

LABOUR AND SOCIAL JUSTICE

BANKING ON TRAINING AND PENSIONS

How a Uruguayan union negotiates automation in the financial sector

Lucía Pittaluga, Soledad Giudice, Aníbal Peluffo and Natalia Otero

With the collaboration of Agustín Correa and Federico Lacaño
September 2020



The Bank Employees Association of Uruguay (AEBU by Spanish acronym) understood the risks the automation process posed to its affiliates early on and decided to implement a strategy in favor of defending employment rather than specific jobs.



In bipartite and tripartite bargaining spaces, it bet firmly on workers training and change management through negotiations. To secure the finances of the sector's social security institute in the face of declining employment it negotiated »robot-tax«-like technology-related contributions from the employers.



LABOUR AND SOCIAL JUSTICE

BANKING ON TRAINING AND PENSIONS

How a Uruguayan union negotiates automation
in the financial sector

»**Trade Unions in Transformation 4.0**« examines unions' strategic actions to mobilize power resources in a »new world of work« in which capital uses digital technology to re-organize the labour process. The Global Trade Union Programme of the FES aims to understand how the power balance between capital and labour is impacted and how workers are responding to the threats of the digital rollback towards greater exploitation and precariousness of workers. Pursuing a dialogue and action-oriented approach, the project ultimately intends to contribute to trade unions' strategic reflections, experimentation and purposeful transformation.

Content

1	INTRODUCTION	2
2	POWER RESOURCES OF THE BANK EMPLOYEES ASSOCIATION OF URUGUAY	3
3	THE AEBU'S POWER RESOURCES FROM A GENDER PERSPECTIVE	7
4	TASK AUTOMATION IN THE URUGUAYAN FINANCIAL SECTOR	10
5	THE AEBU'S STRATEGY OF ADDRESSING TASK AUTOMATION	14
5.1	Collective bargaining, including with a view to the impact of technological change	15
5.2	Protecting pensions in a context of technological change: how technology contributes to social security	16
6	CONCLUSIONS	20
	Bibliography	22

1

INTRODUCTION

The technological and industrial revolution of digitalisation is questioning central dimensions of the organisation of work, the economy and society. The lessons learnt from previous technological revolutions hint at important structural effects, which will have a neutral impact on the different actors within society. There is no such thing as technological determinism, so institutions and the predominant ethical and social values will be essential to assimilating changes and, at the same time, serving as the foundation (or not) for solutions relating to the value of social justice.

Profound technological changes currently under way imply the destruction and transformation of existing workplaces, with new jobs being generated at the same time. The ongoing public debate, academic research and public policies largely focus on these issues. It was no coincidence that the future of work was the main topic of debate at the 2019 anniversary of the International Labour Organization (ILO), which focused its attention on five issues: work and society, decent work for all, organisation of work, production and the governance of work.¹

This paper analyses the automation of the Uruguayan financial sector and the role of trade unions in negotiating these changes. Uruguay's financial sector is characterised by both its labour intensity and an increasingly intensive use of technology as part of the provision of its services, as a result of which the sector is highly exposed to ongoing changes. The Bank Employees Association of Uruguay (the Spanish acronym is AEBU), the single union organising all the companies in the country's financial system, grasped the risks the automation process meant for its affiliates at an early stage. It reacted by developing various lines of action, which may be understood as part of a non-explicit union strategy to face technological change.

From this perspective, it is critical to take changes in labour relations into account and to understand in which ways the introduction of technology transforms social conditions and power relations between system players. This document aims to address this phenomenon by focusing on the strate-

gies AEBU has been following so far to deal with technological change and on the challenges it will face in the future. At the same time, the document seeks to contribute to a comprehensive understanding of the role of trade unions in the digital technological revolution.

