

LABOR AND THE STATE IN A  
PARTY-MEDIATED DEMOCRACY:  
Institutional Change in Venezuela\*

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Political parties in Venezuela have historically played a mediating role between the state and the working class and also between labor and the private sector. Indeed, the political party system has been widely credited in the literature with sustaining the rather remarkable electoral democracy in Venezuela since 1958.<sup>1</sup> Yet structural change in the world oil market and the Venezuelan economy in the early 1970s combined with the dynamics of past state-labor-party relations have produced an expanded role for the state in the economy as well as in the system of industrial relations. New patterns of interest mediation have emerged that have facilitated the adjustment of the democratic regime to changing political and economic conditions, thus helping to ensure its survival.

While much attention has been paid to state-group relations in the context of abrupt regime change, this article will examine the evolution of patterns of interest mediation in a “stable democracy” by looking at state-party-labor relations in Venezuela since 1958. I will argue that economic, fiscal, and political changes during the second decade of democratic rule, combined with the emergence of a potentially stronger and more autonomous labor movement, produced a transition from a primarily party-mediated model of labor incorporation to a model having a larger role for the state in the mediation of class relations. This transition will be demonstrated by tracing the pattern of inducements and constraints on labor, particularly by looking at new institutional, organizational, and juridical forms.

This study will focus primarily on the important ten years from 1974 to 1983, which comprised two administrations: the social democratic *Acción Democrática* (AD) administration of Carlos Andrés Pérez (1974–1978) and the Christian Democratic administration of Luis He-

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rrera Campins (1979–1983) under COPEI (Comité de Organización Política Electoral Independiente). This period encompassed both marked changes in the fiscal resources of the state due to the extreme fluctuations in the price and demand for oil and a shift in the state's economic role from a promoter of import substitution based on private capital to an entrepreneurial state investing in heavy industry and spawning a powerful new state capitalism. The year 1974 marked a change in political administration and the shift to a virtual two-party system. In a context where one party dominates the major labor organization, it is important to compare state-labor relations under each party's administration in order to identify any underlying trends that may transcend partisan differences.

#### TYPES OF LABOR INCORPORATION AND INTEREST MEDIATION

In the literature on Latin American labor, two ideal types of political incorporation of labor have been identified: the party, movement, or party-affiliated incorporation, and state-led incorporation.<sup>2</sup> In the state incorporative model, the elites initiating the "incorporation project" have as their primary goal the control and depoliticization of labor, and the state becomes the agent of incorporation whereby the labor movement is linked directly to the state. The predominance of state structures inhibits the development of ties between labor and parties and almost completely structures labor's participation, as occurred in authoritarian Brazil.

In contrast, in the party or movement model of incorporation, the goals of elites include not only control of labor but the mobilization of labor support as part of a strategy to gain or maintain political power. In the second model, the agent of incorporation includes both the state and a political party or movement. The nature of the party system can vary from a single "officialist" party system, like Mexico's Partido Revolucionario Institucional (PRI), to a two-party competitive system with two affiliated labor organizations (as in Colombia), to a multiparty competitive system (as in Chile until 1973). In Colombia state administrative structures play a low-key role relative to the party-affiliated organizations in mediating state-class relations. Mexico, however, has been described as combining the two models in its dual framework of the dominant PRI-linked labor confederation (Confederación de Trabajadores Mexicanos, or CTM) coexisting with an extensive system of state administrative structures that regulate and control labor participation.<sup>3</sup>

While the two models represent "ideal types" and most countries exhibit some characteristics of each, they are useful categories for distinguishing among the patterns of state-labor-party relations that

are associated with each ideal type and their implications for regime stability and continuity. As underlying structural conditions change and dynamics of the state-labor-party relations themselves produce changes, a shift in the pattern of interest mediation and incorporation may be produced.

One indication of such a shift is the pattern of inducements and constraints presented to labor by the state. Ruth Berins Collier and David Collier argue that different combinations of inducements and constraints will be found in different political contexts, depending on "the degree of elite concern with controlling labor, and the strength and autonomy of the labor movement."<sup>4</sup> Higher levels of inducements and lower levels of constraints tend to occur in cases where a government is concerned with gaining or retaining political support of relatively autonomous or powerful unions. Higher levels of inducements and constraints are associated with contexts in which the government is concerned less with gaining labor support than with controlling labor by "creating organizationally viable unions that are coopted by and dependent on the state." This approach can preempt the emergence of autonomous unions. Finally, high constraints with low inducements tend to appear in contexts where the primary concern is with control, usually through direct constraints backed by force and repression. This pattern is generally found in contexts where labor is strong and the government is seeking to deactivate the labor movement.

The particular combination of inducements and constraints at any point in time thus appears to be a function of the relative strength of the existing labor movement or the degree of elite concern with controlling or mobilizing labor or both. In contexts where political parties initially mobilized labor to build political support, higher levels of inducements are expected. The reason is that the governments led by these parties are dependent to some extent on labor's support. Conversely, unless the parties are labor-dominated, some kind of constraints would be expected to preempt such domination by labor.

While Collier and Collier are concerned with the initial incorporation of labor, this article seeks to analyze subsequent stages of incorporation to determine the changing nature of interest mediation in response to new conditions. Over time, as conditions emerge that allow for the strengthening and growing autonomy of labor, higher levels of constraints are expected to be imposed. This trend is likely to involve a more direct role for the state. If continued political support from workers is also desired, more inducements may be added simultaneously. This situation, too, may result in a greater state role in such areas as corporatist policy structures that invite labor's participation or the extension of state financial subsidies as an inducement to labor.

THE INITIAL INCORPORATION OF LABOR IN VENEZUELA, 1935–1958

Since its initial incorporation in the 1930s and 1940s, the Venezuelan labor movement has been characterized by its subordination to political parties and political objectives. It is consequently closer to the party-affiliated model of incorporation and mediation. The discovery of oil during the dictatorship of Juan Vicente Gómez (1908–1935) had a lasting effect on Venezuelan economic and social structures. It hastened the decline of agriculture as the primary export commodity along with the decline of the agrarian elite. At the same time, it stimulated the growth of a small labor force in the petroleum sector and an urban service sector to serve the growing cities.

Under Gómez, all union formation was repressed. But after his death in 1935, his successors, Generals Eleazar López Contreras and Isaías Medina Angarita, initiated a period of alternating political liberalization and repression that profoundly affected workers. The *Ley de Trabajo* enacted in 1936 was extremely progressive for its time, including such provisions as social security, profit-sharing plans, and a requirement that 75 percent of workers in oil companies be Venezuelan. But the law also provided for extensive state regulation of organized labor by establishing a labor ministry to regulate unions and to administer complex conciliation and arbitration mechanisms for industrial relations disputes. The labor law was an attempt by the López Contreras government to restrain some of the social unrest that erupted after the death of the repressive Gómez. Nevertheless, it was opposed by capitalists (especially foreign oil companies) for its liberal provisions as well as by labor leaders, who feared that it would weaken the labor movement and permit control by the state.<sup>5</sup> During this period, labor and party leaders began to cooperate more and more closely to mobilize workers and to form the tight party-union linkages that would characterize the Venezuelan labor movement for the next fifty years. The Communist party (*Partido Comunista de Venezuela*, or PCV) and the forerunners to *Acción Democrática* competed in mobilizing workers as part of a strategy to overthrow the military dictatorship.

When a military coup by dissatisfied young officers installed the first civilian government in modern Venezuelan history in 1945, a short period of “radical populism” initiated far-reaching reforms that affected the future development of the labor movement. Under the leadership of *Acción Democrática*, the new government implemented a series of populist policies, including a rapid increase in union formation, initiation of an import-substitution strategy, and social reforms benefiting urban and rural workers, the mass base that supported the government. During its first three-year reign (*trienio*), *Acción Democrática* extended its control over the labor movement in several ways: by increas-

ing the number of unions by 500 percent, by suppressing Communist party influence in the labor movement, and by sponsoring the signing of one hundred collective agreements in a party-mediated process of collective bargaining.<sup>6</sup>

The ambitious attempt at civilian government was abruptly ended by a second military coup in 1948, which ushered in another decade of dictatorial rule, this time under General Marcos Pérez Jiménez. During the 1950s, a new oil boom and foreign investment together stimulated domestic industrialization and the formation of an urban work force, which finally provided a link for the existing petroleum unions outside the cities. While the economic base for union formation was being developed, however, the political environment deteriorated rapidly under the dictatorship of Pérez Jiménez. Labor leaders were arrested, the national labor confederation (the *Confederación de Trabajadores Venezolanos*) was dissolved, union records were confiscated, and union funds were frozen. Following a massive oil strike in 1950, the government also dissolved the Communist party and the Communist-led petroleum labor federation. In the face of this repression, even the remaining unions soon ceased to operate, and very few new contracts were signed for the rest of the decade.

#### PARTY MEDIATION IN DEMOCRATIC VENEZUELA, 1958–1973

##### *Transition and Consolidation in the First Decade*

When the Pérez Jiménez dictatorship fell in 1958, elections were called to choose a new civilian government, and the task of designing a new constitutional regime began once again. In preparation for their second try at civilian rule, Venezuelan political and economic elites designed mechanisms for regulating conflict to avoid the confrontation and alienation that had occurred during the trienio. A series of explicitly negotiated agreements played a prominent role in this transition. In 1958 two agreements in particular established the basis of class compromise and collaboration that marked the future regime: the *Avenimiento Obrero-Patronal* (Worker-Owner Accord) and the *Pacto de Punto Fijo*.

