reach the largest possible number of poor (EA, 58). The Church's social credibility and moral authority make it a suitable, efficient and transparent player vis-à-vis the state and governments in the implementation of social policies and the creation of solidarity networks. In the Church's social function, national and diocesan Caritas commissions, with their human capital in parochial voluntary staffers, have become important players in the new social dialogue emerging in Latin America.

## 8. CONCLUSIONS

A new wealth accumulation model has emerged, one that is not based on the greater exploitation of existing work, but rather on the exclusion of redundant workforce. In other words, this process further deepens the current unfair income distribution and concentration,

favoring small social spaces in our cities, that we can call **“islands of modernity”** surrounded by poverty belts —Castells calls them *black holes* [15], where people have no possible escape from the progressive degradation of their human condition.

The *islands of modernity* are a concept coined by Lewis M. Branscomb, in a paper in which he states that in Third World countries, there is no easy way for people to be at the same economic level. However, information technologies could help these countries to create “islands of modernity”, connected to and working on an equal footing with the rest of the world. If proper strategies of social development are applied, third world countries could rely on the wealth produced in such “islands” to develop the rest of their territories as fast as possible”. [16]

Unfortunately, the wealth accumulated in these islands of modernity was not distributed fairly. On the contrary, wealth distribution remained unequal and the state took no action. The results were: less jobs, more poverty, more exclusion. To be true, the income concentration in the hands of the wealthiest was higher in Latin America than anywhere else in the world [17]. The gap between welfare and poverty further widened: the richest 5% increased their income, while the earning of 75% of the population fell. Even the chairman the World Bank pointed out that poverty in Latin American medium-development countries is less ascribable to growth than to wealth distribution. Actually wealth distribution is in the wrong direction if a greater equity is to be achieved [18].

Unemployment and under-employment are the most eloquent markers of exclusion. Changes of the last few years in the labor world could be summarized as follows:

1. A fall in the per capita GDP.
2. A reduction in wage-jobs, parallel to an increase in self-employment.
3. A higher fragmentation of the workforce, as a result of the unequal introduction of scientific and technological know-how.
4. Reforms in the legal and normative systems structuring labor relations (deregulation, flexibility and precariousness of the workforce).
5. An increasingly concentrated income distribution, parallel to the splitting of wages in the different sectors of activity.
6. A dramatic rise in unemployment, and also a change in its composition (since family heads are now affected), longer time on the dole, reductions in the economically active population as more and more workers are made redundant, fewer working hours previous to lay-offs, and changes in the relative composition of social groups regarding the labor market.
7. A fall in workers’ wages, as real salaries deteriorate because of export-oriented policies,

frozen salaries, and lower bargaining power of trade unions [19].

8. Increase in the number of people living in extreme poverty.
9. Urban poor in Latin America have outnumbered rural poor.
10. A significant part of urban middle-class is now more vulnerable to the effects of the new stabilization or adjustment policies.
11. Figures for young people not formally enrolled in the education system or on the labor market are higher than at the beginning of the 1990s, and these young people risk marginalization and economic and social vulnerability more than anyone else.

Neoliberalism postulates a new ethical-cultural conception [20], based on the separation of economics and ethics, and particularly venomous vis-à-vis human work. And this is a fundamental issue for us. Work in freedom, as an essential part for the fulfillment of the human person, is a mankind's historic conquest. Therefore, the assaults work has undergone in Latin America are not only of economic significance. Millions of industrial workers, employees and professionals removed from productive activity, combined with a legalized greed and the fostering of unproductive speculation, were the results of the neoliberal dirty job. The devaluation of work was instrumental in disrupting the everyday culture of workers and their families. Individuals have modified their personal and social behavior, along with the collective organization of work.

Unemployment and underemployment—which is unemployment in disguise—are loads placed on the back of the workers, who feel they have lost their human dignity along with their job and their capacity to provide for their families. We therefore affirm that **when work is the cheapest commodity in society, man has no value; man's dignity and pride disappear, and slavery and moral misery are knocking on their families' doors.** Let's remember that **the culture of a society is measured against its capacity to protect the elder, the ill, the children, yet unborn** [21].

In the face of this reality, what can be the social deal supporting a society that excludes more than a third of its population, and where more than 40% of citizens live below the poverty line? Social concertation is a mediating means between civil society and the state. Social dialogue could be a means to overcome the false neoliberal antinomy of Market (private) vs. State (public) [22]. In this connection, Cunnill states that in the current context, it is essential to discard self-referential logics of the state-political system, as well as to struggle for a new institutional political system capable of accommodating the different forms of social representations, re-founding the social order broken up by the growing social disintegration, and accepting other forms of social self-expressions.

Two issues come to mind, namely, the difficulties posed by the non organization of large sectors of the population, and the degree of feasibility and efficiency of social concertation means in markedly heterogeneous societies. Democracy, as the guideline of social organicity, is today seriously threatened by the privatization of the state and by the

fragmented inter-subjectivity. Regulating interests often favors the strongest, those who have a greater capacity to pull the strings and even to influence consensus. Democracy thus becomes an empty word. Unfortunately, this is the case in many of our countries.