The second section of this document analyses AEBU's historical record based on the conceptual framework of labour's power resources, while section three examines AEBU's power resources from a gender perspective. Section 4 focuses on the impact of technological change within the sector and the transformations that have been identified relating to occupations and tasks, while Section 5 describes the strategies the union has developed in the recent past in order to deal with the phenomenon of technological change and its impact on employment and retirement funds. The conclusion summarises unique aspects of the AEBU's union history and its contribution to a broader perspective on trade union transformation in the face of the digital revolution.

At the time this article was drafted, the health pandemic of Covid-19 was spreading in Uruguay and the world, impacting the economic and social spheres on an incalculable scale. Without doubt, digitalisation has provided fundamental, absolutely necessary solutions that have helped mitigate the inconveniences caused by the social distancing measures imposed by health authorities. The financial sector has been among the areas of the economy most affected by the digitalisation process, together with telecommunications, health (thanks to telemedicine) and education. At the same time, plans for automation at company level have accelerated, adding even more urgency to the problems addressed by this article relating to the destruction and transformation of work and the role of trade unions in these processes.

¹ 104th Session of the International Labour Conference, 2015. Report I: Report of the Director-general. Link: https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meeting-document/wcms_370408.pdf

2

POWER RESOURCES OF THE BANK EMPLOYEES ASSOCIATION OF URUGUAY

Over the past decades research on trade unionism has been revitalised internationally, with special emphasis on innovative labour organisation strategies and new forms of union participation. As part of the debate about the modernisation of unions, the «power resources» approach has been introduced as a research branch, challenging the idea of a decline in trade unionism. Research in line with this orientation neither focuses on the institutional framework of labour relations nor on the impact of globalisation on labour, but instead on the strategic capacity of unions to choose their response to new challenges and changing contexts. (Schmalz et al., 2018)

»The idea is that unions evaluate their power resources, identify their capacities and make a strategic choice, which will allow for the transformations needed to achieve their objectives«. (Schmalz, 2017:21).

This section is dedicated to an analysis of the AEBU's history from the perspective of the «power resources» approach in order to identify how the four components interact which according to Schmalz et al. (2018) constitute such power resources: *structural power*, *associational power*, *institutional power* and *societal power*.²

The AEBU was founded in 1942 with the objective of grouping and organising workers in the public and private banking sectors. However, following a process that began in the 1990s and which will be explained later, affiliates from other financial institutions joined the union, transforming it into the current union organisation and encompassing employees from the entire financial system.

As shown in Chart 1, the financial sector currently employs 23,700 workers³ (the latest updates include the years 2018 and 2019), representing 2% of the country's total formal workforce. Jobs are distributed between around 270 companies; however, more than 70% of these jobs are concentrated at companies in just three sectors: public banks (also known as the official banking sector), private banks and consumer loan companies. For its part, the AEBU has 11,246 members accounting for 47% of the financial system's workforce.

Chart 1
Employment and union membership in the financial system

Sectors	Companies	Workers	AEBU's Membership (%)
Public banking	5	7,798	70%
Consumer loan companies	70	5,795	35%
Private banking	9	3,448	53%
Security transport companies	4	1,480	47%
Exchange entities and financial services companies	75	1,252	5%
Savings and credit cooperatives	58	970	24%
Insurance companies	20	830	15%
Payment and collection networks	2	785	13%
Pension fund administrators	4	439	23%
Banking and finance houses, subsidiaries	10	223	59%
Other sectors	10	697	55%
Total	267	23717	47%

Sources: Prepared by the authors. Annual report by the Bank Employees' Pension Fund, Dec. 2018; quarterly report by pension fund administrators (AFAP), fourth quarter of 2018; data registered by the unified system of the Uruguayan Social Security Scheme (BPS) and the Ministry of Labour and Social Security (MTSS), June 2019; National Civil Service Office (2018).

² There are two bibliographical precedents in Uruguay with the same approach. Zurbriggen et al. (2003) analyse the major crisis of representation facing the Uruguayan labour movement at the beginning of the 21st century, citing a number of factors that are subsumed under the concept of power resources, such as the unionisation rate, the capacity to mobilise and unions' image. Padrón et al. (2017) use the power resources approach to analyse the revival of the Uruguayan trade union movement during the three government periods of the leftist Frente Amplio party between 2005 and 2017 (the third government stepped down from office in 2020).