The first agreement represented a social pact negotiated by capital and labor to ensure “la paz laboral” and the survival of the democratic regime. Immediately after the fall of the dictatorship, labor leaders of the four major political parties cooperated to form a provisional unitary leadership, the *Comité Sindical Unificado* (CSU), whose purpose was to restructure the labor movement under the new regime.<sup>7</sup> A month later, the political leaders of each party met to discuss the long-term restructuring of the labor movement.

At the same time, however, labor-capital relations began to dete-

riorate in the wake of the economic crisis produced by the mismanagement of the Pérez Jiménez regime and the uncertainty of the new one. The provisional government led by Admiral Wolfgang Larrazábal called for a "truce" between labor and capital; and in response, leaders from the business association Fedecámaras and from labor (the CSU) negotiated the *avenimiento*. Signed on 24 April 1958, the accord made explicit a class compromise in which capitalists pledged to support the democratic order while labor pledged to restrain wage demands.

The accord promoted "harmonious collaboration" among the factors of production and pledged support for the new democratic system. It also called for the following measures to govern industrial relations: first, the creation of *Comisiones de Avenimiento* composed of equal representation from both sectors to seek solutions to labor relations in a conciliatory fashion; second, respect for the freedom to organize labor unions; third, protection for job security that would require explicit and valid reasons for dismissal; and fourth, strict adherence to collective contracts and the exhaustion of all conciliatory measures provided for in the *Ley de Trabajo* before resorting to conflictual methods.<sup>8</sup>

The second agreement insulated the young regime from the threat of partisan conflict. Signed in October 1958 by three of the four major political parties (the Communist party was excluded) prior to the presidential elections in December, the *Pacto de Punto Fijo* guaranteed each party a share in the government, no matter who won the elections. It further guaranteed that each party had a stake in the survival of the system because each was guaranteed participation in the government despite differences in strength. Associated with the pact was the *Declaración de Principios* and *Programa Mínimo de Gobierno*, which was signed by the three presidential candidates before the December election.<sup>9</sup> It laid out a common economic and political program to be followed by all political parties.

During the same time period, labor and political leaders began to reconstitute the organized labor movement. In light of the repression of the past decade and disintegration of the labor movement, labor leaders perceived that a unified movement would be crucial to protecting workers' interests. Party leaders wanted to avoid undue partisan conflict that could threaten the survival of the democratic regime. With the common aim of moderating partisan conflict in the labor movement, political and labor leaders decided to create a unified movement based on proportional representation of all partisan interests within a single labor organization—the *Confederación de Trabajadores Venezolanos (CTV)*. This mechanism would allow party factions to compete within the same union from the local to the national level, thus discouraging the creation of parallel unions in the same industry. Herein lay the origin of the pluralist labor organizational structure that has distinguished the

TABLE 1 *Delegates to CTV Congresses by Party, 1959–1980 (in percentages)*

Party	III	IV	V	VI	VII	VIII
	Congress 1959 (%)	Congress 1961 (%)	Congress 1964 (%)	Congress 1970 (%)	Congress 1975 (%)	Congress 1980 (%)
AD	52.2	70.0	70.6	34.5	51.0	56.3
COPEI	14.5	30.0	14.4	18.8	22.0	20.9
PCV	23.3			0.5	0.5	0.7
URD	10.0		12.5	11.8	2.0	2.8
MEP				31.7	17.0	12.3
MAS					1.0	3.2
MIR					0.2	0.8

Source: Margarita López Maya and Nikolaus Werz, "El estado venezolano y el movimiento sindical," CENDES mimeo, Universidad Central de Venezuela, 1981.

Note: The full names of the parties being compared are: AD, Acción Democrática; COPEI, Comité de Organización Política Electoral Independiente; PCV, Partido Comunista de Venezuela; URD, Unión Republicana Democrática; MEP, Movimiento Electoral Popular; MAS, Movimiento a Socialismo; and MIR, Movimiento de la Izquierda Revolucionaria.

Venezuelan labor movement from other party-affiliated labor movements, where labor organizations are affiliated with a single party (like those in Colombia and Mexico). The result was that although the CTV has been dominated by Acción Democrática, virtually all the other political parties participate in the CTV through their respective party "faction," even while maintaining a separate labor confederation outside the CTV.

By the time the national labor congress was convened in November 1959 to reestablish the CTV, national elections had already swept Acción Democrática into political office with a landslide victory the previous December. It was under these conditions that labor delegates were chosen and Acción Democrática renewed its domination of the CTV, with the Communists coming in a distant second. Since that time, Acción Democrática has successfully dominated the labor movement throughout the democratic experience in Venezuela, despite strong challenges to its leadership (see table 1).

The party-affiliated labor movement that emerged after 1935 was thus reinforced during the democratic transition of 1958, with the major political parties playing an influential role in reconstituting the labor movement and mediating labor-state and labor-capital relations. This model of a party-mediated incorporation served both to confine labor by preempting the development of an autonomous labor movement and to consolidate the democratic regime in its first decade. After the regime change of 1958, the parties no longer needed to mobilize urban

and rural worker support in opposition to authoritarian rule, and the ruling parties began to compete for popular political support. Although this situation could have produced the opportunity for developing a more autonomous labor movement or even a strong workers' party, these outcomes were somewhat prevented by the party-affiliated model of labor incorporation. This model included several important factors: first, the organization of a pluralist labor confederation that inhibited the competition of parallel labor organizations tied to different parties and that also provided for the incorporation of dissident factions; second, successful domination of the labor movement by a single multi-class party (Acción Democrática); and third, the adoption of a labor doctrine stressing concertation and conciliation rather than class conflict, one that defended the democratic regime and a nationalist economic program.

The ties developed early on with the trade-union movement provided the new government with considerable maneuverability in implementing its economic program because organized labor acquiescence was more likely. While legitimation concerns continued to require some attention to the needs of workers, the dual role played by politico-labor leaders ensured that labor leadership would have input into the policy process and guarantee acquiescence of the rank and file. The ties between party and labor leaders were and are so close that in most instances, an individual holding a leadership position in the CTV also sits on the labor bureau of his or her particular party. Moreover, labor leaders are dependent on political-party support in union elections. Candidate slates are prepared by each party faction for elections at all levels of the labor organization, and seats are won on the basis of proportional representation.<sup>10</sup> The party labor bureau at each level can thus be very influential in the choice of candidates.

Additionally, the effectiveness of the party's role in maintaining the hegemonic ideology is illustrated in the doctrines of Acción Democrática and the Confederación de Trabajadores Venezolanos. AD documents in 1958 outlined a nationalist, anti-imperialist program for the party, with the goal of nationally autonomous development to be eventually achieved through a combination of state capitalism (especially in oil) and increasing Venezuelan control of the rest of the economy, which would thus guarantee the participation of private capital. The revolution of 1958 was seen as a "democratic revolution" rather than a socialist revolution. The party program also reaffirmed the multiclass character of the party, explicitly rejecting the idea of a worker's party (over the objection of its younger faction). An important role was nevertheless assigned to workers: "Workers should be the organized vanguard of democratic revolution." But in order to assume that role, they should be stimulated by the party, which should "develop cadres of



leaders, . . . inculcate them in party doctrines, and teach them the theory and tactics of the party. . . . Every worker should make use of a double membership—union and party—without confusing the two."<sup>11</sup>

The influence of AD doctrine on the labor movement is obvious in the CTV program that was adopted at the labor congress in 1959, when Acción Democrática won 52 percent of the votes. Although the labor movement was envisioned as a class movement whose role was to defend workers' rights and improve workers' material conditions, the overriding ideology was one of nationalism rather than class struggle. The labor movement was expected to fight for Venezuelan industrialization by actively supporting national industries and forming an alliance with them to resist foreign penetration. The commitment to the democratic regime was reflected in the reaffirmation to carry out the class struggle only within the democratic norms of governance. The labor movement further declared its support for the constitutional regime as "long as it guarantees labor freedom and the satisfaction of popular aspirations."<sup>12</sup> This commitment was tested immediately when the AD government had to impose an austerity program due to the economic crisis looming in 1959–60. The labor leadership supported the government program by minimizing labor conflict and, in the following two years, by accepting a wage cut and deferment of negotiations for new collective contracts in the public sector.

The CTV has since maintained this doctrine, rejecting class conflict and class struggle as the primary means of improving workers' positions and embracing instead a philosophy of class conciliation and concertation in promoting the democratic capitalist project. The CTV has accepted the capitalist mode of production, calling for reforms only to modify the form of the capitalist system, not to fundamentally restructure or abolish it.

Preemption of an autonomous and potentially radical labor movement in Venezuela was reinforced by the pattern of inducements and constraints that the state provided during the first decade of the democratic regime. In addition to recognizing hundreds of new unions, guaranteeing workers' rights in the new Constitution of 1961, and making modest social reforms, the regime offered inducements such as substantial state financial subsidies to the newly reconstituted labor organization. Throughout the 1960s and into the 1970s, the state provided 90 percent of the CTV's funds.<sup>13</sup> As a result, according to one source, the CTV has become the fifth-wealthiest labor confederation in the world.<sup>14</sup>

This formidable economic strength has developed as a direct result of state subsidies (including party-generated subsidies in Congress) and external support.<sup>15</sup> Two state-created financial entities in particular contributed to the CTV's future economic strength. CORACREVI, the savings and loan corporation for housing, was set up in 1965 under AD

President Raúl Leoni as a nonprofit institute to promote the construction of housing for workers, with an initial state investment of 1.4 million *bolívares*. In 1968 the Leoni administration created the Banco de Trabajadores Venezolanos (BTV), with the CTV receiving 20 percent of the initial shares.

