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DIFFERENT POLICIES, DIFFERENT PATHS: COLOMBIA AND BRAZIL
2000-2012

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Abstract

The first decade of the new millennium was an unusual period for Latin America, since positive growth rates were accompanied by falling inequality and poverty. The labor market was the main player in this period, especially with rise of the wage levels, creation of new formal jobs and active public politics of labor regulation.

However, this advance in economic and social results was not equal for all countries. For this reason, the objective of this paper is compare two different trajectories with opposite results: Colombia and Brazil. For Brazil from 2002 to 2011 the real wages rose by an annual average of 6.78, the GDP grew in 3.8 and formal workers increased by 6.3%. In contrast in Colombia the average annual growth was 4.5, wages only increased by an average 1.17 per year and formal workers decreased by 8.7%.

The thesis of this paper is that the main reasons for this opposite results be traced to the policy options implemented in each country. This was most evident during the 2008–09 financial crises, a period in which heterodox recovery policies were pursued in Brazil, while Colombia continued a neoliberal policy option.

Regarding labor policies, the Brazilian government implemented a combination of policies like minimum wage increased, improved job control and incentive the creation of new jobs. The results of this package were increased of workers in formal employment, labor income growth and reduced of the inequality. In contrast, the Colombian government applied a new labor reform with the target of rise the work flexibility, with consequences like rise of the informality, marginal increase of the wages and inequality.

To build a comparison, first I will examine the macroeconomic and institutional trajectory of both countries. For this, I will use the structure of the labor relations proposed by Dunlop and others authors. Then, I will pay attention to the evolution of employment and labor incomes, whose outcomes derive from the specific economic policies implemented in each country.

Finally, I will present some reflections on the results achieved and challenges for increasing policies that regulate the relationship between capital and labor as a form of reduction of inequalities.

Author biography

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Introduction

The first decade of the new millennium was an unusual period for Latin America, positive growth rates were accompanied by falling inequality and poverty. The labor market was the main player in this period, especially with rise of the wage levels, creation of new formal jobs and active public politics of labor regulation.

However, this advance in economic and social results was not equal for all countries. For this reason, the objective of this paper is compare two different trajectories with opposite results: Colombia and Brazil. For Brazil from 2002 to 2011 the real wages rose by an annual average of 6.78, the GDP grew in 3.8 and formal workers increased by 6.3%. In contrast in Colombia the average annual growth was 4.5, wages only increased by an average 1.17 per year and formal workers decreased by 8.7%.

The thesis of this paper is that the main reasons for this opposite results be traced to the policy options implemented in each country. This was most evident during the 2008–09 financial crises, a period in which heterodox recovery policies were pursued in Brazil, while Colombia continued a neoliberal policy option.

Regarding the previous considerations, this paper analyzes the institutional history of each country taking into account the classical theoretical framework of the Theory of Industrial Relations (translated into Spanish as Labor Relations - RL) systematized by Dunlop in 1958 and reviews supported by the neo-Marxist theories specifically with the work of Richard Hyman. However, the context of analysis involves defining these labor relations as follows: a) we are witnessing a new process of capital accumulation characterized by the dominance of finance capital; b) the countries analyzed are part of peripheral capitalism.

Based on this position, this paper discusses how after flexibility-driven reforms of labor regulation and their negative consequences on the structure of the labor market in the new century, Latin America is undergoing a process of political and economic changes that conclude in the constitution of two blocks with large differences. As defined by Murillo, Ronconi, and Schrank (2011), the left-of-center and the rights-of-center governments.

Thus, the present work will begin with the first part that covers the theoretical and conceptual contributions of the classical theory of labor relations contextualized in the consolidation of industrial capitalism and how these are affected by the process of the advancement of financial capitalism. Subsequently, I analyze how the LR were transformed in Latin America and what the outlook is for the labor structure in contemporary capitalism, especially in the countries under analysis (Colombia and Brazil). Finally, I make observations regarding to the labor market data in each of the countries and the consequences in order to finish with some reflections.

1. Labor Relations: theory and concepts

The purpose of this part of the article is to guide the analysis of the conceptual framework that analyzes changes in labor relations in the countries under study. However, it should be

noted that the traditional theory of labor relations¹ has its origins in the aftermath of the First and Second Industrial Revolutions and the consolidation process of the industrial capitalist mode of production developments. In this sense, contemporary phenomena have exceeded the analytical framework of the traditional theory such as globalization, the changes it has brought to the States (transforming the classic concept of the nation-state), and the changes and crises of trade unions and business, among others.

However, the theoretical basis is still useful for analyzing the structure of contemporary labor relations, and in particular those related to the present work to the countries under review, Brazil and Colombia, mainly as a tool to observe the trajectories and changes served on some of the elements that compose it. It is well worth presenting the theoretical foundation in context.

At the beginning of the consolidation of industrial capitalism, the relationship between the first workers organizations and employers, coupled with the development of institutions that formed the rising nation-states, led into the formalizing of labor relations. Thus, the rhythm and the process of industrialization developed marked differences between the processes of capitalism consolidation and the world of labor structures in each country and in each particular historical process.

Thus, among the changes that occurred in the nineteenth century, Emile Durkheim sets out the need for the formation of a new order in response to urbanization and the new social division of labor. The machinery implementation in production, the emergence of new social classes and the increase of higher population generated profound changes in labor relations during the industrial revolution; the population increase resulted in an increase in labor supply, which was absorbed by new industries by displacing the traditional production method for manufacturing, the migration of peasants to the production centers attracted by better wages which generated phenomena of urban concentration around the new production centers in England. These new conditions led to the transformation of structures and labor relations, the worksite went from being private homes to large industries, the artisan and the peasant became the new working class who earned a salary after completion of a workday; so finally, under the framework of the industrial revolution the consolidation of the wage relation is presented.

According to Durkheim, these changes made a shift from an order based on mechanical solidarity typical of the agrarian and family organization, to an order based on organic solidarity, characteristic of the industrial stage. This new solidarity is supported in large institutions: the state, political parties, business organizations and trade unions. Considering the previous statements, the need to formalize the rules and regulations that govern this new social order.

Marx exposed, when analyzing the stage of industrialism, that in order to ensure that the workforce is manifested in actual work, institutions that discipline them are needed. In this

¹ With the first contributions from the economics classical theory of Marx, or sociology with Durkheim, Weber, among others. But more specifically systematized by Dunlop in the early 1950s and with later developments from different perspectives.

sense, the state is organized to generate a set of rules and regulations that are needed to determine the meaning of the new social order for workers, now "free" to sell their labor power and governed by the wage contract. Thus, Weber defined the emergence of laws as a means of political domination, but also as a way to protect the interests of organized professional corporations before the interests of the market and the state itself.

With this, the fruit of productive organization this context is characterized by being made up of multiple units that could operate independently (in a theoretical way), and secondly, addressed in the process of universal waging schemes for salaried professionals guided by a kind of bureaucratic domination who Max Weber called as a "rational-legal authority". Weber, besides considering the appropriation by the bourgeoisie of the means of production enunciated by Marx, also raises the bourgeois appropriation of the means of administration of the bureaucratic entities (Mejia, 2002). Thus, the idea of order and control is necessary in the next stage of capital accumulation.

However, decades would go by before industrial relations were formalized, as they are known in the modern times. In the context of the interwar period and with the pressure of the Russian Revolution, the democratic block governments formalized an initial structure of industrial relations, with the recognition of workers' organizations as legitimate actors in the negotiation of rules and conditions. Thus the first authors arise to formally analyze the Labor Relations major schools were: 1. The Oxford School with main authors such as Allan Flanders, Hugh Clegg, Alan Fox, among others; 2. The Wisconsin School with R. Commons and Selig Perlman; 3. The School of Human Relations with Mayo and Moreno, among others. (Blanch, Espuny, Gala, & Artiles, 2003)

Beyond the theoretical differences of these schools, they all converged on a common idea and it was the advancement and recognition of players in the work world, and the emergence of norms and rules as negotiated between the parties. In this sense, the theory was advancing to recognize the actors from the world of work are different, and that there are different interests between different actors, where the State appears as an institution that defends the public interest by preventing either the power hegemony of any of actors.