³ For the sake of simplicity this document does not use inclusive language, although the limitations resulting from the absence of such language are evident.

AEBU's *structural power*⁴ has traditionally been of significance for the organisation, as it is the only union in the Uruguayan financial system, a fact that has added significant weight to its capacity to influence economic activity in the country in general and underscores its *workplace bargaining power*. This power is based on the financial system acting as the »circulatory system« of the economy by channelling all major transactions.

The union's capacity to influence the most important transactions of the economy through trade union action has lent the AEBU a strong negotiating power when it has sought to defend its interests. In recent years, this *workplace bargaining power* has diminished, however, following the introduction of information and communication technologies (ICTs) in production processes. The AEBU's strategy of addressing this fact will be examined in detail in Section 5.

At the same time, something similar has happened with respect to *marketplace bargaining power*, yet another component of *structural power*. Historically, financial activities have required specific knowledge, which has not been readily available in the labour market because in this sector such knowledge and know-how have traditionally been a function of workers' experience. In other words, the knowledge required from workers has above all been tacit rather than codified.⁵ Due to the introduction of ICTs, this has been eroded, as the automation process has made it possible to simplify and codify the tasks of a variety of jobs and thereby facilitate their transmission and execution, with a subsequent loss of workers' *marketplace bargaining power*.

The AEBU's *associational power*⁶ is based on several pillars. First of all, as mentioned above, the union membership rate for employees working in the financial system is close to 50%, as compared to an average unionisation level in the area of formal employment of about 33% at the national level. However, it should be pointed out that the AEBU's unionisation level was above 70% for most of its history, during which its representation was limited to banks only. This means that workers in new sectors which began to be

organised by the AEBU in the 90s are less inclined to join unions.

Historically, AEBU's high membership levels have contributed to its position as a union with one of the best infrastructures and greatest financial resources in Uruguay as well as a broader general structure than all other unions. In this respect, it should be pointed out that the AEBU is represented in all nineteen departments of Uruguay thanks to 22 »section« offices with their respective organisation structure and staff.

Furthermore, the inclusion of several training areas and a number of committees and groups such as pensioners, with a sustained presence in time of these initiatives, reveals the importance of internal cohesion as another aspect of *associational power*. Another important factor in AEBU's power resources that will be discussed in depth later (in Section 5.2) is the relationship with the Bank Employees' Pension Fund (the Spanish acronym is »CJPB«)⁷. This scheme was founded before the union; however, its origins followed, at least in part, an initiative by workers in the sector.

As a result, the histories of the CJPB and AEBU are closely linked to one other, even though both institutions have maintained their independence and their specific objectives. A number of sectors were integrated into the CJPB before joining the union, others were affiliated to the AEBU before integrating into the CJPB. Until the mid-1990s, affiliation with the CJPB and AEBU was limited to banks. As mentioned before, this started to change in ensuing years. However, with the promulgation of Act 18.396 in 2008, a thorough reform of the finance sector's social security system began, thereby making other financial sectors eligible for integration into the scheme. The social security reform also impacted sectors affiliated with the AEBU.⁸

Figure 2 traces out evolution of affiliations with the CJPB. Until the 1990s, affiliation with the retirement fund was limited to employees at public and private banks only. Since then, employees at private insurance companies and savings and credit cooperatives have begun to join the scheme. The effects of the 2008 reform of the CJPB can be observed since 2009, with a profound diversification of affiliates' sectors of

4 A union's *structural power* is based on its position in the production system and on features characterising workers in the labour market. It refers to the position of wage-earners in the economic system. It constitutes a primary power resource because it is also at the disposal of workers and employees, who do not participate in any collective representative body. *Structural power* is based on »disruptive power«, i. e. the power to interrupt or limit capital profits. It takes two different forms: *production power* and *market power*. (Schmalz, 2017)

5 The tacit or codified character of knowledge, know-how and the skills required in production processes is a very relevant concept with which to explain processes of technological change and the ownership of knowledge. See for example Burgueño and Pittaluga (1994).