These inducements, along with partisan control of the labor movement, ensured labor's support for the government's economic program (including the early austerity program) as well as minimal labor conflict. At the same time, a radical challenge from the Left was forcefully crushed by several means: when the state gradually defeated a serious guerrilla insurrection between 1961 and 1965, when Acción Democrática successfully expelled the Communist factions from the state-supported labor organization (CTV) in 1961, and as class-based parties were politically isolated.

In both its initial emergence and subsequent consolidation, then, the democratic regime in Venezuela has been shaped by the party-mediated form of state-class relations. The organizational strengths and reformist programs of the major parties have facilitated their role as the major form of popular participation in the political system. The parties have served to channel and control popular participation, incorporating popular sectors and spreading the dominant ideology of democratic capitalist reformism. Built on an extensive organizational system, the parties have successfully cut across social groups and classes by incorporating heterogeneous interests while establishing strong vertical ties in a hierarchical fashion from the national to the local level. This organizational form has given the major political parties considerable influence and strength vis-à-vis other types of social organizations and has also made the party leadership relatively independent of its party militants.<sup>16</sup>

Through this mediating role, Venezuelan political parties have functioned as Antonio Gramsci's hegemonic agent<sup>17</sup> to socialize subordinate classes to the values of dominant classes by three means: symbolic socializing that creates support for the democratic reformist ideology; mobilizing political support for the hegemonic project of capitalist development; and maintaining control over organizations in civil society by channeling popular political participation and by affiliating with and influencing organized labor.

### *Structural and Coalitional Change in the Second Decade*

The second decade of the democratic regime brought with it both structural changes and a new dynamic in state-labor-party relations. First, a split in 1967 in the largest party (Acción Democrática) contributed to the first transfer of power to an opposition party in Venezuelan

history when COPEI won the presidential election in 1968. Acción Democrática not only became the opposition party but also lost much of its labor support as many labor leaders, including the president of the CTV and the head of the crucial petroleum union, joined the newly formed Movimiento Electoral Popular (MEP). Two political dynamics then began to contribute to a change in state-labor relations: Acción Democrática's desire to regain control of organized labor; and AD and MEP willingness to intensify labor conflict to pressure the new Copeyano government.

Second, the nature of *pactismo* changed, bringing with it new forms of interest mediation. As indicated above, labor's participation in Venezuelan national decision making had been primarily mediated through the labor bureaus of the major political parties. Direct functional representation of the labor confederation in the national decision-making process had not been prevalent.<sup>18</sup> Nevertheless, an informal practice of consultation and tacit agreements among the government, political parties, organized labor, and business organizations—known in Venezuela as *concertación*—emerged from the original pacts and accords of 1958 to help ensure the labor peace in the first decade of democratic rule.

By the end of that decade, the formal political pacts and power-sharing arrangements had been replaced by a tacit bipartisan pact between Acción Democrática and COPEI as a new era of bipartisanship began that was dominated by the two "parties of the status quo."<sup>19</sup> Beginning in 1969, the practice of forming executive coalitions was ended, although the COPEI government was forced to form a legislative coalition. In 1973 Acción Democrática won an absolute majority in Congress for the first time, eliminating the need for a congressional coalition. Informal ad hoc arrangements then supplanted the earlier formal pacts of the democratic founding, and new forms of functional representation of economic interest groups emerged, especially during the Pérez administration.

Third, structural changes in the economy brought about a significant new role for the state. With the stagnation of the import-substitution development strategy of the 1960s and the introduction of tremendous revenues generated by the oil boom in the 1970s,<sup>20</sup> the state was transformed from a promoter state that had supported private accumulation into an entrepreneurial state and a primary agent of capital accumulation itself. A new development strategy was begun during the Caldera administration (1969–1973) emphasizing state development and export of heavy industrial goods that could utilize Venezuela's abundant natural resources. This strategy was expanded and implemented during the Pérez administration. Public investment as a proportion of total national investment increased from 32 percent in the IV Plan de la

Nación (1970–1974) to 53 percent in the V Plan de la Nación (1976–1980). The actual contribution of public investment to total gross-fixed capital formation in constant prices rose from 33 percent in 1968 to 68 percent in 1982.<sup>21</sup> Likewise, state enterprises grew from 3.2 percent of GDP in 1970 to 5 percent in 1974. Following the nationalization of the iron-ore and petroleum industries in 1975 and 1976, respectively, state enterprises jumped to 29 percent of GDP by 1982.<sup>22</sup>

Finally, labor militancy was affected by the political and economic changes from the first to the second decade of democratic rule. As shown in table 2, a marked shift occurred in the level of strike activity after 1969. Whereas during the first decade of the democratic regime, the average number of strikes per year was 20, in the second decade and a half, the average number of strikes jumped to 155 per year—nearly eight times as many.

The low level of labor conflict in Venezuela during the 1960s has been attributed to the nature of the Venezuelan system, specifically to the integrative role of the collective bargaining system, the character of a labor movement mediated by and subordinated to politics, and a restrictive state policy regarding exercise of the right to strike as a means of achieving labor demands.<sup>23</sup> State intervention in the collective bargaining process, especially during the 1960s, has been described as “programmed negotiations” in which the party labor bureau drafts an overall labor policy, sends it to the national executive for approval, and then sends it on to the labor federations for implementation.<sup>24</sup> The process created such a low level of uncertainty that few cases actually reached the compulsory conciliation stage and few petitions of conflict were submitted to the labor ministry.

In a competitive party system, where one party dominates labor, one would expect that when the labor party is in power, labor acquiescence and restrained strike behavior would be more likely than when the labor party is out of power. In the Venezuelan case, the pattern of strikes seems to follow the pattern of inter- and intra-party conflicts: between 1959 and 1961, when the PCV and one faction of Acción Democrática were openly opposing the government policy, strikes were long and widespread. But as those factions withdrew from the political system to wage an armed insurgency, relative calm was restored in the organized labor movement for the rest of the decade under two AD governments.

A marked shift in strike activity in Venezuela occurred when Acción Democrática lost the presidency for the first time to an opposition party (COPEI) in 1969. During the Caldera administration, the frequency of strikes increased dramatically for two reasons. First, the strongest parties in the labor movement, Acción Democrática and the MEP, were now in opposition to the governing COPEI party. Second,

the beginning in the early 1970s of an inflationary trend, a new experience in Venezuela, fueled popular discontent.

It was expected that when *Acción Democrática* won the presidential elections in 1973, the system of "programmed" bargaining would resume and labor peace would be restored. Yet this prediction does not appear to have been fulfilled. The trend toward more frequent strikes continued after the change in administration in 1974. Hence even with *Acción Democrática* once again in power in the government and in control of the CTV, the number of strikes remained high, continuing through the Pérez and Herrera administrations.

Table 2 also shows the size and duration of strikes. The size (average number of workers involved per stoppage) does not appear to have changed appreciably between the two periods. But the duration of strikes (average hours involved per stoppage) evidenced changing patterns. The duration of strikes dropped after the radical challenge to the new regime in the early 1960s but rose again during the first two years of the Caldera administration (1969–70). The strikes themselves were economic in character, reflecting workers' growing discontent with low salaries and violations of workers' rights. But overlaying the economic motivations of the intensified labor conflict were the political maneuvers of the political parties competing for control of the labor movement. No longer concerned about implementing their government's economic program, both *Acción Democrática* and the MEP (who controlled most of the labor movement) were now in a position to encourage strikes as a mechanism of economic coercion and political harassment of the new COPEI administration.

The intensity of the labor conflict in 1969 contributed to a brief *modus vivendi* in 1970 between COPEI and AD, when the strike level abated somewhat. But the breakdown of that agreement the following year started a new trend toward labor conflict that was characterized by frequent strikes, although much shorter in duration than those of 1969–70. In 1980, the second year of the Herrera Campins administration, strikes lengthened again. This shift occurred when *Acción Democrática* was once again part of the opposition, lending support to the party control hypothesis. But it may also have been due, as in 1969–70, to deteriorating economic conditions and the declining purchasing power of workers under the austerity program of President Herrera Campins. Thus the two cases in 1969 and 1980 exhibiting a parallel jump in duration of strikes both occurred under conditions in which the "labor party" (AD) was part of the opposition and workers were experiencing deteriorating economic conditions.