It would be in the 1950s when a formal and institutional framework of industrial relations appears, the major countries of Western Europe and the United States advance in promoting laws that recognize the actors, especially unions in the negotiation process and definition of labor regulation.

In this context, the seminal work of John Dunlop in 1958 called "System of Industrial Relations" appears. Thus, the author takes a systematic approach to analyze relations between actors in the world of work, with influences from sociology of the Talcott Parsons school, the structural functionalism, Dunlop introduces industrial relations as a subsystem of a general system in other subsystems interact: the political, economic and cultural.

For Dunlop (1958) in the Industrial Relations Subsystem you may find **actors**, workers and their organizations, employers and the state, these actors perform in a **context** that contains both general and technological characteristics as those affecting the workplace, market constraints that affect the actors and the location and distribution of power. Finally, there is

an ideology that allows reaching agreements between the actors, as it is shared by all and the resulting set of rules that define the Labor Relations.

Thus, while recognizing the conflict it also recognizes the possibility of reaching agreements to provide order to the system through the institutionalization of conflict, considering that the actors have a shared ideology. Therefore, the labor market is an institution that can be regulated by social actors.

One of the main criticisms of Dunlop's proposal is expressed by the neo-Marxist school, especially in the work of Richard Hyman, where the main argument is the idea that the actors in the world of work act asymmetrically, so there is a clear disparity between labor and capital in the industrial capitalism. In this sense, the results of labor negotiations are the result of the power asymmetry based on a framework of structured classes on private property and economic power (Hyman, 1975).

Thus, the analysis of labor relations surpasses the limits of the world of work to register as a natural consequence of the conflict classes in the capitalist mode of production. Thus, it is necessary to analyze three processes: the dynamics of capital accumulation and how it affects labor relations, the essence that defines the working class and its internal characteristics and how the role of the state changes in their ways of intervening in the conflict between capital and labor.

Subsequently, the Regulation School exposes the idea that in the regime of capitalist accumulation there is constant conflict and agreements are provisional, and the wage relation is part of the institutions of the mode of regulation. Therefore, the wage relation defines the working relationship that demonstrates the linkage with other institutional forms in a particular socio-economic context.

With this, the discussion of labor relations is framed in the new context of capital accumulation with financial dominance characteristic of contemporary capitalism. The bases presented by Dunlop and the Neo-Marxist criticisms are still valid in their essence, despite the weakening of the state and workers' organizations, conflict continues and negotiation remains a fundamental part of workarounds for this.

The landscape of labor relations in the middle of the new phase of capital accumulation and its impact on the world of work is contextualized, following the actors-context-ideology Dunlop structure but based on the methodology that allows Hyman to analyze how capital accumulation, the relationship with labor regulation and the role of institutions (state-unions-employers) are displayed in this process.

1.1. Labor Relations in contemporary capitalism.

The search of capital for self-recovery makes it to look for any type of wealth formation, either through production or through shares, becoming in its extended as financial capital, beyond the generic definition of Hilferding (1985) which explains it as the fusion of all parts of capital. We are witnessing a period of financialization, understood as a systemic pattern of wealth with financial dominance, characterized by the growing gap between the

values of the papers that represent wealth and values in which the reproduction of life and society is based, showing this point as the defining characteristic of the current capitalist system (Braga, 2000).

The emergence of this pattern of systemic financial dominance is the result of a historical process that becomes more clear and definitive from the 1980s after the breakdown of Bretton Woods policies and can be observed through the rise of U.S. economy as an economic power, power that is based on three main pillars: i) the prominence assumed by fiat currency –dollar- to wield the monopoly of the international reserve currency, without "ballast"; ii) a strong protectionist state; iii) a modern financial system. (Tavares & Belluzzo, 2004), (Braga & Cintra, 2004) (Belluzzo, 2009).

These crises are constant in as a unstable system with this pattern of accumulation of wealth; based on Minsky, Professor Braga (2000) analyzes the capitalist finance produce an autonomous instability that unstructure the economic system, not only affecting the marginal efficiency of capital but generating critical events disrupting innovation, creating unemployment, inflation volatility, which in some cases cannot be self-regulated.

As an overall result, we have the increasing of wealth and its corresponding centralizing via competition between corporations both the mesostructure and the macrodynamics (financial macrostructure). It is then that the political - economy relationship acts openly, the capitalist state emerges as the solver of the crisis, issuing debt and avoiding its deepening by its role as provider of last resort. The capitalist market works together through various anti-crisis tools, and this "marriage" with tensions state-market act together in favor of finance capital, ahead of a major crisis, so it is not enough to achieve lasting long-term expansion.

As a conclusion not intended to be categorical, we can say that contemporary capitalism makes money walk towards finances faster way than towards production as a natural movement of the system. With this financial dominance movement exacerbated is sustained by a complex relationship between state and market, as an example of the politicization of the economy.²

In this context of capital accumulation or new techno-economic paradigm is accompanied by changes in the political - legal sphere. The changes in the role of states and reformation processes are an essential part, the rule is to reduce the social role of the state to increase its financial role, in the sense of ensuring the functioning of the new economic order.

Changes in the structures of the companies are pushing for changes in labor relations compatible with the new scheme. The outsourcing of the production process advances in outsourcing work. So the company breaks the direct relationship with much of the work necessary for the production process as a strategy to reduce risks and costs.

This process coexists with "traditional" production systems in the countries of the periphery. Today we can see that in the world of work are compatible highly precarious

² Based on Braga and Tavares.

housework, handcrafting work, with most developed forms of scientific and technical product of the current stage of capital accumulation.

Thus, after the crises of the 1980s the process of liberalization and market flexibility is consolidated, in particular reforms are defined with the aim of making more flexible labor markets, based on well-defined trends: a) expansion recruitment procedures, b) reducing the costs of layoffs to increase the mobility of labor, c) extension of the trial period, d) contracting through third-parties e) modification of the rights of workers (workdays, vacation, etcetera.)³.

Thus, labor reforms generate radical changes in the structure of the labor market. They generated a process of destruction and creation of jobs according to the new requirements, which require skills of workers as flexible as productive transformations of companies. The "new" workers should be multipurpose and multifunctional, which has the ability to change work tasks and the time required to achieve the aims of the corporation.

These processes were advancing in most countries; however, Latin America moved deeper into the flexibility of its labor regulations with consequences such as increased informality and precarious work. This issue will be addressed later.

Así, el mundo del trabajo se transforma, a la mano con los cambios en las estructuras empresariales y el papel del Estado. Para resumir se pueden definir algunas tendencias generales de la estructura laboral producto de esta etapa de acumulación de capital⁴:

- Se tornan difusas las fronteras de las ocupaciones.
- Aumento de los tipos de contratación y de relación laboral, tornando más complejo el concepto mismo del trabajo, las relaciones de subcontratación encascan trabajos precarios con el concepto de trabajadores independientes, o personas jurídicas.
- Antunes resalta especialmente el proceso de feminización del trabajo, especialmente precario.
- Altos niveles de desempleo, en especial en los extremos. Por un lado los jóvenes que no logran inserirse en el mercado de trabajo y sufren de alta rotatividad y, por el otro los mayores de 40 años que son despedidos y tienen dificultades para ingresar nuevamente al mercado de trabajo, muchos de éstos entran a la informalidad para recuperar el ingreso monetario.

Thus, the world of work is transformed, on hand with changes in business structures and the role of government. To sum up, we can define some general trends in employment structure product of this stage of capital accumulation:

- Borders between occupations have become diffuse.
- Increased rates of recruitment and employment types, becoming more complex the concept of work itself, subcontracting relations imply precarious jobs with the concept of independent workers, or corporations.