In such a capitalistic market entitled with the right to allot resources and distribute income around the globe, those devoid of goods to trade, money to invest, or workforce to sell, are structurally excluded from the socially produced goods and services. Those lacking economic means, having a lower educational level and less professional training—even those better qualified, but in professions with a lesser demand on the labor market—, and in general those having little or nothing to trade on the market, out of economic, social, ideological, cultural reasons, or due to their age or health condition or any other impairment, all these people are treated as outcasts in the economy and even in society.

An obvious development is that the state stops operating as the key arbitrator and the recipient of concerns. As a response, survival strategies are developed, charity schemes are organized, and even small groups are formed with the purpose of collectively solve economic and social problems. The main traits of the new political reality are the disruption of traditional people's organizations, social de-mobilizing, and the splitting of general demands into more specific ones. This new reality is made possible by a smart combination of force and individualistic behavior induction.

Another point is often forgotten. Social concertation requires strong civil societies, endowed with many interests groups and a great deal of resources for social organization. It also requires the rule of law, based upon a rightful conception of the human person. Only under these circumstances can one talk about social dialogue for common welfare, on the basis of a balanced hierarchy of values, for the sake of a fair order in economic, political and social relations.

An inescapable reality is that our societies harbor deep social differences and exclude a large part of the population. Exclusion is more than a matter of living standards; it is incompatible with democracy expansion and consolidation. The struggle against disintegration and exclusion demands actions aimed at reinstating the role of the state in the defense of the weakest (principle of solidarity), as a basic principle of social and political organization.

In many of our countries, public structures preclude participative bodies, as they destroy any human initiative likely to organize society. Family is the basic cell of society; other cells are the thousands forms of voluntary organizations knitting society as a whole if supported by participative structures typical to Real Democracy. To sum up, social dialogue requires participation and solidarity, as inseparable elements.

Workers organizations must carry on participating concretely and genuinely in social life, for the benefits of the workers, who are their *raison d'être*.

In St. Matthew's Gospel (20, 1-16), the vine growers Parable is allegoric of the essence of social dialogue and of a civilization where human rights and dignity are respected. The

Parable also states clearly the concepts of **social justice** —workers are given their due, pursuant to the terms of the labor contract— and of **solidarity** —to do more than required by law, for the unemployed and marginalized from the labor market. Solidarity therefore implies that general interest takes precedence over individual interests.

H.H. John Paul II recalled this point during his second apostolic trip to Poland, in a homily at the Katowice airport on July 20<sup>th</sup>, 1983 [23], when stating that **social justice and love mean the fullness of the moral order, reaching the whole social system**. The pontiff defined social justice as that based on respect and promotion of the rights of Man with regard to the other members of society; and love can make sure full justice is achieved.

Social dialogue allows social players to participate in the task of **configuring an ideal society and state**. The objective rights of the working man must be duly taken into account, because this is the **adequate and fundamental criterion for shaping economy at large**, both at national and global levels (L.Ex. 17). Human rights are key elements in the whole social moral order. At the dawn of the third millennium, H.H. John Paul II helps us to reflect on our hierarchy of values and on the deep sense of human work. Social dialogue is possible only when society is organized and participates in building the common good, exercising the legitimate right to organize (L.Ex.20), resulting from a **free process of self-organization by society** (C.A.16). The struggle to defend work was spontaneously linked to the struggle for culture and for national rights (C.A.24), as well as for the support to and promotion of life (E.V.87). **This is a particularly pressing demand nowadays**, and must be the main guideline orienting any social and labor policies (E.V.91). Social dialogue thus becomes a means for a serious and brave cultural meeting with all walks of society (E.V. 91). Social dialogue must contribute to establishing a **true economy of communion and sharing of goods** both at national and international levels (E.V.91).

In raising a social awareness at all levels and in all the sectors, as a guarantee for a constructive social dialogue respectful of the human person, the Church's Social Doctrine must be a precious instrument for training and acting [24].

Finally, a solidarity-based society is built on a daily basis, by first creating, and then defending, the effective conditions of free participation of all in the common work. Any policy aimed at the common good must result from the organic, spontaneous cohesion of social forces. This is also a form of solidarity, so vital to the social order, a solidarity expressed in its peculiar way through the existence and achievements of associations of social brothers [25]. Solidarity among all becomes the key to solving the problems stemmed from the new economic and social model imposed in Latin America. As H.H. John Paul II states it,