Labor behavior in Venezuela has not been politically motivated at the basic level of restructuring capitalist social relations and the mode of production or precipitating a regime change. Relative to the radical

TABLE 2 *Legal and Illegal Strikes in Venezuela, 1958–1984*

Year	Legal Strikes (Huelgas)	Illegal Strikes (Paros In- tempestivos)	Total Work Stoppages
1958	8	7	15
1959	10	5	15
1960	8	28	36
1961	5	9	14
1962	8	11	19
1963	5	4	9
1964	7	20	27
1965	4	20	24
1966	1	11	12
1967	5	29	34
1968	4	9	13
1969	3	83	86
1970	2	64	66
1971	5	228	233
1972	7	172	179
1973	4	250	254
1974	3	116	119
1975	3	100	103
1976	1	171	172
1977	0	214	214
1978	0	140	140
1979	2	145	147
1980	4	185	189
1981	3	129	132
1982	2	100	102
1983	0	200	200

Sources: For 1958–1969, Ministerio de Trabajo, *Memoria y Cuenta*, cited in Fagan, “Unionism and Democracy,” p. 216. For 1970–1973, International Labour Office, *Yearbook of Labour Statistics*; and Margarita López Maya and Nikolaus Werz, “El estado venezolano y el movimiento sindical,” p. 66. For 1974–1983, Ministerio de Trabajo, *Memoria y Cuenta*.

<sup>a</sup>Illegal strikes only.

<sup>b</sup>Not including fifty-seven disputes for which data are not available.

challenge of the early 1960s, strikes since 1970 have generally been short and limited, although frequent, and economic rather than political in nature—not questioning or challenging the capitalist system but demanding better conditions for workers within that system. But at another level, the labor movement is indeed politically motivated. That is to say, because of the dual role of many politico-labor leaders as both political party leaders and labor leaders, the class interests of the labor

<i>Workers Involved</i>	<i>Average Number of Workers per Work Stoppage</i>	<i>Worker Hours Lost</i>	<i>Average Hours per Work Stoppage</i>
—	—	—	—
—	—	—	—
9,600	266	327,744	9,100
11,551	825	393,012	28,600
4,762	250	380,533	20,000
2,018	224	223,530	24,800
3,544	131	103,876	3,850
4,690	195	142,405	
3,184	265	63,648	5,300
4,127	121	95,965	2,850
4,473	334	45,795	3,520
21,446	249	1,688,680	19,960
23,934 <sup>a</sup>	373	1,874,792 <sup>a</sup>	29,293 <sup>a</sup>
—	—	—	—
24,654 <sup>ab</sup>	202	1,169,488 <sup>ab</sup>	6,799 <sup>ab</sup>
45,503 <sup>a</sup>	182	1,157,367 <sup>a</sup>	4,629 <sup>a</sup>
17,598	147	1,059,220	8,901
25,914	251	867,264	8,420
36,932	214	1,066,123	6,198
63,923	298	687,976	3,214
25,377	181	318,732	2,276
23,505	159	405,430	2,758
64,138	339	2,431,754	12,866
29,932	226	2,234,987	16,931
14,689	144	2,636,824	25,851
54,749	298	2,886,273	14,431

movement are still subordinated to political interests of its party factions.

Recent trends indicate, however, that while party politics has continued to influence labor behavior and may explain short-term fluctuations in the duration and size of labor conflict, longer-term trends have manifested a sharp increase in the level of labor conflict after 1969. Three factors that may have contributed to the increase in labor conflict are unionization, inflation, and leftist gains in some sectors. An expansion of unionization has been hypothesized as explaining higher rates of conflict.<sup>25</sup> But the actual rate of unionization in the second decade of

democratic rule, as measured by the number of workers belonging to newly created unions, was less than half the level of the first decade.<sup>26</sup>

Inflation became a factor in the Venezuelan economy after 1969, particularly after 1974.<sup>27</sup> The ability of collective bargaining to compensate workers for the declining purchasing power due to inflation varied year by year. A government-decreed increase in the minimum wage and general wages explains the increase of 1974, and a legislated wage increase explains the neutralization of high inflation in 1980. The intensity of labor conflict may explain real gains in other years, although data are not available to test this hypothesis adequately. Finally, the practice of signing collective contracts for a period of three years may contribute to the fluctuations in wage gains.

Sectoral conflict explains some of the increase in labor conflict, especially because of significant gains by the Left in important sectors in the 1970s. While precise data are not available, a combination of sectoral and regional data for industrial disputes give some indication of the areas of high labor conflict.<sup>28</sup> For example, leftist gains in the textile industry in 1974 intensified labor combativeness, with strikes, work stoppages, boycotts, and protests becoming frequent until Acción Democrática won control again in 1980. This trend was reflected in the size and duration of strikes in the state of Aragua, where much of the textile industry is located. During the Pérez administration, high rates of conflict occurred in the states of Bolívar and Zulia, where the oil, steel, and aluminum industries are concentrated. In the crucial state-owned steel and aluminum industries in the Guayana region, a new sindacalismo led by a young party, Causa R, won in the 1979 union elections. The results were stalled negotiations with management and eventual "intervention" by the CTV leadership loyal to AD and COPEI to oust the elected union leaders.

#### FROM PARTY TO STATE MEDIATION: INDUCEMENTS AND CONSTRAINTS IN VENEZUELA, 1974–1983

When Acción Democrática won the national elections and Carlos Andrés Pérez assumed the presidency in 1974, Acción Democrática was just reemerging as the strongest party in the CTV. The party had suffered a serious loss of strength in the labor movement following its 1967 party split and 1968 electoral defeat. With recent setbacks fresh in mind, the new government recognized the importance of retaining the support of organized labor, which was crucial in implementing the AD economic program and in mobilizing future electoral support.

Nevertheless, the labor movement did not yet represent an independent organization because it was still financially and organizationally dependent on the state and the party. By providing a mixture of organizational and substantive inducements, the government could



TABLE 3 *Real Wages and Inflation, 1969–1981 (annual percentage variation)*

Year	Nonagricultural Real Wages <sup>a</sup>	Manufacturing Real Wages	Consumer Price Index <sup>b</sup>
1969	—	−5.1	2.4
1970	—	6.8	1.0
1971	—	3.1	3.2
1972	9.9	4.2	2.9
1973	−9.2	−4.1	4.1
1974	21.5	9.6	8.3
1975	−6.1	4.1	10.2
1976	−6.2	−5.0	7.7
1977	39.8	1.3	7.8
1978	4.3	5.9	7.2
1979	−23.3	4.1	12.3
1980	−1.0	−1.3	21.6
1981	−8.1	−3.5	16.2

Sources: For wages, International Labour Office, *Yearbook of Labour Statistics*, 1972–1985; for the consumer price index, Banco Central de Venezuela, *Informe Económico*, 1970–1983.

Note: Real wages were calculated by subtracting the annual rate of change in the consumer price index from the annual rate of change in nominal monthly wages.

<sup>a</sup>Excludes construction and transport workers.

<sup>b</sup>Caracas metropolitan area.

maintain that dependence on the state while ensuring popular political support. For example, during his first year in office, President Pérez decreed a new minimum wage, a national wage and salary increase, and important new benefits in severance pay. At the same time, however, additional constraints preempted the establishment of autonomous unions and ensured labor's acceptance of the government's economic program.

The following sections will discuss three particular sets of institutional, organizational, and juridical inducements and constraints after 1974: tripartite corporatist arrangements, labor law reform, and financial relations between the state and the CTV. These factors illustrate an enhanced state role in mediating labor's participation.

#### *Tripartite Corporatist Arrangements in Venezuela: An Inducement to Labor*

A series of tripartite corporatist commissions initiated during the Pérez administration explicitly incorporated the representatives of the major forces of production into the national decision-making process by providing direct access to the highest levels of the government and expanding tripartite institutions at the subministerial level. First, the establishment of a presidential-level tripartite commission provided for

formal participation of both labor and management in the national policymaking process for the first time since the 1945–1948 trienio. In an explicitly corporatist arrangement, this body was composed of representatives from the CTV, Fedecámaras (the national business organization), and the government and was set up as a high-level advisory council to the president. Ministerial-level commissions were also established for such areas as industrial and agricultural development.<sup>29</sup>

Given the recent challenge to AD's dominant position in the labor movement, this initiative accomplished several goals. First, it officially recognized the CTV as the sole representative of labor in the classic corporatist sense, thus enhancing further the AD-dominated confederation's strong position within the labor movement and lending it credibility vis-à-vis other organizations like Fedecámaras. Second, this move provided a means of incorporating organized labor in the policy process and further legitimating President Pérez's role as head of the party of the masses. Third, it provided a structure for participation while confining the range of demands to those compatible with the existing system of capitalist reproduction because this move formalized labor's role as a partner in, rather than a challenger to, the dominant coalition.<sup>30</sup>

The CTV leadership viewed the monthly meetings of the presidential commission as positively enhancing worker participation in decision making. According to an Adeco member of the CTV executive committee, the commission was set up "for consultation and discussion of conflicts through the concertation of representatives of Fedecámaras, CTV, and the State. . . . It gave the workers representation in high levels, . . . and we have solved many conflicts because we have had the opportunity to discuss and suggest solutions to the conflicts. . . . It gave us the chance to give our opinion and to be informed in such matters as the Colombian frontier [the illegal immigration problem], Guayana Esequivo [border disputes with Guyana], or industrial sector conflicts."<sup>31</sup>

Although the commission served mainly as a forum of communication to let participants know about policy decisions and to air some grievances, various concerns about industrial relations were discussed and lower-level tripartite commissions dealing with more specific issues were set up on a formal basis. Two of the most significant commissions concerning labor were the one set up to handle labor disputes in unjustified dismissals and another to monitor immigration, which posed a large employment problem in Venezuela. Both mechanisms provided a framework for concertation but also enhanced the role of the state in labor-capital relations.