³ Based on (Ciudad, 2002) e (Dari, 2007)

⁴ Based on (Krein, 2007) y (Antunes, 2009)

- Antunes especially emphasizes the process of feminization of labor, especially precarious.
- High levels of unemployment, especially at the ends. On one hand, young people who fail to insert themselves in the labor market and suffer from high turnover and on the other, those over 40 who are laid off and are struggling to re-enter the labor market, many of these fall into the informal to recover money income.

2. Industrial Relations in Latin America: Flows and backflow

The consequences of the application of the flexibility measures in the countries of Latin America were negative for most of the population; however, the response in more than half of the countries in Latin America with the results of the liberalization policies began to emerge transforming the political and economic landscape of these.

Thus, in the late 90s and the early new century two blocks began to be defined: first, a group of nations which criticized the model and began a series of counter-changing labor regulation with positive bias towards work; for the other countries that continued and, in some instances the flexibilizing policies deepened.

In the first group of countries, this shift was marked by the rise to government by Presidents with anti-neoliberal discourses and social court, in the case of Hugo Chávez in Venezuela, Luiz Inácio Lula da Silva in Brazil, Nestor Kirchner in Argentina, Tabaré Vázquez in Uruguay, Evo Morales in Bolivia, Correa in Ecuador and Hugo Fernando Lugo in Paraguay. These governments, some more radical than others, implemented policies to counteract the negative consequences of inherited neoliberal deregulation, particularly reforms that strengthen the role of labor.

The second block represented by Colombia, Mexico, Peru and Chile continued and deepened neoliberal measures, flexible working relationships, favoring capital and weakening the labor and their organizations.

For Cook (2006) the implementation of flexibility reforms in the 90s was differentiated in each country depending on its historical trajectory and this impacted on the events to occur in the 2000s. In the case of Brazil, as occurs in the middle of a process of democratization after decades of dictatorship, especially law and the Constitution of 1988 is the result of tensions between the actors. In this sense, "The result -a stronger set of labor rights and protections -provided a more 'advantageous positions from Which to resists government Flexibility reforming the 1990 's" (P. 196).

Added to this, the fact that in Brazil the unions played a leading role in the fall of the dictatorship, Lula being a major player in this process. Thus, the bargaining power during the 80s unions was much stronger than in other countries. However, although they were not deep reforms, labor rights declined and many of the gains of the Constitution could not be made effective in the 1990s. This issue will be deepened ahead.

In the case of Colombia, its history of violence against social organizations in general and unions in particular was especially brutal in the 80s, where murders, persecution and disappearances of leaders and their organizations reached cruel levels compared to many countries during their dictatorships. Thus, the reforms in this country were deeper and weaken union structures which could not cope with this process.

Thus, in terms of policies to reduce labor flexibility and foregrounding social policies with improvements in economic growth, it is said that two different processes on the continent occurred. Specifically, for the interest of the present work, the two countries studied, Colombia and Brazil, account for these differential paths.

Governments in Latin America that took a leftist politics turn are multifaceted, and their processes are different, however they mark a starting point that breaks the neoliberal hegemony of the decades of the 80s and 90s, resuming social policies and placing the world of work again in the foreground.

Despite the debate that has led this process of change on the continent, these governments emerge as a response to social problems that were generated in the neoliberal phase, the relaxation of trade, financial and labor regulations left as a result, added to the historical structural problems in our countries, high levels of poverty, job insecurity, destruction of productive and industrial matrices of economies and increased levels of inequality.

For Luna (2010), the rise of the leftist governments has three common elements: 1. Economic and political discontent caused by corruption case of the traditional parties and by the regional economic crises (1998-2002). 2. The mobilizations of different types of voters in countries with fragmented civil societies, and 3. The emergence of charismatic leaders, some with historical parties, some with non-organized social support. (p. 24)

This analysis explains in general terms the Brazilian case; however, an additional element that gives some specificity to the process, is that President Luiz Inacio da Silva comes from a leftist party and has experience with trade union struggle, as founder of United Workers, and in politics, with the founding of the Workers' Party.

Returning to the analysis of the formation of the two blocks, Murillo, Ronconi and Schrank (2011) concluded in their work that the existence of two blocks called right-of-center and left-of-center, defining their differences not only in the discourse but in the definition of policies against labor regulation, such as "the results following have partisan ideology That is indeed a powerful predictor of reform. Right of center Substantially Governments are more likely to liberalize, and less likely to Regulate, Their labor markets than their left-of-center Counterparts. Non-reform is the modal category and is left off the igure "(p. 802)

And they continued about our countries "the right of center Uribe administration implemented unemployment insurance while liberalizing labor markets in Colombia. Consequently, the institution of unemployment insurance was accompanied by growing personal security in Brazil and Chile declining personal security in Argentina and Colombia" (p. 802)

The results in political change in Latin America are mainly related to three aspects: 1) their historical trajectories, which defined the institutions governing the work; 2) the existence of organizations (strong or weak) of workers who helped to resist or not implementing labor deregulation, or strengthen when opportunities and 3) the tensions between external pressures amid a globalized capitalism and financialized and internal forces both social and national capitals. But this issue goes beyond the objectives of the current work.

In conclusion, the analysis of labor relations using the tools of classical theory allows us to analyze the context in which they arise, as well as the result of the tensions generated by the conflict, still in force between the actors of the world of work. Thus, the changes that have happened over labor regulation for two decades, linked to the consolidation stage of capital accumulation with financial dominance, and the reactions to this process that occur in some Latin American countries, provide the general context for reading the trajectories of two specific countries, Colombia and Brazil.

Given the conceptual framework and the context described above, the specific trajectories of labor relations in the countries under study are discussed below. However, given the complexity of the task at hand, it will emphasize three aspects that distinguish the paths taken by the two countries since the beginning of the new century: political control of labor rights and legal transformations pro or against flexibility, wage policy and the position of governments to trade unions and their role in the negotiation of regulation.

2.1.Colombia: Deepening the flexibilization⁵

The implementation of neoliberal reforms or “neoclassical” cut in the Colombian labor structure starts with the implementation of the Act 50 of 1990 which amends the Labor Code and gives legal framework for the process of labor flexibility in the sense of reducing market rigidities to let it fluctuate freely. In order to “modernize” the labor court to face globalization, this law introduces more flexible work contracts by implementing fixed-term contracts, temporary employment and diversify the types of outsourcing. It also creates full wages, defining more clearly the concept of collective layoff and eliminates for reinstatement actions, among other measures.

A noteworthy aspect of the Act 50 is the change in the regime of severance payments eliminating the retroactivity and establishing management through funds (private or public) to give an opening to the financial sector to promote demand for roles in the stock market. This, coupled with the subsequent creation of Private Pension Funds (Act 100 of 1993), are an essential part of the paradigm shift towards the insertion in the financing process characteristic of this period of capital accumulation.

2.1.1. Twenty-first century flexibility-driven labor regulation.

⁵ Text with modifications taken from the paper “Transformations in Labor Relations Colombia and Brazil: between flexibility and control. 2000-2010” presented at VII Latin American Congress of Labour Studies Work in the XXI Century. Changes, Impacts and Prospects. 2 to 5 July 2013. Sao Paulo, Brazil.

As expressed by Fajardo and Guataquí (2000), labor reform is presented as a fundamental part of the opening process, and thus to increase as the axis for the country's competitiveness. In that sense, the problem was focused on high labor costs and rigidities in the law that did not allow attracting foreign capital to invest in the country.

The series of reforms to enhance flexible markets, and in particular, the labor market, is consolidated during the decade without major changes, leaving a bleak outlook for the world of work accompanied by the intensification of the war and the social and labor conflicts.

The first decade of the 21st century reinforced the process of flexible employment. In this sense, wages are seen simply as a cost to the business and politics of both state enterprises is its reduction. The reforms that were carried forward in 2000 were continued deregulation and reduction of labor rights.