“a new solidarity deal, or social deal so to speak, is not impossible among those controlling public affairs, those controlling the economy, those working for the sake of educational, scientific and technological development, and the remaining forces acting in the midst of society. Nobody would refuse to enter into such a deal, with a view to improve the conditions, provided it favors an increasing number of citizens, by educating them in participating more actively

to economic and social lives. For such an effort to be successful, public authorities should show that they are really willing to serve their communities. Business leaders should make their needs for increased capital and profits compatible with requirements of social justice and a working community respectful to its members' personalities and creativities. Educators and opinion leaders should promote and support a view of life in which the criterion for judgment and action would be the transcendental dignity of each person. In synthesis, everyone should be persuaded that a nation, as a community of people, must be built upon sound ethic and moral foundations, and that each and every member must feel responsible for the welfare of all." [26]

## NOTES

[1] The following abbreviations shall be used to define the Magisterium documents: L.Ex.= *Laborem Excercens*; CA= *Centesimus Annus*; EV= *Evangelium Vitae*; EA= *Ecclesia in America*

[2] ILO, *Report by the Director-General*, Geneva, 1999.

[3] Zampetti, *La Sociedad Participativa*, Buenos Aires, 1994

[4] The Gerardo Farell Group, *Implementación de la Doctrina Social de la Iglesia en la etapa de la globalización*, Buenos Aires, November, 2000.

[5] Serrano Josep F., María I. *La globaliazación*, Barcelona, 1995.

[6] An example of this situation in Argentina can be analyzed in Bocco, Arnaldo y Repetto, Gastón. "La política de Menem. Del Estado de Bienestar a la reestructuración conservadora" in *Realidad Económica* magazine, n° 97, pps 5-27.

[7] Lechner, Norbert. "El debate sobre Estado y Mercado", in *Nueva Sociedad*, Sept-Oct, n°121, 1992, p. 83.

[8] García Delgado, Daniel. "Relaciones entre el Estado y la sociedad en la democracia argentina", in Mac Gregor, Felipe y Weuz, Nikolaus. *Democracia, derechos humanos y orden político*, Colección América Latina y la Doctrina Social de la Iglesia. Diálogo Latinoamericano alemán. Tomo IVB. Buenos Aires, 1993. pp. 55-88.

[9] Sosa, Enrique. ¿Dos modelos sindicales?, in en *Revista Notisur*, n°38, Buenos Aires, November 1990.

[10] García Moure, Eduardo. *The Workers Movement toward the 21st century*. Caracas, 1998.

[11] The reader shall refer to *Child labor in Latin America (context, situation, prospects)*, an

study prepared by Sosa, Enrique for a Latin American workshop for trade unionists, held at UTAL, 1995.

[12] John Paul II. Address to a CLAT delegation, March 22<sup>nd</sup>, 1982.

[13] Arns Neumann, Zilda. Pastoral da Criança: uma experiência consagrada, in *Cadernos Adenauer*, 9. Sao Paulo: Fe, Vida e Participação, 2000.

[14] Gera-Farrell. *Hacia una pastoral del mundo del trabajo*. Buenos Aires, 1985.

[15] Castells, M. La era de la información. In *Economía, Sociedad y Cultura*. Vol.3: end of millennium. Madrid: Alianza 1997.

[16] Branscomb, Lewis M. *La tecnología de la información como igualador económico*. Houston. The Woodlands Forum. 1986.

[17] Minujín, Alberto. Desigualdad y exclusión. Unicef/Losada. Buenos Aires. 1994.p.13.

[18] Clarín newspaper, Buenos Aires, September 22<sup>nd</sup>, 2000.

[19] For more information on this issue, please see Tenti, Emilio. *Desigualdad y exclusión* Unicef/Losada. Buenos Aires. 1994. p. 243, and Pichardo Muñiz, A. *Evolución del impacto social*. Humanitas. San José de Costa Rica. 1992. p. 23.

[20] Sosa, Enrique. Lo social en el proyecto neoliberal en *Lo Social: clave del Desarrollo Humano*. FLATES. Caracas. 1983. pps. 139-162.

[21] John Paul II, welcoming address to the German Ambassador in the city of the Vatican, on November 8<sup>th</sup>, 1999, published in L'Osservatore Romano, on December 7<sup>th</sup>, 1990. p. 20.

[22] See Cunnill Grau, Nuria. *La rearticulación de las relaciones Estado-Sociedad: en búsqueda de nuevos sentidos*, and Sosa. Enrique. *Apuntes sobre el Estado en América Latina*, both working papers for the 6<sup>th</sup> Latin American Conference of Civil Servants. UTAL. 1995.

[23] John Paul II. Homily delivered at the Muchowiec airport of Katowice, Poland, in L'Osservatore Romano, July 10<sup>th</sup>, 1983.

[24] John Paul II, address at the opening session of the General Conference of the Latin American Episcopate, Mexico, January 28<sup>th</sup>, 1979, in L'Osservatore Romano, February 4<sup>th</sup>, 1979.

[25] John Paul II, message to the ILO, June 15<sup>th</sup>, 1982.

[26] John Paul II, welcoming address to the new Philippines Ambassador to the City of the Vatican, May 18<sup>th</sup>, 1991, in L'Osservatore Romano, June 21<sup>st</sup>, 1991. p. 7.

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