The tripartite commissions for deciding disputes about employee dismissals accompanied the law passed in August 1974 against unjusti-

fied dismissals, a response to labor's growing concern about job security. The law itself was a controversial piece of labor legislation, the implications of which I have discussed elsewhere.<sup>32</sup> One part of the law established the special commissions, composed of labor, management, and government representatives, as a mechanism for settling disputes that would bypass the time-consuming procedures of the labor courts. Decisions by the commissions can be appealed once to a second tripartite commission but are unappealable thereafter.<sup>33</sup> Such corporatist arrangements enhance the state's role in mediating labor-capital relations while also providing a forum for labor-capital discussion of disputes in an attempt to further promote conciliation over conflict.

The second tripartite arrangement created in the Presidential Tripartite Commission was also a response to labor's concern about employment and job security. The strong Venezuelan economy was attracting a large influx of foreign workers—both legal and illegal immigrants—who were competing for Venezuelan jobs. The CTV proposed the creation of a tripartite committee for selective immigration to monitor the inflow of workers according to the nation's need for skilled labor. Such a committee was created, with representatives from Fedecámaras, CTV, and Cordiplan (the state planning agency).<sup>34</sup> This committee was given the right to veto the granting of a visa based on a unanimous decision of the committee. In a separate measure, a law was passed in May 1975 requiring all private firms to employ at least 75 percent Venezuelans, with exceptions to be justified only for technical reasons approved by the labor inspector.<sup>35</sup> This restriction was to include both wage earners and salaried employees. To prevent all the high-paying skilled jobs from going to foreigners, the law also required that 75 percent of salaries in each category (wage earners and salaried employees) go to Venezuelans.<sup>36</sup> The CTV nevertheless complained that both the state and private capital were seeking foreign workers and bypassing the committee.<sup>37</sup>

The selective immigration committee served throughout Pérez's term to monitor immigration into Venezuela. But after the change of administration in 1979, its composition was revamped. The state representative was moved from the planning agency to the Oficina de Inmigración Selectiva of the Ministerio de Trabajo. In addition, the Consejo Nacional de Recursos Humanos, a technical advisory body to determine the overall needs for human resources of the Venezuelan economy, was added to the committee. Since 1981 the new commission has been composed of representatives of the CTV, Fedecámaras, the Ministerio de Trabajo, the Ministerio de Relaciones Interiores, and the Consejo Nacional de Recursos Humanos. A majority vote is needed to approve each applicant.<sup>38</sup> This change obviously reduced labor's relative influence in the commission.

When the Christian Democrats (COPEI) won the national elections and Luis Herrera Campins became president in 1979, the presidential tripartite commission was dismantled. No formal structures for labor participation replaced it, primarily for political reasons. With the opposition party holding a majority position in the labor central, a corporatist arrangement including labor representation would have implied a tacit political alliance between COPEI and AD, a practice that COPEI had abandoned as early as 1969, when it won its first presidential election. At the subministerial level, however, the tripartite commissions established during the Pérez administration continued to function as ongoing structures.<sup>39</sup>

Furthermore, at its eighth congress in 1980, the CTV proposed specific measures to be decided by means of concertation between labor and management. Because individual contracts had failed to address specific issues, the CTV proposed national-level *convenios* (agreements) between Fedecámaras and the CTV in the areas of day-care, recreation, vacations, industry cafeterias, health and social security, and participation in the regional Andean Pact.<sup>40</sup> Real progress on these issues was not made until after 1983, however, when new tripartite commissions and bipartite consultations were initiated under the Lusinchi administration.

The decision by the Herrera Campins administration to abandon the high-level tripartite consultative mechanism partly reflected the political context of a government in power that was opposed by the party dominating the major labor organization. It does not contradict the proposition that the state's role in labor-capital relations is increasing. At the institutional-bureaucratic level of the state—primarily through labor legislation, tripartite commissions, and the Ministerio de Trabajo—the long-term role of the state apparatus has indeed been enhanced. At the political level of governmental-group relations, temporary political alignments reflect the positioning of various political organizations vis-à-vis the government in power at the time and allow for a continued party role in labor-capital and labor-state relations.

#### *Labor Law Reform and Constraints on Labor*

While tripartite corporatist arrangements provide organizational benefits for organized labor and induce political support, the constraints on labor behavior codified in the labor law provide the state with mechanisms of control over labor. In Venezuela these constraints have derived not only from the original Ley de Trabajo but also from a series of legal reforms that have further enhanced the state's regulatory role concerning labor.

The direct intervention of the state in labor-capital relations has

been carried out primarily through the Ministerio de Trabajo. The state's role was laid out in the original 1936 *Ley de Trabajo*, modified in 1966, elaborated in the reforms of 1973, and enhanced by executive decree and the actual practice of labor-capital relations.<sup>41</sup> The primary functions of the Ministerio de Trabajo in the area of labor relations are to recognize newly formed unions and to resolve collective conflict, especially regarding negotiating collective contracts and recognizing the legality of ensuing strikes. While not nearly as restrictive as some other Latin American administrative systems, Venezuelan state structures do significantly constrain labor's capacity to press for its own interests. This constraint particularly affects the exercise of one of labor's basic instruments of pressure—economic coercion through the right to organize and to strike.

*Union Recognition and Union Activities* / As in most Latin American countries, the Venezuelan labor ministry is responsible for determining the viability of a new union and either recognizing it or canceling it. Union objectives are limited to "the protection of professional interests" and social, economic, and moral improvements for its members. Any other purposes serve as justification for cancellation.<sup>42</sup> While the right to organize protects labor rights and is itself an inducement, the state's role in union legalization as defined by the *Ley de Trabajo* leaves ample room for interpretation by the Ministerio de Trabajo. Outright cancellation of unions has rarely been invoked in democratic Venezuela, but other forms of state regulation serve to restrict labor behavior, including intervention in union elections and the nonrecognition of parallel unions.<sup>43</sup>

Control over internal union activities provides another form of state control. In Venezuela unions must communicate to the labor inspector of that jurisdiction any changes in leadership or statutes within ten days of union elections. Unions are also required by law to submit lists of members twice a year to the labor inspector and to submit copies of union financial records to members and to the labor inspector. Thus while not as constraining as some labor laws, these regulations again provide for state monitoring of union affairs, which serves as a constraint according to the Collier and Collier framework.

*Collective Bargaining and Labor Disputes* / Collective bargaining over working conditions and wages is one of the primary roles of labor organizations, and the state's role in this process can severely limit labor's demands and activities. Collier and Collier recognize the significance of this role in their statement that "one of the most significant types of state control involves intervention in collective bargaining to avoid class conflict and the disruption of economic activity. In recent years, the

state has become involved in setting wages and in decreeing other policies that have removed much of the substance of collective bargaining to the area of administrative control and/or judicial decision."<sup>44</sup>

This practice has definitely occurred in Venezuela, where one of the primary mechanisms of state control has been its role in the collective bargaining process and in resolving collective labor disputes. The original *Ley de Trabajo* of 1936 has been elaborated on and modified in a series of legal reforms and presidential decrees to produce a complex set of regulations governing collective bargaining. These regulations provide multiple points for state intervention, as discussed below. In addition, government-decreed wage increases in 1974 and subsequent years have removed some part of the potential conflict over the rising cost of living from the arena of collective bargaining.

The rules regulating collective bargaining specify the procedures to be followed and the role of the state, primarily embodied in the regional *Inspectorías de Trabajo* as part of the labor ministry. Collective contracts are negotiated with the union representing an absolute majority of workers, or if there is no union, then with a group representing at least 75 percent of the workers. The union or group soliciting the contract must present its proposals first to the labor inspector of that jurisdiction. The inspector reviews the proposed contract and, if it is determined to be admissible, notifies both parties to begin negotiations in a conciliatory fashion at the time designated by the inspector. Either party may request that the discussion of the contract be carried out in the presence of a labor ministry functionary, who would then preside over the negotiations.<sup>45</sup>

In 1958 the provisional military government enacted a provision that increased the state's role in the collective bargaining process while providing a new benefit to labor: the extension of collective contracts to an entire industry. Decree 440 is still in effect. Under this law, either labor or management may request an industrywide contract. If in the labor ministry's opinion, the petitioners represent a majority of the workers in that industry of the region, then a conference is called of all relevant organizations to negotiate an agreement. Alternatively, when the labor ministry concludes that existing collective agreements cover most firms and workers in an industry, then the ministry may initiate the proceedings to extend the contract nationwide. If no agreement is reached after fifty days, arbitration must begin. If an agreement is established, the labor ministry can extend the contract to the rest of the firms in the same industry, even if they did not participate in the proceedings. If there is no agreement, then the ministry representative, as chair of the board, makes the decision, which is unappealable. The only exception is that individual enterprises may seek a legal exemption. The result is that a provision that theoretically benefits labor by extending

contracts also increases direct state control of the negotiation process and restricts the right to strike.