During the two presidential terms of Álvaro Uribe Vélez (2002-2010) labor policies were carried in line with the neoliberal goal; however, economic growth did not have an impact on higher employment levels or improvements in the quality of work. The labor shaft was the Act 789 of 2002, known as the "labor reform", the content had a clear tendency to deepen the relaxation, centering "labor costs" as a market problem.

Act 789 of 2002 addressed the labor issue on several fronts, one of them was the creation of a system of welfare programs "temporary and limited coverage", a second front making flexible labor relations and a third one, decreasing labor costs for businesses by cutting down Sunday and night operation costs (increased working hours, reduced overtime) plus the decrease in firing costs of former employees (Gaviria, 2004). (Gaviria, 2004)

One of the signs of the weak presence of a policy of labor protection policy was the merger of the Ministry of Labor and Social Security with the Ministry of Health through the Act 790 of 2002⁶, creating the Ministry of Social Protection. This merger was aimed at strengthening the private sector as a provider of essential services, strengthening the road already imposed by the Act 100 of 1993⁷ that created the Comprehensive Social Security in Colombia starting the entry of Private Pension Funds (PPF) Companies and Health Care Providers (EPS), to that effect, decreased the provision of these services by the public sector.

This measure, combined with the Act 789, labor flexibility deepens leaving workers without direct interlocutor with labor laws, weakening the legal framework and action of workers and their organizations to defend their rights. The negative consequences of flexibilization-driven measures during Uribe government term is in increasing demands for labor disputes, and in particular, the constant action in the workplace by the Constitutional Court. It should be noted that one of the conflicts, not only in the workplace, that was

⁶ See http://www.secretariasenado.gov.co/senado/basedoc/ley/2002/ley_0790_2002.html

⁷ Presented for debate by the Congressman Álvaro Uribe Vélez. See http://www.secretariasenado.gov.co/senado/basedoc/ley/1993/ley_0100_1993.html

relevant during periods of Uribe government was precisely between the Executive branch and the courts, especially the Constitutional Court.

“While many of the laws made by the Executive and approved by Congress in the last decade seeking more flexible contractual framework between employers and workers, some decisions of the [Constitutional] Court, based on the need to protect constitutional rights of workers, have re-established state limitations on the power of workers and employers to freely agree on the terms of employment contracts.” (Fajardo & Guataqui, 2000, pág. 80)

An interesting contradiction can be drawn from this paragraph, in the sense of the differences between the application of labor law flexibilization and the agreement found in the Constitution of 1991, which was an attempt to change the Colombian model to a Social State of Law⁸. However, the sum of the reforms and the conception by the new constitution, leading to a process of “individualization” of rights, was the way how the mechanism of *tutela*⁹ was a generalized response of citizens and especially of workers to search for their rights.

The rise of labor demands via the *tutela* mechanism is an exhibit of fragility in the Colombian labor laws to protect labor rights, although both the Constitution of 1991 and the Act 789, Colombia subscribed several ILO agreements, but this did not mean an improvement in the quality of work, and the creation of quality jobs as discussed in the next section in the light of the data. “Individualization” of conflict resolution via the mechanism of *tutela* is not a rights consolidation generalized because although it can generate jurisprudence, in fact the legal right is won by who demands and does not apply automatically to other affected.

The lack of integrated employment policies is marginally dealt during the first decade of the century, the Ministry of Social Protection has not played a clear role in this regard, has been tracking some targeted policies. Management policies on the work have been carried out by institutions such as the National Apprenticeship Service (SENA) and directly by the Office of the President (through the Presidential Agency for Social Action and International Cooperation).

In this sense, the few policies to support employment generation have been aimed at increasing the mechanism of Learning Contracts handled by the Sena, targeted and short-term policies by the Presidency; in general, there is not an integrated package policy to encourage the creation of quality jobs, they are far from transforming the structural conditions of the labor market with high degree of informality and precariousness (Sanchez, 2011).

⁸ Although it was a feeble attempt to move towards a welfare state for Colombia as part of the peace process with some of the armed groups and to strengthen the presence of the state in the provision of essential services, the Constitution of 1991 managed to transform the structural problems that explain the high levels of informality, weak labor rights, structural inequality and problems of land distribution.

⁹ Legal mechanism that can be submitted by any Colombian citizen when he or she feels violated their fundamental constitutional rights.

Regarding the targeted policies, it should be noted that in Colombia there is no unemployment insurance, but a unemployment relief or subsidy, defined as the allocation of resources in kind (food stamps, health and education) and only serves the vulnerable population, so that this mechanism is not a structural policy to support the unemployed rather is focused and definite time.

The policy to promote employment via demand was perhaps the most used during the Uribe government as labor policy; the goal is to reduce labor costs to encourage employers to increase hiring. This policy can be linked both labor reform of 2002, as a series of temporary programs such as exemption from labor-related taxes (*parafiscales*)¹⁰ by businesses.

As Murillo, Ronconi and Shrank (2011) expose "Although ... the Reforms in Colombia in 2002 reduced severance payments and increased unemployment insurance (UI) , in neither case was the UI able to compensate _for_ errors the decline in severance " (p. 798) .

2.1.2. Wages policy

With regard to the minimum wage (MW) after decreed the unification of the national policy for determining the minimum wage in 1984 and changing the definition of adjustment based on expected inflation in the mid-1990s (Cortés, 2010), the minimum wage determination is made by forming a negotiation between the Government, representatives of employers and workers' representatives (the trade union confederations¹¹); if negotiation is unsuccessful, the government sets the wage by decree.

During the decade of 2000-2010 generally the tripartite wage negotiations failed so the MW defined by decree, wages are generally closest to the proposed by the business associations than the Trade Unions.

Like this, the role of government when managing the capital-labor conflict was clearly aimed at the protection of capital, one of the pillars of the Uribe government was giving security to the investments, and with greater force if they came from foreign capital. The face of labor regulation in this context, to achieve position was flexible workforce in order to reduce costs and ensure investments.

Overall, the increase in wages in the first decade of the century have not exceeded levels inherited insecurity,

“The minimum wage, the wages of workers and employees in manufacturing, during the period 1975-2005, have grown in real terms to 0.25%, 1.45% and 2.38% respectively.

¹⁰ Indirect wages that serve as financial resources for institutions like SENA and the Colombian Family Welfare Institute.

¹¹ In Colombia there are three main trade union confederations which account for 50% of the unions and 65% of all unionized, these are: the Central Workers Unit CUT, CGT General Confederation of Workers, and the Confederation of Workers of Colombia, CTC.

Wages depression deepens especially in the period 1990-2002, accompanied by higher unemployment rates to 16% ...

(...) By analyzing the results before and after the economical opening, we find that in the period 1975-1990 the annual productivity was 1.37%, while in the period 1990-2005 opening of the Colombian economy, labor productivity was 0.47% and the minimum wage in real terms was 0.24% and 0.12% respectively. (Rodriguez, Gamboa, Romero, & Novoa, 2008)

Thus, the new century did not bring major changes in regard to the policies of labor flexibility; on the contrary, the taken measures deepened, even political capital support was even clearer under the program "Security Investor" that strengthened tax exemptions and support needed to ensure private investment, strengthening the policy of reducing labor costs and subsidizing the capital. This is corroborated by many researchers in Colombia, including those from diverse ideological positions.

"The programs that integrated the labor policy of the government of Alvaro Uribe did not change the conditions of employment or the structure of the labor market nor were able to generate as much employment as discussed at the beginning of term." (Sanchez, 2011, pág. 212)

"In sum, the [labor] reform did not adversely affect the quality of jobs but neither has been effective in boosting demand for formal employment and to enhance the effects of the economic recovery". (Gaviria, 2004, pág. 28)

2.1.3. Trade unions

An element that generates controversy has to do with government policy against trade unions, however in light of the data and some two governments of Alvaro Uribe Vélez revealed a clear persecution of social movements and trade unions in particular, and a low level of participation opportunities in labor policies and negotiating tables.

