

## Chapter 10 Case Study

### The regulating of labour standards in the south: the case of Peru

Naresh Kumar and Miguel Martínez Lucio

Peru has a long history of trade unionism and labour regulation. However, it has often been felt that this has not always been evenly extended to large parts of the population and the diverse territories. There appears to be a division between urban and rural areas for example. What is more Peru has had part of its history interrupted by authoritarian governments which did not always pursue equality and fairness. Trade unions have had a chequered history in the country which is in the top 40 richest nations. Where historically they have been tied to specific political parties and their autonomy has been difficult to achieve as an independent actor. For some the trade union movement worked mainly in state sectors and export facing sectors. During the Garcia governments with its neo-liberal strategies of 1985–1990 and 2006–2011 trade unions were marginalized and stigmatized, with very little discussion with them in relation to policy (Hudson 1992). However, one would have thought this would not have been the case given the origins of the party and its previous links. Whilst the repressive laws towards unions were revoked after the authoritarian oriented Fujimori government (1990–2000) there was no systematic political inclusion of unions (ITUC 2007). In part this was due to the government desire to privatize sectors and develop market facing neo-liberal policies in part driven by international economic agencies.

Many have felt that the push towards further inward investment, as the entrance of certain MNCs indicates, pushed policy to one that tries to maintain labour cost advantage and allow for greater flexibility. For example, the country has in the past ten years for example seen some significant developments in economic terms, although some in political circles have raised concerns about the dependency on overseas capital which has taken over ownership of key sectors. There has been an increasing reliance on overseas investors.

Peru remains a country where the flouting of trade union rights is a common occurrence. Despite the official return of democracy, many of the government's actions, and those of employers, rely on union laws and policies – which are not always supportive of unions – that were inherited from the dictatorship and not replaced by the outgoing government of Alejandro Toledo, despite his promises at national and international level. According to commentators there was in the past ten years a greater push to use contract labour, greater pressures on union leaders and even dismissals, a reticence by employers with regards to collective bargaining, and a large acceptance of the informal economy which involves over half of the workforce (ITUC 2007). So whilst some statistics place the country in the top 50 in the world in terms of economic league tables with a high human development index, there are issues and problems related to the reach of regulation: for some this was seen as a basis for the economic growth of Peru during the past few years but others have argued that it has cemented a legacy of dualism and exclusion in the labour market and in society which also reflects ethnic differences. Whilst there are pressures from the International Labour Organization and other international regulatory bodies to ensure more extensive rights in terms of labour representation, the limits on using child labour and the right to strike – coupled with an array of cross national agreements led by developed countries such as Canada with Peru – the concern is with the application of these rights, the large spaces where rules are not implemented and the culture of employment and employers in specific sectors such as agriculture.

## Questions

- 1 What are the main challenges facing Peru when developing its systems of employment rights?
- 2 What role can trade unions play in overseeing these rights?
- 3 What effect does the desire to increase inward investment have on the ability to maintain a social dialogue between workers and employers in the workplace and unions and governments at the national level?
- 4 Can trade agreements between countries cement worker rights?
- 5 Apply these questions to other contexts you are aware of.

## References

Rex A. Hudson (ed.) (1992) 'Labour Unions' *Peru: A Country Study*. Washington: GPO for the Library of Congress, <http://countrystudies.us/peru/88.htm>

ITUC (2007) *Annual Survey of Violation of Trade Union Rights* ITUC, <http://survey07.ituc-csi.org/getcountry.php?IDCountry=PER&IDLang=EN>