Although the CTV has an announced goal of conducting all bargaining on an industrywide basis, only the construction industry initially negotiated its contracts on such a basis in 1983. Many other contracts, however, were extended nationwide in industries like petroleum, sugar, and textiles.<sup>46</sup>

When the Ley de Trabajo was modified in 1966, the most significant change benefiting labor was a provision protecting union leaders from arbitrary dismissal. Yet the reform also increased state intervention in industrial relations by requiring labor inspectors to decide the merits of the attempted dismissal.<sup>47</sup>

The new regulations of 1973 (implemented in 1974) spelled out the procedures for resolving labor disputes. In cases where an agreement cannot be reached regarding a new contract or where the terms of an old one are not being met, conciliation is required before a strike can be called. The lengthy process calls for several steps. First, workers must submit a *pliego conflictivo* (petition of conflict) to the labor inspector. They may not strike until at least five days afterwards. Second, within forty-eight hours of submission of the *pliego*, a conciliation board is formed of representatives from each of the parties in conflict and the labor inspector as the nonvoting chair. This board meets for a maximum of thirty days until either a unanimous agreement is reached or they decide that conciliation is impossible. Legally, the conciliation process may be extended another thirty days; in practice, it often is extended even longer, thus negatively affecting the morale of workers.<sup>48</sup>

Third, the board may recommend arbitration; if it does not, the labor inspector will recommend it. If it is rejected by either party, a report will be issued by the inspector and publicized, and a strike or lockout may be called. If accepted, an arbitration board is formed of the labor inspector as chair and representatives from each party selected from their lists of candidates.<sup>49</sup> This board is required to reach a decision by majority vote in thirty days, and the decision is binding for at least six months.

The entire conciliation process must be exhausted before a strike can legally be called. Moreover, even a legal strike can be terminated by the government when "it places the health or socioeconomic well-being of the people in immediate danger."<sup>50</sup> This provision was extended in 1974 to include transport, electricity, gas, water, telephones, communication, hydrocarbons and mining, medical services, and the distribution of basic necessities.<sup>51</sup> The law also prohibits sympathy strikes by workers in occupations and regions outside the dispute. Participants in illegal strikes can be jailed from five to twenty days, although jailing is

not common. But employees have been dismissed, and unions have been canceled.<sup>52</sup>

The preceding discussion points to the enhanced role of the state in dispute settlement after 1973: the labor inspector decides if the petitions of conflictual nature are admissible, invites interested parties to discuss conciliation when presented with a petition, and decides when strikes are legal. In addition, the president can call an arbitration board when the conciliation board has difficulties.<sup>53</sup>

Different rules cover the extensive public sector. White-collar public employees do not have the right to strike or to sign collective contracts with the state.<sup>54</sup> Blue-collar workers in the public sector are covered by the *Ley de Trabajo and Reglamento*, including the provisions for collective bargaining and right to strike. But a 1976 presidential directive limited those rights by requiring workers in state enterprises and autonomous institutes to discuss contracts in conciliation for a maximum of ninety days. If no agreement is reached, it goes to a higher-level state commission composed of four representatives from the state and one from the CTV, whose decision is unappealable.<sup>55</sup>

Finally, in 1975 Congress passed the *Ley Orgánica de Seguridad y Defensa*, which established a zone of security where the president may employ the Armed Forces to ensure control and functioning of public services or vital basic enterprises. This law applies primarily to the Guayana region, where steel and aluminum is produced and the Orinoco oil belt is located.<sup>56</sup> It thus provides for forceful control of a region where independent unions have been the most prominent and where labor conflict was high in the mid-1970s.

The Venezuelan labor law thus encourages direct state intervention to promote conciliation and prevent strikes. Moreover, the collective contract system performs an integrative function that promotes social conciliation and inhibits the manifestation of labor conflict. Continual expansion of the jurisdictional scope of Venezuelan state administrative structures concerning labor activities thus appears to be an institutional response to the growing complexity of the economy as well as to the growing strength and autonomy of the labor movement.<sup>57</sup>

The pattern of more militant labor behavior and stricter state control in the 1970s was reflected in the pattern of strikes and official recognition of their legality after 1974. The diminished effect of partisan politics on labor behavior is particularly evident in strike behavior during the second and third decades of the democratic regime. After 1969 the proportion of illegal strikes rose to more than 90 percent of total work stoppages (see table 2). Further, the effect of the increasingly complex legal constraints on labor's right to strike in the labor code of the 1970s is particularly clear after 1974, when no strikes were declared legal for several years.



While still limited when compared with labor conflict in many other Latin American countries, the intensified labor conflict in Venezuela indicates a growing willingness on the part of organized labor to test its own strength and the limits of its capacity to improve working conditions and standards of living for workers. The stated goal is to achieve social and economic democracy in addition to political democracy. Concomitantly, the increase in direct state intervention and control over the labor movement, as evidenced by the pattern of strikes declared illegal and the changes in labor legislation, reflects the state's capacity and willingness to maintain social order and labor peace through the application of higher constraints.

*From Financial Dependence to Economic Empire: Inducements and Constraints*

In addition to the organizational inducements and constraints formalized in state structures and codified in the labor law in Venezuela, another source of inducement and constraint has been provided by financial subsidies. While encouraging union formation, the Venezuelan state simultaneously made the labor movement dependent on state financial support. Such economic dependence allows for successful social control because direct financial and material assistance constitutes an inducement that provides not only the obvious benefits to the recipient organization but also a source of leverage to influence behavior. Furthermore, control of the major source of funding provides a mechanism for excluding segments of the labor movement. That is to say, the state may reward one labor confederation and consolidate its position while excluding another from becoming a viable organization.

In Venezuela the economic dependence on the state by the labor movement at its highest levels has been extensive. But over time, that dependence has been transformed into a strength. In 1980 CTV President José Vargas declared that the CTV had become economically independent of the state. During the five-year period between 1975 and 1980, official subsidies accounted for only 45 percent of the CTV's total income of 33 million bolívares (7.6 million U.S. dollars). The remainder came about equally from dues plus interest and dividends on investments.<sup>58</sup>

These figures, however, do not begin to suggest the economic strength of the dominant Venezuelan labor confederation, which by 1980 had developed into an economic empire controlling forty-two enterprises and 450 million bolívares (104 million dollars).<sup>59</sup> This strength grew out of the state's creating two financial entities in the 1960s—the savings and loan corporation for housing (CORACREVI) and the Banco de Trabajadores Venezolanos (BTV).<sup>60</sup> As a result of these entities and the enterprises they have spawned, the CTV is being transformed into

a powerful economic force in Venezuela that no longer depends on the state or on party-generated subsidies in Congress for its funds. Economic power is in turn being translated into political power as the dominant party factions in the CTV receive electoral benefits from an organization able to deliver economic benefits to its members. Financial strength thus helps to consolidate not only the position of the dominant parties in the labor movement, but also their political strength in the electoral process. At the same time, the labor bureau in each party is being strengthened, and the labor leaders' autonomy vis-à-vis the party is being enhanced.

Hence the Venezuelan state has promoted, financed, and protected the CTV as the representative of the working class from the beginning of the democratic regime. Yet in the process, the very economic dependence of the CTV was transformed into the consolidation of a powerful economic entity. This trend in turn enhanced the political power of the CTV as a pressure group, both inside and outside the parties, especially *Acción Democrática*.<sup>61</sup> By 1980 the CTV had declared itself financially independent of outside sources of support, reflecting the ironic closure of a circle that began with the state maintaining an organization in a dependent position through state subsidy and ended with that very subsidization undermining the basis of state control.

Yet the circle was not fully closed. The economic strengthening of the CTV created dynamics of its own that eventually resulted in the unprecedented state intervention in *Banco de Trabajadores Venezolanos* in November 1982.<sup>62</sup> The reasons given at the time cited a potential lack of liquidity of the bank because its ratio of debt to capital was exceeding the norms.<sup>63</sup> Despite a recession and warnings of mismanagement, the assets of the bank had grown rapidly between 1979 and 1982 because of the unusually high interest rates offered to depositors, and also because of CTV and state backing of the bank. Yet criticism began to swell, claiming an excessive concentration of credits in affiliated enterprises, renewal of loans without guarantees of sufficient capital, rapid growth without adequate control mechanisms, and administrative problems.<sup>64</sup>

The motivations of the intervention have been hotly debated and are still not entirely clear. The intervention in the *Banco de Trabajadores Venezolanos* was one of the first in a string of interventions in floundering banks. But although it was justifiable in technical terms, the political effect of the intervention on the labor movement is also important. As one observer has noted, the surprise was not that the state intervened but how long it waited before doing so.<sup>65</sup> The Herrera Campins government had suffered a defeat by the labor movement early in its administration when the CTV and opposition parties successfully passed a legislated general wage increase in 1979.<sup>66</sup> Faced with continu-

ing intense labor conflict and aware of potential electoral benefits in a campaign year, the government apparently waited until the last possible moment to intervene.

Accusations of political maneuvering were traded back and forth, with Acción Democrática accusing COPEI of exploiting the situation to gain votes in the upcoming national elections and COPEI accusing Acción Democrática of corruption in managing the bank. AD accusations of Copeyano political maneuvering were based on the events that had precipitated the bank's lack of liquidity. The government had borrowed several billion bolívares during the first years of the Herrera administration in the form of long-term treasury notes, which were not easily negotiable. In 1982 Congress passed legislation to allow the notes to be negotiated to ease the bank's liquidity squeeze. But just a few days before the legislation was to go into effect, the COPEI intervention occurred.<sup>67</sup>

The political consequences for the actors involved varied. Subsequent investigation by the comptroller uncovered more irregularities regarding loans and profits, implicating not only the Adeco bank president but also labor leaders of AD, COPEI, and the MEP. The final report of the congressional investigating commission spread the blame among the political parties, the CTV, and the government. No political party was eager to continue to push the case during an election campaign in which corruption was already an issue, and they instead attempted to isolate the actions of a few individuals from the larger parties and labor movement.