The rights to free association are depleted not only by the courts but by the Dirty War and selective assassinations of trade unionists. "Between 2002 and 2007, 491 workers initiatives aimed at creating a union were rejected. Similarly, it is the only country in Latin America in which the government has the power to dissolve a union through the legal courts" (Vidal, 2012, pág. 1).

"According to the National Labor School (ENS), the total number of murders of trade unionists in the world in the last decade, 63% took place in Colombia, which in concrete numbers 1081 means the murder of trade unionists. To get a better perspective of the true magnitude of these figures, it should be noted that the second in the list of countries with the highest number of murdered trade unionists is Brazil, with 7.01% of the total." (Ibid., p. 17)

During the first decade of the century the number of collective agreements decreased being replaced by collective agreements and collective agreements by companies typically taxes and low level of union organization. By 2010, Colombia is among the countries with the

lowest unionization in the world with a unionization rate of 4.9 %. And according to the National Labor School - ENS (2011) the number of workers covered by collective agreements decreased from 129,381 in 2000 to 88,920 in 2009.

The overall outlook for Colombia during the years 2002-2010 leaves us to conclude that the process was led towards deepening political flexibility and cost reduction. Thus, the two presidential periods were marked by Uribe's policy of "security investor" with a clear bias in favor of capital and against labor . The balance in terms of data working on the second section, but it can predict the result to the end of the decade is an increase in job insecurity and informality, in contrast to the increase in capital gains.

2.2. Brasil: regulation with contradictions¹²

Brazil is a country with immense contradictions between their economic future and social structure, so that we have a country with large gaps in income distribution and low earnings and, in turn, is part of the major world economies. As clearly highlighted Barbosa de Oliveira (2010) when he says that the Brazilian economy is among the ten largest in the world, over 60 countries have a higher per capita income.

To the late 80s and early 90s, the "debt crisis " led to the transfer of resources abroad to meet the payment of the same , resulting in the fall in the rate of growth of the economy. For Almeida & Belluzzo (2002) Brazil experienced a series of constant devaluations in order to increase exports in search of foreign exchange for the payment of the debt. This coupled with tight monetary policy to reduce domestic absorption which pushed the price increases, creating an atmosphere of uncertainty that produced inflationary spirals and falling investment.

This situation occurs in the middle of the transition to democracy in Brazil, trying to consolidate an institutional project through the approval of the 1988 Constitution; however, much of the negotiations for the formation of a social state is diluted between the debt crisis and the beginning of the post-Washington Consensus structural reforms. In this sense, the possibility of reversing the conditions of inequality and precariousness in the labor force lost, leaving open space for the growing capital appreciation.

“..... The 80's shows that there is a similar perspective and complement between collective bargaining, state regulation and positioning of labor justice, indicating a trend towards extending social work regulation. In this sense, Brazil has in this period, a different trend compared to the international movement pressured by easing. Despite this, the non-resolution of the problem of economic development and policy change perspective, from the election of 1989, makes unviable to consolidating significant part of social rights. And, contrary to the country to walk towards a more homogeneous social structure, which would

¹² Text taken from the modified presentation World Economics and Labour Government Policies in Brazil Luiz Inacio Lula Da Silva 2003-2010, presented at the Global Labour University Conference VIII-Sustainable Growth, Development and Work: Progressive responses at the local, national and the global level - on 26 to 28 September 2012 at UNICAMP.

be the prevalence of a liberalizing trend that seek to promote a counter of the progress made in the 80s". (Krein, 2007, pág. 62)

Several measures were advanced towards the easing of labor standards including: the adoption of the Law on Cooperatives, which resulted in a facade of contracts without recognition of labor rights, the fall of indexation of wages to inflation and institution of free wage bargaining. Subsequently, in 1998 the "hour bank" was established, being a flexible mechanism working hours and the elimination of overtime. Also part-time contracts, which provided to work up to 25 hours per week with fewer labor rights were legalized, these among major measures. (Ernst, Berg, & Auer, 2007)

However, as mentioned above, Brazil was one of the countries by popular vote reacted to the consequences of the reforms, so that by 2003 Luiz Inacio Lula da Silva becomes president.

The political alliances by the Lula government comes to make its mandate be divided into two periods, 2003-2006 and 2006-2010. In the first year of government policies continue cutting public spending, raising taxes in order to increase the fiscal surplus is given, plus a series of neoliberal reforms especially the reform of the Act of Gaps and of Social Security Public Sector were presented to aim at the creation of private pension funds in some cases.

This situation changes for late 2003 and early 2004, taking advantage of the improvement in the macroeconomic situation both globally and for the Brazilian economy, especially by rising commodity prices. For Brazil, this meant return to GDP growth and an increase in exports of both commodities and manufactured to countries exporting commodities which increased product demand. Process internally prompted increased investment and consumption which improved the conditions of the Brazilian domestic market. (Baltar, et.al., 2010)

Thus, Lula's second term is characterized by a more active fiscal policy, improved relations with unions joined a favorable economic environment strengthening the collective bargaining process, a policy of continuous enhancement of the minimum wage as a policy State (adjusting for inflation and the change in GDP during the past two years), strengthening the regulatory and supervisory institutions of industrial relations which pushed for increased formalization of work. With this, the Brazilian labor market consolidated a process of improvement not only in terms of formal job creation but in rising labor income and mobility in the social pyramid, even in the context of the global crisis of 2008.

The impact of active policies directly transfered income as wage growth has a pervasive impact on the population. If we analyze the data provided by the Brazilian Institute of Geography and Statistics (IBGE), let's consider that current revenues are basically categorized according to three sources, the labor market, retirement and pensions and "other sources". It can be seen that the labor income occupy most of the per capita household income, and that as we had families below the poverty threshold ($\frac{1}{4}$ minimum wage per capita) and poverty ($\frac{1}{2}$ minimum wage per capita) the weight of "other sources" is growing. With this, you may perceive that the increase in current income for the lower

deciles is produced mainly by the impact of social policies , whereas the higher deciles are more affected by the recovery of labor markets (Barros, et.al., 2010)

As reported by the IBGE (2010) for total households in 2009, yields on "other sources" represented 5% of total household performance; from work were 76.2% and those for pensions and B 18.8%. For those families whose performance-per capita is less than $\frac{1}{4}$ of minimum wage, the role that profits from "other sources" represented 28.0%, in 2009, family income total passed from 1999 that participation was just 4.4%. (Kallabis, Colombi, & Moisa, 2014)

Within the analysis of the causes of those results, Soares highlights the importance of improving the indicators of inequality due to the improvement of working conditions. According to data presented by this author "programs transfer income such as Bolsa Familia, are responsible for a quarter ($\frac{1}{4}$) of the decline in inequality between 1995 and 2004, while the other three quarters ($\frac{3}{4}$) are attributed the reduction of inequality in employment income (Soares, 2006). This reinforces the fact that the labor market is the protagonist of devolution of income observed in Brazil.

Dedecca , meanwhile, notes that accompanied the fall of inequality recovery employment income at all wage levels, thus "occurred for the first time, a reduction in inequality without impairment of the labor market was presented" (Dedecca, 2011). For Barros and others, reaffirmed that the main protagonist of the fall in inequality is the earned income, "Depending on the used measure of inequality, labor income explains 52% of the decrease of inequality, measured by the index Gini, or 41%, if the ratio between extreme quintiles is used. " (Barros et al, 2010 cited in Cepal 2011).

At this point we can conclude that the combination of a favorable economic environment along with activation of the regulatory state, responded to some extent to the needs of the population, indicators of the world of work and the impact on closing the gap inequality still have a long way to go, but the explicit model change since 2004 headed for the policy rethink structural problems abandoned for two decades.

2.2.1. On regulation and formalization of employment:

As set by (Krein & Baltar, 2013) in the discussion of the work two positions are observed, the first defends the opening of markets, allowing competition between firms to adjust prices and production quantities, the second argues for the need to state intervention to strengthen the national economy to the negative effects of an unequal international competition. In this vein, the first line of thought advocates a regulatory framework to ensure and encourage operators to make efficient use of resources and flexible working hard to play a role in the expansion of capital and potential response to the economic cycle.