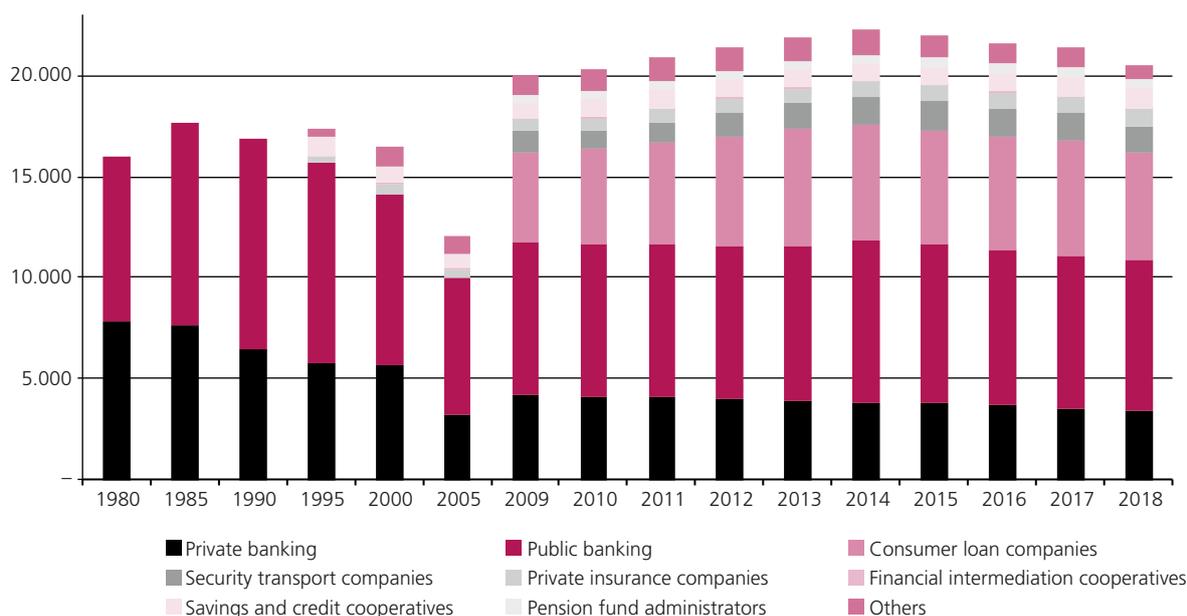
6 The concept of *associational power* includes a union's membership level, its ability to mobilise, its organisation structure, its infrastructure, and its possibilities for participation. *Associational power* brings together the primary power of workers and employees; it even has the ability to compensate the lack of *structural power*, without replacing it completely. Unlike the latter, *associational power* requires a process of organisation and establishment of collective players with a capacity to develop strategies. (Schmalz, 2017)

7 The CJPB is a non-state public entity which was created by law in 1925. It is run and managed by a tripartite honorary board. Besides the entity's president, who is appointed by the government, there are three board members representing the affiliated companies and three representing the entity's affiliates (one for retired workers or pensioners, and two for active workers).

It should be taken into account that Uruguay's diversified social security system consists of three kinds of institutions: the »Banco de Previsión Social«, an autonomous social security entity established by the Constitution, which covers the majority of social security affiliates, both active and retired; the state retirement systems of the police and the armed forces under the respective authorities of the Home Office and the Ministry of Defense; and three semi-public funds: the Professionals' Pension Fund, the Notaries' Pension Fund and the Bank Employees' Pension Fund (the previously mentioned CJPB).