The economic consequences for the CTV were the most severe because it lost a major source of financial revenue for its own social programs and for its goal of long-term economic independence. On the other hand, the CTV's legitimacy as a crucial actor in the Venezuelan system was reinforced because neither the private sector nor the government (after an internal debate) questioned the CTV's right to regain control of the bank eventually.<sup>68</sup> The effect, then, was to restrict the labor movement's economic strength while continuing to ensure its role as a crucial base of support for the democratic system.<sup>69</sup>

## CONCLUSION

This article has argued that the party-affiliated model of labor incorporation contributed to the consolidation and survival of the democratic regime in Venezuela. I have also argued that the model has evolved to incorporate a larger role for the state in interest mediation in response to structural changes in the Venezuelan political economy and the dynamics of relations among the state, labor, and parties.

An important aspect of the emergence and consolidation of Ven-

ezuelan democracy was the initial incorporation of labor into the political system by the political parties in the 1930s and 1940s as well as the subsequent maintenance of tight labor-party ties well into the life of the new democratic regime. Building on explicit elite pacts and labor-management accords formulated in 1958 and 1959 and modest agrarian and social reforms, the parties were able to overcome initial challenges and consolidate the democratic regime. Electoral support and legitimation of the regime were thus assured, but the formation of an autonomous organized labor force was simultaneously preempted.

The party-affiliated model, combined with a strong state regulatory role based on the 1936 *Ley de Trabajo*, inhibited the development of a strong workers' party or an independent militant labor movement due to four factors: the creation of a pluralist labor confederation in 1959, the domination of that confederation by a multiclass political party (AD), the fashioning of a labor doctrine influenced by AD ideology, and the CTV's early organizational and financial dependence on the state.

By the second decade of the democratic regime, underlying structural and political conditions were contributing to a change in the model of interest mediation. A new emphasis on heavy industrial development and export diversification combined with volatile changes in the world oil market to produce a significant new role for the state in the economy. When state investment in heavy industry increased dramatically and the petroleum and iron-ore industries were nationalized, the state became a primary agent of capital accumulation and an even more significant employer. Also, the political system evolved into a virtual two-party system, with each party competing for electoral support among both the working and propertied classes. These changes coincided with the new phenomenon (in Venezuela) of inflation, a dissolution of the old formal elite pacts, the emergence of ad hoc and tacit agreements, and a growing financial and organizational strength among labor unions to produce a more autonomous and independent labor movement in the 1970s. The emergence of a new sindicalism in certain key economic sectors challenged the traditional leadership of the CTV, while the CTV began to assert its own independence from the state and the parties via increasingly militant strike activity, challenges to government policies, and a growing activism within the parties.

The state responded to these challenges with increased levels of both constraints and inducements to resolve its own dilemma of achieving social control as well as electoral and political support. Constraints included the enhanced state regulatory role established in the labor law reforms and the curtailment of an important source of economic leverage for the CTV following the government's assuming control of the *Banco de Trabajadores Venezolanos*. Inducements included state subsi-

dies in the form of wage and salary increases through executive decree and new forms of access to decision making. A parallel mode of policy-making emerged to complement the parliamentary system: the functional representation of labor and capital in national decision making and industrial relations was set up in a series of tripartite corporatist arrangements at several levels of policymaking. Traditional modes of representation and participation continued in the form of private-sector access through individual and group contact and the appointment of "independents" to important government positions while labor access was maintained through the party labor bureaus. But the establishment of additional tripartite commissions from the subministerial to the presidential levels explicitly incorporated the major forces of production into the national decision-making process.

The Venezuelan case demonstrates that interest-mediation evolves not only in contexts of dramatic regime change but also under conditions of regime continuity and stability, although perhaps in a more subtle fashion. As the underlying structural conditions change and the dynamics of state-class relations produce their own contradictions, new forms of interest-mediation may result. In Venezuela a party-mediated model of interest representation, with a state regulatory role, shifted to a shared state- and party-mediated model during the second decade of the democratic regime, a development that very likely contributed to the survival of one of the longest-lived democracies in Latin America.

## NOTES

1. See, for example, John Martz, *Acción Democrática: Evolution of a Modern Political Party in Venezuela* (Princeton, N.J.: Princeton University Press, 1966); Daniel Levine, *Conflict and Political Change in Venezuela* (Princeton, N.J.: Princeton University Press, 1973); Judith Ewell, *Venezuela: A Century of Change* (Stanford, Calif.: Stanford University Press, 1984); and Robert Wesson, *Democracy in Latin America* (New York: Praeger, 1982).
2. For discussions of types of labor incorporation, see Kevin J. Middlebrook, "The Political Economy of Mexican Organized Labor, 1940–78," Ph.D. diss., Harvard University, 1981; Ruth Berins Collier, "Popular Sector Incorporation and Political Supremacy: Regime Evolution in Brazil and Mexico," in *Brazil and Mexico: Patterns in Late Development*, edited by Sylvia Ann Hewlett and Richard S. Weinert (Philadelphia: Institute for the Study of Human Issues, 1982); and David Collier and Ruth Berins Collier, "The Initial Incorporation of the Labor Movement in Latin America: A Comparative Perspective," paper presented at the Annual Meeting of the American Political Science Association, New Orleans, September 1985. For a somewhat different classification scheme, see Charles Davis and Kenneth Coleman, "Labor and the State: Union Incorporation and Working-Class Politicization in Latin America," *Comparative Political Studies* 18, no. 4 (Jan. 1986):401; and Coleman and Davis, "Preemptive Reform and the Mexican Working Class," *LARR* 18, no. 1 (1983):3–31.
3. Middlebrook, "The Political Economy of Mexican Organized Labor," 399.
4. Ruth Berins Collier and David Collier, "Inducements versus Constraints: Disaggregating 'Corporatism,'" *American Political Science Review* 73 (Dec. 1979):967–86. Inducements to labor groups include, but are not limited to, such provisions as registration of unions, compulsory union membership or dues checkoffs to encour-

- age union formation and strength, the right of combination to protect union leaders, monopoly of representation, and state financial subsidies to unions. The major constraints involve state intervention in the collective bargaining process and the right to strike—labor's most fundamental weapon. Additional constraints limit the demands and the activities open to unions, control union leadership, and provide for state intervention in internal union affairs. Note that the initial registration of unions is viewed as an inducement; however, subsequent state regulation and control over union registration can also be a constraint. Middlebrook has also analyzed the mechanisms available to the state to regulate labor behavior, distinguishing between state subsidy (economic, legal, and political provisions) and control of labor organizations in Mexico (state regulation of labor's economic and political participation through the development of state administrative structures such as the labor conciliation and arbitration boards). See Middlebrook, "The Political Economy of Mexican Organized Labor." This distinction between state subsidy and state control closely parallels Collier and Collier's disaggregation of corporatism into inducements and constraints.
5. See Charles Bergquist, *Labor in Latin America* (Stanford: Stanford University Press, 1986), chap. 4; and Julio Godío, *El movimiento obrero venezolano*, vol. 1 (Caracas: Editorial Arte, 1985).
  6. Stuart Fagan, "Unionism and Democracy," in *Venezuela, the Democratic Experience*, edited by John Martz and David Myers (New York: Praeger, 1977), 176.
  7. The four political parties represented in the Comité Sindical Unificado were Acción Democrática (AD), the Comité de Organización Política Electoral Independiente (COPEI), the leftist Unión Republicana Democrática (URD), and the Partido Comunista de Venezuela (PCV).
  8. The text of the accord is provided in *Revista sobre Relaciones Industriales y Laborales*, no. 1 (July–Aug. 1979):39–41.
  9. For a discussion of the Programa Mínimo, see Terry Karl, "Petroleum and Political Pacts: The Transition to Democracy in Venezuela," *LARR* 22, no. 1 (1987):63–94.
  10. Fagan, "Unionism and Democracy."
  11. Acción Democrática, *Tesis sindical*, cited in Julio Godío, *El movimiento obrero venezolano* (Caracas: Editorial Arte, 1985), 2:170–75.
  12. *Declaración de principios* of the CTV, cited in Godío, *El movimiento obrero venezolano*, 2:201–21.
  13. Cecilia M. Valente, *The Political, Economic, and Labor Climate in Venezuela* (Philadelphia: Industrial Research Unit, Wharton School, University of Pennsylvania, 1979).
  14. Margarita López Maya and Nikolaus Werz, "El estado venezolano y el movimiento sindical," CENDES mimeo, Universidad Central de Venezuela, 1981. This study also appeared under the same title in *Revista Relaciones de Trabajo*, no. 2 (1983).
  15. The state provides subsidies in a number of ways. Direct quotas are provided to all labor confederations, with the CTV receiving by far the largest share. Most of these funds go to the highest level of the organization, while regional federations and local unions rely on members' dues. Indirect subsidies come in the form of congressional appropriations for the construction of *casas sindicales* (union buildings) and government funding for training and recreation facilities of INCRET. External support has come from the United States in the form of worker training support and technical advice from the American Institute for Free Labor Development and the Alliance for Progress. Additionally a large loan from the American Federation of Labor–Congress of Industrial Organizations provided the funds for the CTV's initial purchase of 20 percent of the shares of the new Banco de Trabajadores Venezolanos in 1968. For discussions of union financing and subsidies, see Stuart Fagan, "The Venezuelan Labor Movement: A Study in Political Unionism," Ph.D. diss., University of California, Berkeley, 1974; Julio Godío, *El movimiento obrero venezolano* 2; and Jennifer L. McCoy, "Democratic Dependent Development and State-Labor Relations in Venezuela," Ph.D. diss., University of Minnesota, 1985.
  16. For a detailed analysis of the Venezuelan political party system, see Daniel Levine, "Venezuela since 1958: The Consolidation of Democratic Politics," in *The Breakdown of*