By contrast, the second proposal defends the intervention of public power in the unequal relations between capital and labor , so that the potential opportunities that give exploited markets and at the same time contribute to structure a more equitable society.

This second idea is accompanied by (CEPAL, 2010), this report confirms that the labor market is by nature uneven, so that the negotiation between the actors that make the workers are the weakest sector. This recognition, which had disappeared during the nineties, requires a number of institutions and clear rules to resolve such differentiation and, therefore, need the state to intervene .

At this point, we can say that during the period worked to strengthen political institutions linked to the world of work was an important element that was reflected in the improvements already made in respect of employment and social protection.

Thus increasing the audit wage war against illegal contracts, defined as those who have "carteira assinada" and therefore do not have access to the benefits of the social security system linked to work.

Thus, during the first decade of the 2000s, regulatory institutions were protagonists of resistance against flexibilization-driven process which was carried out in the 90s. Although the results still fail to reverse the structural flexibility and exposed at the beginning of this text, if progresses in this area can be shown.

In the control system of the working world there are three institutions that stand out, the Ministry of Labor and Employment (with supervisory authority), the Public Ministry of Labor (in handling class actions in defense of collective interests) and Labor Justice (as guarantor of labor rights). (Baltar et. al., 2010, p. 22)

These control systems allow not only the formalization of jobs but also the formalization of micro and small businesses which due to problems with access to credit they could not afford the labor costs that brings the formal contract. Some initiatives that contributed to the advancement of formalization were of two types, one was the law of tax incentives for the formalization of small businesses, including Super Simple reducing taxation and simplified tax procedures, the other had to do with increasing demand of tax regulation and compliance with the rules of the social security system so that companies could have access to credit and participation in public tenders. (Ibíd.).

Within this balance that allows us to understand the improvements in the labor market through state intervention, it is worth noting the role fulfilled and fulfills unemployment insurance. On the one hand, unemployment insurance be allowed a container of the crisis of 2008, was so for safe deceleration period was increased to seven months allowing ensure family income despite the fall in production. However, the increase in applications for unemployment insurance out of the economic crisis, it is also an indicator that the formalization of the employment relationship was not accompanied by a reduction in the rate of turnover rates, structural phenomenon previously exposed.

Referring to the increase in formal employment, this phenomenon was given by two different effects: one was the tendency to formalize business and employment contracts, and the other by the increase in the number of formal jobs generated by each point percentage growth product. I mean, this increased formalization is a result of the

modification and expansion of the production structure and the strengthening of the audit which expanded legalization of many contracts. (Baltar et. al., 2010)

Describing the created formal job, it is worth noting some features such as the one which positively affected all especially the younger age groups, and this made a wrong way to the global reality where young people are the group most affected by unemployment; another aspect is that the formalization was widespread in all sectors of the economy, with some growing faster than others even expressing high social heterogeneity by occupation. These specificities of formal employment in Brazil were accompanied by increasing occupancy rates, recovery expressive average income, and increased share of wages in national income and elevation of the total mass of earned income. (Ibíd.)

The referenced authors define the factors causing this increase in formalizing the work of the improvement in the economic dynamics, as follows: a) the need to improve the collection of taxes to the state in order to cope with debt public in this regard continued fiscal primary surplus target to reduce the debt / GDP ratio; b) the role of public institutions, especially those responsible for overseeing the social and labor legislation; c) formalization of micro and small enterprises through credit programs and tax incentives, and d) increase in union activity.

2.2.2. Wages Policy combat the inequality.

As highlighted in the document published by CEPAL (2010) for countries which still have high levels of inequality and sector heterogeneity, an instrument for the protection of workers earning low incomes and therefore more vulnerable, is the minimum wage. This view was rejected by the neoclassical approach implemented during the 90s when the wage policy was subject to inflation targets in line with the bad readings on the inverse relationship between prices and wages, a result of the Phillips Curve.

However, since the end of the 90s and early 2000s many countries adopted policies on minimum wage understood as a powerful tool that helps to strengthen the purchasing power of low-income households. In this sense, one can understand that the minimum wage has the potential to reduce inequality and poverty, since it allows setting a wage floor positively impacting low-income wage earners.

For the specific case of Brazil, the idea of strengthening the family income through a minimum wage policy was carried forward as a state policy. In that sense, this measure allowed structurally improve working conditions in Brazil, so that the determination of the minimum wage was defined with the objective increase recovering the loss of purchasing power, indexing inflation, and allowing it would value when economy did well.

Brazil managed to turn economic growth compatible with recovery of the real wage, even at times the wages grew faster than the economy. Thus, according to data of ILO (OIT, 2013), the relationship between economic growth and changes in wages is observed. Significantly, the demand-driven policy established by Brazil by increasing wage policy was reinforced after the 2008 crisis. Despite the decline in GDP for 2009, the recovery is

noticeable next year without leaving the wage growth for the ten years in question the real wage increased by an annual average of 6.78 and GDP to 3.8.

The wage policy of Lula government allowed the improvement in working conditions and in turn generate economic growth given the recognition of the effects of labor income on demand, contrary to the neoclassical theoretical conception . With this, the verified recovery far exceeded the rate of inflation, real wages achieved expressive gains purchasing power, according to Baltar et.al (2010) these were 38.3 % for workers in the bottom of the pyramid wage.

In the report cited by the authors Diesse specifies that the positive impact of the appreciation of the minimum wage is higher for those groups whose union is weak and have little impact on decisions. In sectors that their wage floor is at or near the minimum wage, increasing this value as a reference meant playing up that had not been reached with collective bargaining. Also, to be a guide in the labor market, the minimum wage increase the sectors allowed defining wages by negotiation obtain significant increases. This is an explanation of the fall in wage dispersion and highlighted by CEPAL.

In addition to the direct improvement of wages, recovery of the minimum wage had a "spillover" effect by raising the rents that are linked to it as a reference, e.g. pensions and income transfer programs such as Bolsa Familia. With this, the effect of improvement of income, especially for the lower income strata was significant.

“The increase of employees, the formalization of labor contracts, increased yields -- particularly the minor ones influenced by the impact of rising purchasing power of the minimum wage- labor struggles and achievements of collective agreements and conventions rise in real wages and reducing unemployment, contributed to the rise in family incomes, especially those of lower income” (Baltar, et al, 2010, p. 17)

It should be placed at this point that despite the negative predictions of conservative economists and neoclassical theory that it observes the minimum wage as a factor distorting the labor market and, therefore inefficient, political recovery of minimum wage not aggravated the deficit of social security system, this gave thanks to good economic performance and job formalization increased revenue Previdencia Brazilian system.

The combined effects of policies on the labor market resulted in the improvement in the labor pyramid base, for example, Quadros (2010) shows the impact of the policy of valuing even for those individuals who are not employed and are or linked to the social security or income transfer programs.

In this sense, according to data presented by Quadros was presented a growth of 4.1 million people employed in yields , growth was potentiated by a reduction of 6.5 million people in the level listed by the author as miserable, this as a result of raising the minimum wage. So the combined effect of the two changes results in a total of 10.6 million people who move to levels above the poorest.

2.2.3. About the unions

The debate over the relationship of the Lula government unions is still open. One of the major criticisms that arise in the literature is the failure of his campaign promises regarding labor reforms, especially the "failure" of the reform of labor and union did not get the expected result through the creation of Forum Nacional do Trabalho (FNT).

However, despite the high degree of fragmentation and the Brazilian crisis unionism, economic recovery, increased formalization and minimum wage policy, allowed the unions to have a negotiating space and improved in overall terms the median income for organized labor.

Similarly, the absence of persecution from the government and, on the contrary, the improved dialogue with the unions, played a pressing role both for the control and the strengthening of the formal employment.