8 At present, some sectors, though affiliated with the AEBU, are not part of the CJPB.

Figure 1
Evolution of workers contributing to the Bank Employees' Pension Fund



Source: Prepared by the authors. Annual report of the Bank Employees' Pension Fund

origin, including workers from consumer loan companies, security transport companies and financial intermediation cooperatives.

As for the number of contributing members, there was a sharp decline in 2005 in the heels of the severe financial crisis that had hit the country in 2002. Following the 2008 reform, the number of contributing members increased until 2014, after which it levelled off and has been decreasing ever since.

The AEBU's *associational power* is directly related to its links to Uruguay's Trade Union Congress (PIT-CNT by Spanish acronym) and its governing bodies ever since its foundation. As the PIT-CNT is the country's unified head trade union organisation, its political weight in labour relations is decisive. As a result, affiliated unions are quite strongly supported by the rest of the labour movement.

In addition, at the international level AEBU has joined UNI Finance, a part of the international federation UNI Global Union, which represents about 20 million service sector workers organised in 900 unions.⁹ UNI membership since 2006 provides *associational power* with additional development possibilities. As the majority of private financial institutions in Uruguay are multinational corporations, affiliation with the UNI offers a response to the company phenomenon from the perspective of workers. Although in general working conditions in the Uruguayan financial system are more favourable than in other countries of the region, UNI's scope provides the AEBU with a very valuable

platform for an exchange of experience and comparison of common struggles.

AEBU's lasting, serious, rigorous as well as information- and evidence-based participation in the tripartite negotiation of Uruguayan wage councils (Section 5.1 describes the AEBU's mode of work within the wage council framework as an example of its power resources) is one of its major strengths when it comes to evaluating its *institutional power*.¹⁰ It is worth mentioning the accumulation of benefits workers have been able to secure as a result of the AEBU's long-standing participation in such spaces and its strong negotiating power. Workers in the banking sector (and, for that matter, all workers in the financial system) are generally perceived as privileged thanks to union achievements as laid down in various collective bargaining agreements the union has signed with many actors over the years.

At the same time, the AEBU's participation in other historical events within the broader context of the trade union movement has given it an institutional reputation. This

¹⁰ The concept of *institutional power* analyses a union's use of, and participation in, instances which are part of the institutional framework and the union's possibilities for political participation. As a rule, institutional power is the result of struggles and negotiating processes, which in turn are based on structural power and associational power. In most cases new institutions have been set up when a cycle of the labour movement's struggles has come to an end, or when capital has depended on the labour movement's willingness to cooperate. One special aspect of institutional power is its long-term continuity and stability, which results from the fact that institutions establish basic social commitments, whose scope reaches beyond short-term economic conditions and political changes. Unions may resort to institutional power resources even when their structural and associational power resources decline. (Schmalz, 2017)

⁹ For the UNIs recognition of the AEBU's work, cf.: <http://www.aebu.org.uy/noticias/12814>

societal power has certainly become one of its main power resources.

When it comes to assessing its *societal power*¹¹, the AEBU would appear to be well connected by virtue of its cooperation with a variety of players. Trade union historians refer to the political and social role the AEBU played during the economic crises Uruguay suffered through in the course of the 20th century as an example of its impact on society at large. Its role during the last financial crisis in 2002 has received particular attention. In that crisis, the union's role was key in reaching an agreement providing for an orderly resolution of the severe problems which were afflicting the entire society, a role which has been recognised by all players in society.

Within the current context, as both the incorporation of new technologies and social changes pose a challenge for various mechanisms which sustain the union's power resources, the recovery of *societal power* may follow new paths towards a strengthening of trade union action. One of these paths could be the union's relationship with social movements which have been gaining momentum over the past few years, such as the feminist movement, which is at the centre of focus in the following section.

¹¹ *Societal power* is defined as the relationship with other movements and the image a union manages to build over the years. The power resources of trade unions are understood to denote the latitude for manoeuvre resulting from cooperation with other groups and organisations of society as well as the support trade unions receive from parts of society. Thus, the public image of unions is critical. Their influence in society will tend to rise as long as they are perceived as defenders of just objectives.

