



FDI policy and political spaces for labour: The disarticulation of the Bolivian *petroleros*

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ABSTRACT

Recent literature asserts that labour movements worldwide have been disempowered as a result of the various processes and discourses linked to economic globalisation. But there is a need to explore more carefully the mechanisms by which these processes and discourses affect resources for and constraints on effective union organisation. The purpose of this paper is to understand the construction of political spaces for organised labour and how these have been influenced by one such discourse: the policy discourse on foreign direct investments (FDI). It analyses the relationship between this policy discourse and political spaces for Bolivian *petrolero* unions through a case study of the period from 1984 to 2006. The policy discourse shifted the function of the state, fragmented symbols of collective identity, introduced flexible contracts, decentralised negotiations, rewarded individual achievement, and fostered competition rather than cooperation between employees. The shift towards an internationally integrated, FDI-driven economy shapes political spaces that allow collective action to be restructured from the workplace-based demands of unions to demands for democratic and indigenous rights of NGOs and other non-labour civil society organisations.

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1. Introduction

The decline of labour unions is understood to be closely linked to the various processes and discourses of economic globalisation. As Moody notes (1997: 36), simply uttering the word “globalisation” was, by the 1990s, enough to obtain the submission of many workers, unions or even nations to the needs of capital. In Latin America and elsewhere, strong unions and labour movements are seen as a thing of the past, and the literature attributes this to increased capital mobility, multinational “lean” production and neo-liberal policy regimes (Lash and Urry, 1987; Jessop, 1994; Castells, 2000). These tendencies are seen to have changed the balance of power between trans-national corporations and the workers they employ, precipitating a crisis in union organisation (Moody, 1997; Waterman, 2001; Wills, 2001).

However, there is a need to explore more carefully the mechanisms by which economic globalisation affects the ability of labour unions to organise effectively. One is often provided with insufficient accounts of decreasing membership or difficulties of mobilizing subcontracted workers, without getting a sense of the more complex “structural context” (Cerny, 1995) in which labour unions currently negotiate. This paper is an attempt to consider how economic globalisation affects the resources and constraints of unions to articulate workplace-based demands. In this perspective, it is

not simply a matter of tipping the balance of power between employers and employees, but a qualitatively different shaping of political spaces, which encourages some forms of collective action and discourages others. Within these new political spaces, the resources for articulating workplace-based demands centred on the identity of “worker” have been dislocated by a set of interrelated processes and discourses.

The case study examines one such discourse in particular, the policy discourse on foreign direct investment (FDI) of the International Monetary Fund (IMF) for Bolivia between 1984 and 2006. I will investigate how this policy discourse has shaped the political spaces for workers in the *petrolero* (petroleum and gas) sector in Bolivia. Though it is not the only process shaping the political spaces for these workers, the policy discourse on FDI is particularly important to these spaces because it concerns the fundamentals of economic organisation. That is, it articulates the relationships between the national and international economic spheres, between public and private spheres, and between labour, capital and the state. In turn, it can make visible some of the mechanisms by which economic globalisation dislocates the resources for workplace-based union organisation.

In 1985, Bolivia embarked on policy reforms that played a role in weakening the Central Obrera Boliviana (COB), arguably once one of the strongest labour unions in Latin America. Part of its decline was related to long-running internal tensions, particularly those between rural *campesinos* and the urban and mining prole-

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tariat, and its inability to adjust its strategies to changing realities. But for the *petrolero* workers, the FDI policy discourse was an important factor in the disarticulation of the political spaces they depended on for effective organisation. This dislocation occurred through several concomitant mechanisms that made it more difficult to mobilise around workplace-based demands. These mechanisms involved a change in the function of the state, the fragmenting of symbols of collective identity, the flexibility of contracts, the decentralisation of negotiations, the rewarding of individual achievement, and the fostering of competition rather than cooperation between employees. They negatively affected the resources for articulating workplace-based demands centred on the “worker” identity and instead provided resources for new articulations of political demands centred on democratic and indigenous rights.

Based on this case study, I will suggest that labour union decline is not just related to unemployment or subcontracting, but to the broader construction of political spaces that has also brought NGOs and social movements to the fore. The increasing salience of social movement politics has encouraged some optimism about “social movement unionism” (Moody, 1997; Waterman, 2001), in which unions seek alliances with social movements and press demands that are not restricted to those directly related to the workplace. By way of conclusion, I will note some of the limitations of this type of unionism as illustrated by the Bolivian case.