As expressed by Baltar et al (2010)

“Despite the tensions, there has been progress - especially after 2005 - to the attention of the demands of some workers, among which we can highlight: the politics of recovery in the minimum wage, trade union recognition and action to cope with the recent crisis in 2008-2009. Therefore, the labor movement, through the unions, has an important dialogue with the Federal Government, with room to participate in the formulation of public policies”(Ibid. p.34).

The Lula government closes its mandate strengthened Brazilian economy and a substantial improvement in labor market conditions especially in sectors with lower wages. Although an anti-labor flexibilization reform was carried out and many of his campaign promises in the workplace were not formalized, it is clear to Brazil on turnaround in contrast to the 90s. Thus we can say that Brazil runs a path from the flexibilization-driven towards the regulation of labor relations.

3. Different paths in the light of the data

3.1. Different paths: growth and wages

One point worth noting contrast between Brazil and Colombia has to do with the gap between wage growth and more clearly, the divergence between grow and put into practice distributive policies for workers, or grow and expect the market to distribute the products. In this regard, it is worth noting that one of the policies that allowed structurally improve working conditions in Brazil was recovery via wage policy for determining the minimum wage not only inflation-indexed but increasing as the economy improves. As stated in the previous section, the wage policy of the Lula government allowed the improvement in working conditions and in turn, generated economic growth given the recognition of the effects of labor income on demand. Contrary to the neoclassical theoretical conception

carried out by the Uribe government, only by understanding the salary as a cost to business and, therefore, conservative measures against the definition of the minimum wage .

According to ILO (OIT, 2013), we can see the relationship between economic growth and changes in wages. Significantly, the policy on the demand from Brazil by increasing wages, which was reinforced after the 2008 crisis. Despite the decline in GDP for 2009, the recovery is noticeable next year without leaving the wage growth for the ten years in question the real wage increased by an annual average of 7.97 and GDP to 3.5. In contrast to the policy towards the supply carried out by Colombia, where although the average annual growth was 4.5, wages only increased by an average 1.55 per year.

Tabla 1: Variation of real wages and GDP yearly medium rate 2002-2010
2000=100

	BRAZIL		COLOMBIA	
	real wages variation	GDP	real wages variation	GDP
2002	4,50	2,7	1,70	2,5
2003	3,10	1,1	0,20	3,9
2004	4,00	5,7	1,90	5,3
2005	7,10	3,2	1,60	4,7
2006	16,80	4,0	2,70	6,7
2007	9,40	6,1	0,80	6,9
2008	6,10	5,2	-0,60	3,5
2009	11,90	-0,3	3,60	1,7
2010	9,30	7,5	1,40	4,0
2011	0,10	2,7	0,10	5,9
2012	15,4	1,0	3,6	4,2
Yearly average	7.97	3,5	1,55	4,5

Source: Labor Overview 2013-ILO based on official information of the countries and CEPAL. Own calculations

At this point it is relevant to analyze the strategies used by both countries to face the crisis. In the case of Brazil, countercyclical policies took several strategies, credit policies were encouraged, both for consumption and investment, which ensured the supply of liquidity to the dollar shortage resulting from the crisis, this decreased the negative effects on domestic demand. Furthermore, it defined an active fiscal policy that circumvented the effects of job losses that brought the crisis to falling external demand for commodities from developed countries. (Santos, 2012). To avoid the negative effects on employment the value and timing of unemployment insurance increased.

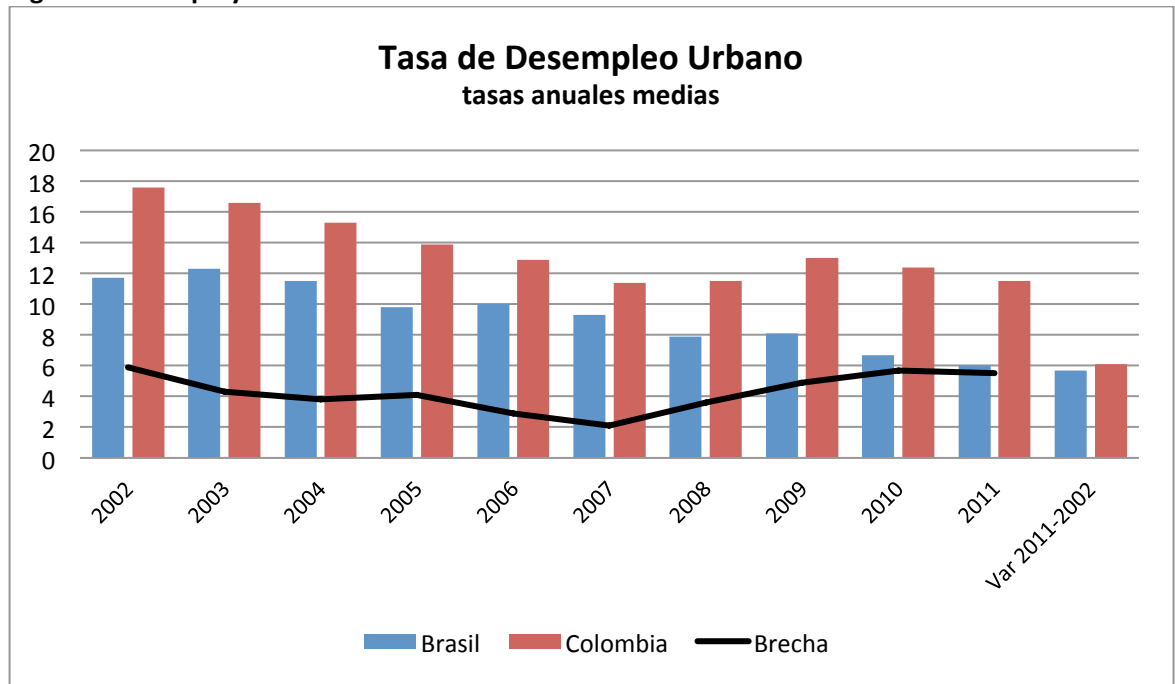
In the case of Colombia's strategy to address the crisis began with the creation of Presidential Office for Countercyclical policy, defining four paths: 1) investment in infrastructure to create jobs and increase competitiveness, 2) social vulnerable people protection; 3) investor confidence, 4) financing to small and medium businesses (Sanchez, 2011). The result was an increase in investment by the government, flexibility and support for private investment, but very little transfer of resources to protect vulnerable populations. Faced with public investment is worth noting that it was directed to sectors with low

employment generation, but with high investment of foreign capital, especially Mining and Energy industry.

“More than 50% of the investment made in infrastructure occurred in mining and energy, however, was that fewer employees generated, to generate employment in the sector is needed to invest the equivalent of 3,333 minimum monthly wages, which shows an imbalance between labor and capital in this sector” (Sanchez, 2011, pág. 193)

Contrasting policies have direct effects on the labor market, although unemployment rates in both countries presented decreasing trend proportions are markedly different, but you can not say that this trend is due to the policies carried out during the 2000. However, the growing gap between the rates after the crisis is highlighted, while Brazil continued its declining rates, Colombia has a turning point for the 2007-2008 where unemployment starts growing again.

Figure 1: unemployment rates in Brazil and Colombia 2002-2011



Source: Labor Overview 2013-ILO based on official information of the countries and CEPAL.