3

THE AEBU'S POWER RESOURCES FROM A GENDER PERSPECTIVE¹²

Gender as a perspective provides an analytical tool that allows for the identification of differences which have constituted concrete expressions of the differential assignment of attributes and criteria of normality to women and men throughout history. It enables us to question such assumptions and to identify unequal conditions based on the differences attributed to women and men. (Quesada et al., 2016).

This section will identify some of the gender inequalities which exist within the AEBU and assess the repercussions of such inequalities in terms of different power resources. *Structural power* is then analysed on the basis of women's current participation in the financial labour market, the positions they hold as related to their work, their qualifications and their working and living conditions. It then goes on to highlight the sexual division of labour, both in the sphere of formal employment and everyday life. There is no information available for an in-depth analysis. However, some data such as labour market participation and differences in average income provide an initial approximation exemplifying the situation of women in the financial system. On the other hand, *associational power*, which highlights participation of women in a union and at the workplace, complements the aforementioned analysis. *Institutional power*, in turn, is expressed by proposals from a gender perspective put forward by the union during collective bargaining. With the aid of a *societal power* analysis, all these elements can be promoted and connected through alliances with the feminist movement and other social organisations which are currently driving the gender agenda in Uruguay.

There has been a significant general increase in the participation of women in the Uruguayan labour market over the past 20 years. In 2018, women registered as paying contributions (due to formal employment) to the social security institute (BPS)¹³ accounted for 48% of all contributors, a 66% increase from the average number of contributors in 2004. However, this significant participation is far from being reflected in the labour movement, even following

major changes in the composition of its current leadership. The 2003 Congress of the PIT-CNT passed a resolution requesting that governing bodies not include more than 70% or less than 30% of members of any sex. However, it took fifteen years to put this resolution into practise. Only in 2019 did the PIT-CNT's executive board of fifteen members include five women representatives.¹⁴

In the case of the financial system, the participation of women in the labour market exceeds their presence in the general economy. In 1999, female workers accounted for 39% of the overall workforce; by 2009 their participation had risen to 50%, while the average over the past three years (2016-2018) has been 53%.¹⁵ One of the main explanations for this growth draws attention to the fact that in recent years sectors exhibiting a particularly strong presence of men, such as banks and security transport, have registered a decrease in employment. In contrast, sectors with a strong presence of women such as consumer loan companies show the opposite tendency. From 2009 to 2017, employment in these sectors grew by 21%, with the creation of more than 700 new jobs, i.e. roughly the number of jobs shed by banks.¹⁶

The sustained increase in women's employment in the financial system has been accompanied by a growing union membership rate for women working in this sector. Currently, women account for 53% of AEBU's overall membership. This phenomenon strengthens the union's *structural power* and highlights the *associational power* of this group.

However, women are still under-represented on the union's decision-making bodies. In 2019, when its top leaders were elected to head the union until 2021, only two women were voted onto the Central Council of eleven members, i.e. there was no change in the council's composition compared to previous periods. The same occurred with the Council of the Public Banking Sector: Here as well, only two out of

¹² This section is based on the works of Godinho Delgado (2019).

¹³ As described in the previous section, the BPS is the social security scheme with which most workers in the country are registered. For this reason, its data on female members are used to calculate the participation of women in the overall economy.

¹⁴ For more detailed information, see: <https://correspondenciadeprensa.com/2016/07/05/uruguay-mujeres-y-sindicalismo-y-donde-están-las-companeras/> (accessed on 24 April 2020).

¹⁵ Data taken from the National Institute of Statistics' Continuous Household Survey.

¹⁶ Technical Advisory Committee – AEBU (2018), «Evolución del empleo y los salarios en el sistema financiero 2009-2017» [»The evolution of employment and wages in the financial system, 2009-2017«]

eleven members are women. However, for the first time in the union's history a woman was elected president of this body. The Council of the Private Banking Sector, in turn, has the highest percentage of women, holding five out of eleven positions.