- Democratic Regimes: Latin America*, edited by Juan Linz and Alfred Stepan (Baltimore: Johns Hopkins University, 1978); and John Martz, "The Party System: Toward Institutionalization," in *Venezuela: The Democratic Experience*, edited by Martz and Myers.
17. See the discussion of Gramsci's concepts in Ruth Berins Collier, "Popular Sector Incorporation and Political Supremacy: Regime Evolution in Brazil and Mexico," in Hewlett, *Brazil and Mexico*.
  18. While the private sector was not formally represented in the parties through any similar type of bureau, it exercised informal influence on government decision making through individual ties and its pressure group, Fedecámaras.
  19. One tangible indication of the new bipartisan pact was the "institutional pact" of 1968, in which Acción Democrática and COPEI agreed that the party that won the presidency, even without winning a majority in Congress, would name the president of the Senado, while the opposition party would name the president of the Cámara de Diputados. The two parties would jointly agree on supreme court justices and officials like the comptroller of the nation. This pact lasted through the Herrera Campins administration. Interview with Luis Herrera Campins, Caracas, 15 Aug. 1987.
  20. When international oil prices tripled in 1973–74, Venezuela's national income jumped 40 percent in one year and government revenues grew by 170 percent.
  21. Banco Central de Venezuela, *Anuario de Cuentas Nacionales* (Caracas: Banco Central de Venezuela, 1984).
  22. Janet Kelly de Escobar, "Las empresas del estado: del lugar común al sentido común," in *El caso de Venezuela*, edited by Moisés Naim and Ramón Piñango (Caracas: Ediciones IESA, 1985).
  23. For a detailed analysis of the role of the collective bargaining system in Venezuela, see Ricardo González Rincón, "Hacia un nuevo modelo de contratación colectiva en Venezuela," *Revista sobre Relaciones Industriales y Laborales* (Oct.–Dec. 1980):49–50.
  24. Fagan, "Unionism and Democracy," 189.
  25. Francisco Zapata, *El conflicto sindical en América Latina* (Mexico City: Colegio de México, 1986).
  26. Between 1959 and 1968, new unions covered 282,365 workers; between 1969 and 1978, 119,320 workers were unionized. See Ministerio de Trabajo, *Memoria y Cuenta*, 1982. Even though the number of workers covered by collective contracts increased in the second decade due to continued union expansion, the proportion of those workers who participated in strikes grew even faster. See Zapata, *El conflicto sindical*, t. III–25.
  27. Note that Zapata rejects an economic explanation of strike levels in favor of a political explanation, arguing that wages kept pace with and sometimes rose ahead of inflation in the 1970s. His data, however, come from the International Labour Organization's *Yearbook of Labour Statistics*, which gives nominal wage rates, not real wage rates, as he claims in his tables and text. See Zapata, *El conflicto sindical*.
  28. For sectoral data, see International Labour Office, *Yearbook of Labour Statistics* (Geneva: International Labour Office), various years. For regional data, see the Ministerio de Trabajo's *Memoria y Cuenta* for various years.
  29. Interview with Carlos Andrés Pérez, Caracas, 12 Aug. 1987.
  30. For a discussion of the commission's implications for the private sector as illustrated in the 1978 tax reform, see Diego Abente, "The Political Economy of Tax Reform," *Comparative Politics*, forthcoming.
  31. Interview with an anonymous member of the CTV executive committee, Caracas, 1 Mar. 1983.
  32. See McCoy, "Democratic Dependent Development," chap. 7.
  33. "Ley contra despidos injustificados," in Juan Garay, *Legislación laboral práctica*, 7th ed. (Caracas: Hijos de Ramiro Paz, 1982).
  34. *Decreto ejecutivo*, no. 1649, 23 June 1976.
  35. *Ley de trabajo*, Artículo 18.
  36. *Reglamento*, Artículo 24.
  37. *Informe del presidente*, VIII Congreso de CTV (Caracas: Avila Arte, 1980), p. 13.

38. Interview with the Najah Kafrouni de Rauseo, Chief of Selective Immigration, Ministerio de Trabajo, Caracas, 28 Feb. 1983; see also *Decreto ejecutivo* 1303, 26 Nov. 1981.
39. Responding to criticisms that he had failed to consult with interest groups on crucial economic policy decisions, Luis Herrera Campins explained that although he believed that formal high-level commissions are not always effective, informal lines of communications are crucial and were always kept open in his administration from the local to the national and sectoral levels. Interview, Caracas, 15 Aug. 1987.
40. *Informe del presidente*, 15–19.
41. See Garay, *Legislación laboral práctica*, 7th ed., for the text of the *Ley de Trabajo*, the regulations implemented in February 1974, and presidential decrees and other laws implemented between 1974 and 1982.
42. *Ley de trabajo*, Artículos 166 and 193.
43. See McCoy, "Democratic Dependent Development," chap. 6.
44. Collier and Collier, "Inducements versus Constraints," 981.
45. *Reglamento*, Título 7.
46. The number of industrywide contracts negotiated by the government under Decree 440 and extended nationwide has nearly doubled, from an average of 7.5 contracts per year between 1958 and 1969 to 14 per year between 1970 and 1981. Figures calculated from Ministerio de Trabajo *Memoria y Cuenta*, volumes for 1958 through 1981.
47. Artículo 198.
48. Fagan, "The Venezuelan Labor Movement," 185.
49. According to the law, representatives must not be directly involved in the dispute, but in practice, they often are. *Ibid.*, 181.
50. *Ley de trabajo*, Artículo 237.
51. *Reglamento*, Artículo 393.
52. For examples, see Equipo Proceso Político, *CAP: 5 Años* (Caracas: Editorial Ateneo), 75–79.
53. *Reglamento*, Artículos 383–408.
54. The exception to this regulation since 1980 have been teachers. White-collar employees are covered by the *Ley de Carrera Administrativa*. See also *Ley de trabajo*, Artículo 6.
55. "Instructivo presidencial," no. 1, cited in *CAP: 5 Años*, p. 11.
56. *CAP: 5 Años*, p. 11; and Godío, *El movimiento obrero venezolano*, vol. 3 (Caracas: Editorial Arte, 1985).
57. An anonymous reviewer of this article argued the reverse, that growing labor conflict in 1977–78 may have been a response to a clampdown by the Pérez administration. But intensified labor conflict was evident as early as 1969, while the labor law reforms were passed in 1973.
58. *Informe del Presidente*, 1980, appendix.
59. *Resumen* no. 361 (5 Oct. 1980), p. 12.
60. While the CTV initially received 20 percent of the shares in the BTV, by 1983 the labor movement had obtained 57 percent and the state 43 percent of the shares. Interview with an anonymous member of the Congressional Investigation Commission of the BTV, Caracas, 17 Feb. 1983.
61. For example, during the 1983 presidential nomination process, the AD labor bureau was instrumental in getting AD Secretary General Jaime Lusinchi nominated. It was reported that labor support was given in exchange for a labor leader being nominated for secretary general of the party. Interview with an anonymous member of the Congressional Investigation Commission of the BTV, and *Latin American Regional Report—Andean Group*, 26 Feb. 1982. Whether or not an explicit trade-off was arranged, the fact remains that labor leader Manuel Peñalver assumed the post of AD Secretary General after Lusinchi was nominated for president.
62. The bank was governed by its own law of creation and thus avoided some of the regulation provided for in the general banking law.
63. *Resumen* no. 485 (20 Feb. 1983), p. 4.
64. Luis Gómez, "Del Pacto de Punto Fijo al Pacto Social: desarrollo, hegemonía y



- actores políticos en la Venezuela actual," CENDES mimeo, Universidad Central de Venezuela, which summarizes Margarita López Maya, "El caso de la intervención del BTV," CENDES mimeo, Universidad Central de Venezuela.
65. Gómez, "Del Pacto de Punto Fijo."
  66. For a discussion of this and other measures in response to the debt crisis between 1979 and 1988, see Jennifer McCoy, "Venezuela: Austerity and Interest-Group Politics in a Democratic Regime," in *Paying the Costs of Austerity in Latin America*, edited by Howard Handelman and Werner Baer (Boulder, Colo.: Westview, forthcoming).
  67. Confidential interviews, Caracas, 3 Feb. 1983 and 7 Feb. 1983.
  68. Gómez, "Del Pacto de Punto Fijo al Pacto Social."
  69. Three years later in 1985, the BTV was returned to the CTV with a promise of five billion bolívars in government bonds (U.S. \$650 million). The decision to return the bank was made by AD President Lusinchi in the wake of strong criticism of his policies during the CTV congress in May 1985. See *Latin American Weekly Report*, no. 22 (7 June 1985), p. 9.