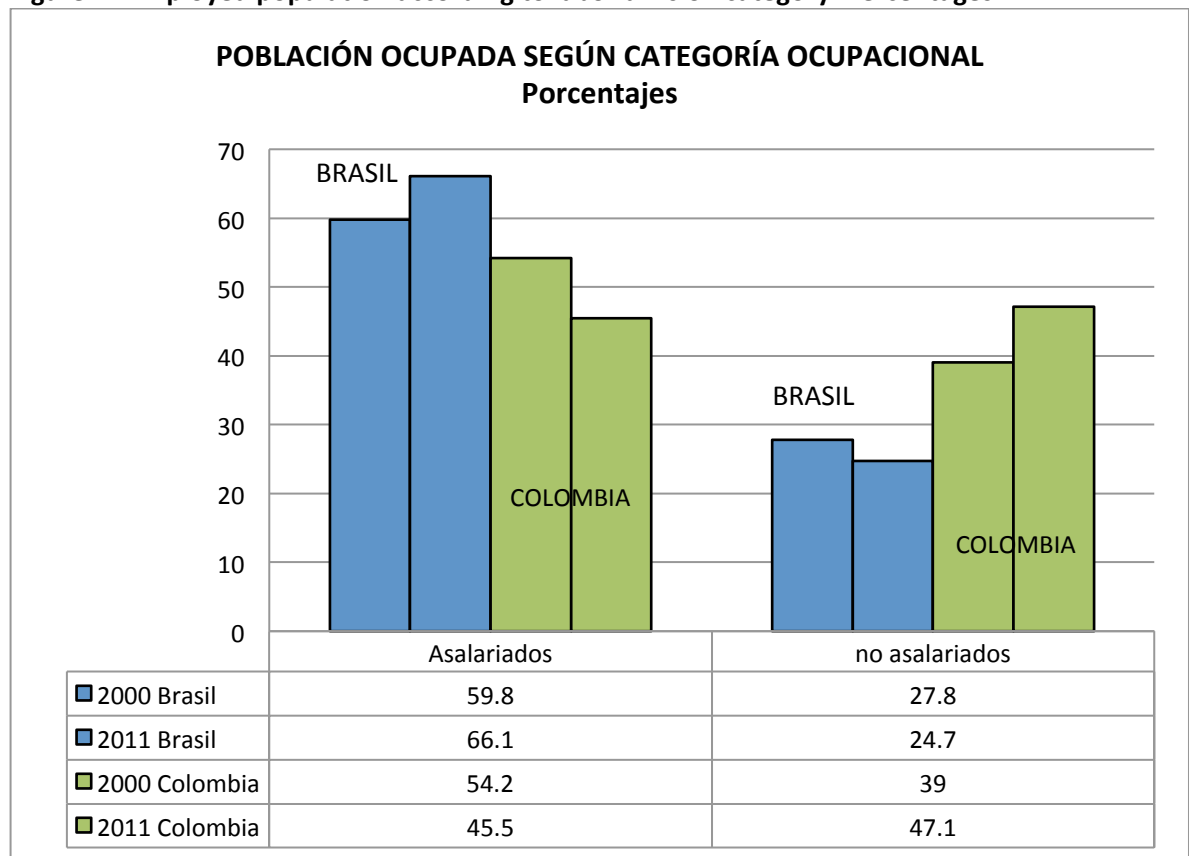
3.2. Regulation and formalization

When it is deepened more about what kind of job was created in the two countries, the differences are more marked. Brazil strengthened somewhat formal job creation, this together with the wage increase was reflected in movements in the base of the social pyramid, so "sharp reduction in what is known as homeless in 23.8 % in 2002 to 10.1% in 2007, had as its main counterparts growth of the working masses of 28.4% to 32.6% and the lower middle class of 29.6% to 36% " (Quadros, 2009)

In Colombia, the flexibilization and reducing labor costs policies did not result in an improvement in the quality of the work, or the sustainable creation of formal jobs, coupled with the investment policy was directed to sectors with little job creation.

As can be seen in Figure 2, the working population employed in both the private and public sectors increased in the case of Brazil from 2000 to 2011 at 6.3 %, while in Colombia fell by 8.7 %; on the other hand, the self-employed population (constituted by employers and independent freelance workers) for the case of Brazil decreased 3.1 % while Colombia showed an increase of 8.1 %. Although this measure does not truly assess the quality of work, if it can be said that an expansion of the wage relation to Brazil was presented as an opposite case happened to Colombia, possibly explained by the extension of the provision of services via recruitment and not through employment Contracts-based flexibilization as implemented by the Uribe government policy.

Figure 2. Employed population according to labor division category. Percentages.



Source: Labor Overview 2013-ILO based on ILO estimates with the households surveys. Data have urban coverage.

To assess levels of protection Table 2 shows health coverage and pensions of the working population. As noted, the coverage levels for the case of Brazil grew rapidly to Colombia this movement was marginal. Brazil increased the coverage of its population in 12% in health and 10.7% in B, whereas the increase for health Colombia was only 0.4% and 3.6% in pension.

So, while unemployment rates for the 2000s decreased the quality of the jobs created is differentiated. In the case of Colombia's labor situation has tended to worsen during the first decade of the new millennium, according to different sources informality in Colombia is one of the highest in the region, the Ministry of Labour corresponds to 68% while the ILO report "Global Employment Trends 2013" informality reaches 80%.

Table 2

EMPLOYED URBAN POPULATION WITH HEALTH COVERAGE OR RETIREMENT FUND (Percentages).						
	BRAZIL*			COLOMBIA**		
	Health	Pension	Health and/or pension	Health	Pension	Health and/or pension
2000				47,7	34,3	47,8
2001	53,4	57,9	58,3			
2007	57,9	62,2	62,7	47,5	38,8	53,9
2008	58,8	63,3	63,8	49,1	38,8	53,9
2009	60,2	64,5	65	47,7	37,3	51,9
2010				47,6	38,2	52,3
2011	65,4	68,8	69,2	48,1	37,9	52,6
2012	66,3	69,8	70,2	46,1	38,9	52,5
Variation	12	10,7	10,9	0,4	3,6	4,8

Source: Labor Overview 2013-ILO.

* Encuesta Nacional por Muestra de Domicilios (PNAD) de septiembre de cada año. En el 2010 no se levantó la PNAD debido a que se realizó el censo.

** Datos para 2000 corresponden a 10 ciudades y áreas metropolitanas; se refieren a junio de la Encuesta Nacional de Hogares (ENH), Etapa 1; datos de 2005 corresponden al II Trimestre de la Encuesta Continua de Hogares (ECH); a partir del 2007 los datos corresponden al II trimestre, cabeceras municipales de la Gran Encuesta Integrada de Hogares (GEIH).

Final reflections

The route of this study allow us to draw some preliminary conclusions about the consequences on the world of work in the countries analyzed.

It is clear that from the 2000s a process of change in Latin America started and generated two blocks, but not necessarily internally homogeneous. A block of countries in response to the dire social consequences brought by the application of the flexibility measures in the 90s changed the orientation of social policies by placing at the center of debate. The other block, the reform process continued and deepened the flexibilization policies.

Although the first set of countries still live the tensions, radical changes were observed in the performance of their economies, especially in regard to labor and social variables. Perhaps we can refine this analysis with the words of Cook (2006)

“These governments did not abandon the market-oriented policies of their predecessors; they were more oriented toward redistributive policies and friendlier to trade-unions. The earlier results were a more favorable political environment for organized labor and greater potential for a more balanced labor policy.” (p. 201)

In the case of Brazil, it is clear that indicators of improvement in the labor market have only managed to recoup their losses during the 90s, and have failed to reverse structural conditions characteristic of the Brazilian economy. In this sense, it is presented on the table for discussion the need for further changes to generate a policy of sustainable development over time that allows combining economic growth with the creation of better conditions for the Brazilians.

Barbosa de Oliveira (2010) states that the improvements achieved in these years are a first step , however , still a long way to go to change qualitatively the lives of Brazilians , the author wants to emphasize an element that still persists and is low income of the majority of the employed, so that "in October 2008 means the lower middle class income was R\$994, those of the working masses R \$ 434 and those of the homeless R\$105" considering that these strata account for nearly 57.4 million people, i.e. 83.2 % of the employed.

Colombia for its part has an even longer way to go, not only because the country has failed to consolidate an efficient path when Brazil and other countries in the region did so, but it follows the path of deregulation and liberalization. Today Colombia is ranked as one of the most unequal countries in the region and a laboratory for studying the phenomenon of increasing informality.

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