By comparison, the percentage of women has increased in those bodies closest to companies: the boards of delegates (unions at the company level). This may be partly attributable to the fact that at some companies the lists of candidates of the different groups are drawn up on a parity basis. According to a member of the Central Council, who currently chairs the AEBU's Committee for Gender, Equality and Diversity¹⁷, making sure that women actually gain access to power would require a restructuring of the unions, as the current structure of these institutions does not provide for both genders to share responsibility in the union and the family, and has negative repercussions for women's possibilities to participate.

However, many female union members face yet another obstacle related to trade union culture, barring them from power. As mentioned above, the AEBU has traditionally represented the banking, a sector with a strong male presence. This contrasts with a high percentage of women in other sectors, which were integrated in the 1990s. As a result of this aspect, there has always been – and there still is – a strong male presence in positions of power, and although leaders from other sectors (many of them with strong participation of women) are increasingly being integrated, the heterogeneity of the workers making up the AEBU is not yet fully mirrored in its leadership.

In addition, within the financial system bank employees are in the most favourable structural position, as they have the best working conditions, the highest wages and most benefits. There is a huge difference between the quality of their jobs and the lower quality of employment in the non-banking financial sector. As can be seen from the analysis of average salaries by gender¹⁸ in Chart 2, women's salaries across all sectors of the financial system (base salary) are below those of men. The fundamental hypothesis explaining this gender gap is closely related to occupational segregation, both vertical and horizontal, which makes it difficult for women to access positions at the top of the hier-

archy¹⁹, while a considerable number of female workers are concentrated in certain occupational groups, where income is below that of other, more masculine sectors.

Chart 2

Chart 2: Annual average base salary
(Index base 100=system average)

	Men	Women	Total	Gap
Public Banking	116	102	109	12%
Private Banking	197	150	174	24%
Insurance Companies	122	79	100	35%
Savings and Credit Cooperatives	56	53	54	4%
Cooperative Financial Institutions	103	93	98	10%
Consumer Loan Companies	63	39	51	38%
Security Transport Companies	45	42	44	7%
Others	151	94	122	38%
System average	118	82	100	30%

Source: Prepared by the authors. Bank Employees' Pension Fund

A report by the consulting company CPA Ferrere found that in 2018 the gender gap of the Uruguayan economy as a whole measured 23.2%.²⁰ Based on the base salary data provided by the CJPB, this gap hovers at around 30% in the financial sector. It should be pointed out that due to the limits of information available these gender gaps are not entirely comparable, but they do provide an overall idea of the situation. On the other hand, significant differences can be observed between the sectors in the financial system, as cooperative companies and public banks exhibited lower gaps. At the opposite end, we find insurance companies with a gender gap of 35% as well as the – highly feminised – consumer loan sector, whose gap registers 38%.

During the last round of wage council negotiations (2018), the PIT-CNT prepared a platform containing a number of clauses with a gender perspective. Some of the proposed clauses called for the strengthening of legislation on gen-

¹⁷ Milagro Pau, interviewed for this research project.

¹⁸ Calculations are limited to basic salaries. As a result, they are based on partial data and do not include all annual payments, including variable and extraordinary payments. In some sub-sectors with a comparably significant variable wage component, this may imply a significantly distortion of information. This is the case in the consumer loan sector, which employs a high percentage of women, who generally work as company sales staff and receive a high percentage of monetary commissions, which are not included. Therefore, one can assume that the gap is overestimated.

¹⁹ This hypothesis is based on Espino (2005): «The most important differences between the situation of employed men and women are fundamentally related to the two aspects of occupational gender segregation: vertical – concentration of female workers at a non-leading level – and horizontal – the increasing presence of women in tasks other than traditional or banking tasks – with different wage levels. The phenomenon of segregation in a sector with collective agreements stipulating wages and working conditions and including clauses on gender equity is a factor that contributes to explaining existing wage discrimination.»