2. Economic globalisation and the structural context of labour organisation

It has been well established in recent literature that economic globalisation poses challenges to traditional strategies of labour organisation. Flexibility in labour relations is a central theme in analyses of disorganised, post-Fordist capitalism (Lash and Urry, 1987; Jessop, 1994), in which economies rely on flexible working hours, location and employer – employee relations (Castells, 2000, p. 282). This is seen to have redistributed risk from the state and the economy to the individual worker (Beck, 2000). The internationalisation of production, the rise of “lean” production and the general empowerment of trans-national corporations have drastically changed the balance of power between capital and labour, and “sponsored a virtual race to the economic and social bottom for the workers of the world” (Moody, 1997, p. 269). The ability of employers to relocate geographically is seen to have created a shift in power relations between employers and employees in favour of the former (Wills, 2001).

There also seems to be agreement that labour has not been able to significantly transform its organising strategies to keep up with the rapid changes brought on by economic globalisation. It has been pointed out that labour unions have typically oriented their organising strategies towards nation-states, and that many of the responsibilities of states have been rescaled to multilateral and local institutions that are typically less vulnerable to the strategies of labour unions (Peck and Tickell, 2003; Brenner, 2004; Swynedouw, 2004; Gibson-Graham, 2006, p. 46). There is increasing agreement on the Left and elsewhere that these tendencies are undermining or transforming industrial relations, the trade union, the “homogenous” working class and such formalised union internationalism as remains (Waterman and Wills, 2001, p. 307). In turn, according to Waterman (2001, p. 312), “it is widely recognised within and around the labour movement that labour [...] is in profound crisis.”

The critical literature on neo-liberalism in Latin America has typically emphasised the impacts of structural adjustment on labour unions. Across the continent, economic liberalisation was promoted by the IMF and the World Bank and often implemented

by populist labour-based parties abandoning their former ISI strategies (Murillo, 2000). In what Green called a “silent revolution”, practically all Latin American countries were led by the conditionalities of “Washington consensus” institutions to abandon their import substitution industrialisation (ISI) strategies and implement neo-liberal reforms with dire consequences for employment levels (Green, 2003). Vilas (1995, p. 140) calls this a “clear cut victory for capital and a defeat for labour [...]”. In looking at Mexico in particular, Roman and Velasco argue that large groups of the economically active population were pushed into precarious employment situations, moving from formal employment to chronic job instability, part-time work and prolonged periods of unemployment among a wide range of occupations. This has diminished the membership of national unions and weakened their capacity to negotiate through corporatist logic and methods (Roman and Velasco, 2001).

Although labour unions were initially seen as the major obstacle to economic liberalisation reforms in Latin America they have not been able to significantly oppose them. This is attributed partly to party-union ties, and partly to weakened union influence (Madrid, 2003). As Weyland (2004, p. 147) argues, “trade unions nowadays tend to be more divided, to have fewer effective members, and to command lower political influence than they did before the wave of market reform”. The general view seems to be that the centrality of organised labour as a political actor in Latin America has been undermined, and labour has become merely one political actor among many, with fewer privileges than in the past (Oxhorn, 1998).

Most of these accounts emphasise the role of unemployment or subcontracting in labour union decline. The link between economic globalisation or liberalisation and various adverse effects on workers and unions is often posited without a clear sense of how these processes have affected the political resources available to labour unions to press workplace-based demands. The intended contribution of this paper is to examine more carefully the mechanisms by which the resources for labour organising have been affected by this changing “structural context”. In examining one discourse of economic globalisation and liberalisation in particular, the policy discourse on FDI, the paper focuses on how it shapes the political space within which labour negotiates.

FDI policy is central to the political space for labour organising because it concerns the fundamentals of economic organisation, such as the relationship between the public and the private spheres and the degree of economic internationalisation. FDI is now a central source of financing for developing countries, and attracting FDI has become a hegemonic development strategy promoted by international financial institutions. Inflow of FDI is seen as dependent on the creation of a good “investment climate”, signified by many of the political changes that challenge the negotiating power of organised labour: flexible employer – employee relations, capital mobility and private rather than public enterprises. The World Bank (2005) describes the investment climate perspective as putting firms at the centre of the discussion and reducing the state to “basic” functions. Yet the empirical work linking FDI and structural adjustment to work and wages has been focused on the effects on inequality between workers rather than the broader impacts on labour organisation (Crotty et al., 1998; Driffield and Taylor, 2000; Vreeland, 2002). As I will show, this discourse has significant effects on the resources available for labour organisation in ways that are poorly understood.

2.1. Labour responses and social movement unionism

Proposed responses to the decline of labour union influence have typically pointed to new potential for international linkages and alliances with social movements. It is widely argued that glob-

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