²⁰ Available at: <https://www.cpaferre.com/es/novedades/estudio-equal-pay-day-uruguay-reduce-la-brecha-de/> (accessed on 12 April 2020)

der-based violence (approved shortly before) and voluntary interruption of pregnancies, while others addressed the issues of shared responsibility, care and the work-family balance, including special leave to look after ill family members, to take care of small or disabled children, for paperwork, etc. Although only a few measures were actually included in existing collective agreements, the very fact that they became part of the debate had a significant impact in terms of increasing the gender dimension of *institutional power*.

As to the links between the trade union movement and social organisations and the *societal power* established by such links, the Trade Union Congress' Committee for Gender, Equality and Diversity and other groups of organised civil society joined together in »Intersocial Feminista«, a feminist umbrella organisation for twenty feminist groups which has become a key player in efforts to promote the gender agenda in the country.

In short, as an organisation representing female and male workers throughout the entire financial system of the country, the AEBU still has a long way to go to achieve the full integration of women both in its power structures and on its general platforms. Various members of the gender committee have highlighted the challenges faced on the road towards achieving the necessary cultural changes within the movement, facilitating the required transformations and spaces for discussion.

4

TASK AUTOMATION IN THE URUGUAYAN FINANCIAL SECTOR

There is a general perception as to how new developments in the digital economy transform the world of labour and generate a significant impact on the number of available jobs. However, this phenomenon is by no means new. Technological change has repeatedly been perceived as a threat to work. From the first Industrial Revolution down to the digital revolution of our times, there have been numerous warnings calling attention to the substantive effects from massive introduction of machines and equipment, which are and will be assuming a host of human tasks in the production chain, may cause with respect to demand for labour and the composition of job tasks. However, a historical perspective shows that, even though jobs have been destroyed, new jobs have been created.²¹

However, these processes of technological change and creative destruction of work have not played out without any intervention by society. The manner and the intensity with which a variety of social actors, including companies, social movements and the State involve themselves are key factors explaining the differences between the results produced in each country and in different periods of history. The historian Eric Hobsbawm, for example, explains the different roles of actors as well as their accomplishments and failures in the course of successive technological and industrial revolutions.²²

Two recent studies on Uruguay (OPP, 2017; Apella and Zunino, 2017) focus on the impact technological change has had on employment in the digital era. According to the findings of both studies, automation has been taking place in the economy in Uruguay for many years, while incorporation of technology in the production sector has been accompanied by a labour force increasingly being assigned to cognitive tasks.²³

Uruguay's financial sector is among the sectors most affected by the above-mentioned technological change. Financial services feature two core aspects: their labour intensity as human resources constitute a decisive component in companies' economic equation, as do the equally intensive and increasing use of ICTs for the provision of their services.

In recent years, a scenario of moderate growth, rather unattractive financial markets (exhibiting historically low interest rates) and intensified regulatory restrictions during the decade following the international financial crisis of 2008 have impacted institutions' financial profitability, forcing them to innovate in order to bolster performance of their shares. Companies' strategies have included cost reductions for the products they already provide and probing for market niches.

For instance, company research and development (R+D) has focused on making progress in both directions, enabling enterprises to reduce costs and expand their productivity curves in their financial activities with the help of new tools.

As a matter of fact, the accelerated incorporation of technology has facilitated the automation of tasks and a reduction in working hours required in processes, including, of course, customer services, where the results of technological innovation have been most evident. These changes have produced new players, such as the so-called Fintech industry²⁴, which has managed to offer financial products via technology platforms that are attractive for clients, motivating them to bypass traditional finance institutions, while challenging existing regulations governing the financial system.

The change of generations in the public area has been another aspect playing an important role in these processes. It has led to more empowered customers with different requirements in need of convenient, immediate and straightforward service provisions; besides this, companies reach out actively to acquire such customers, instead of passively waiting for them. Requirements of new customers and the

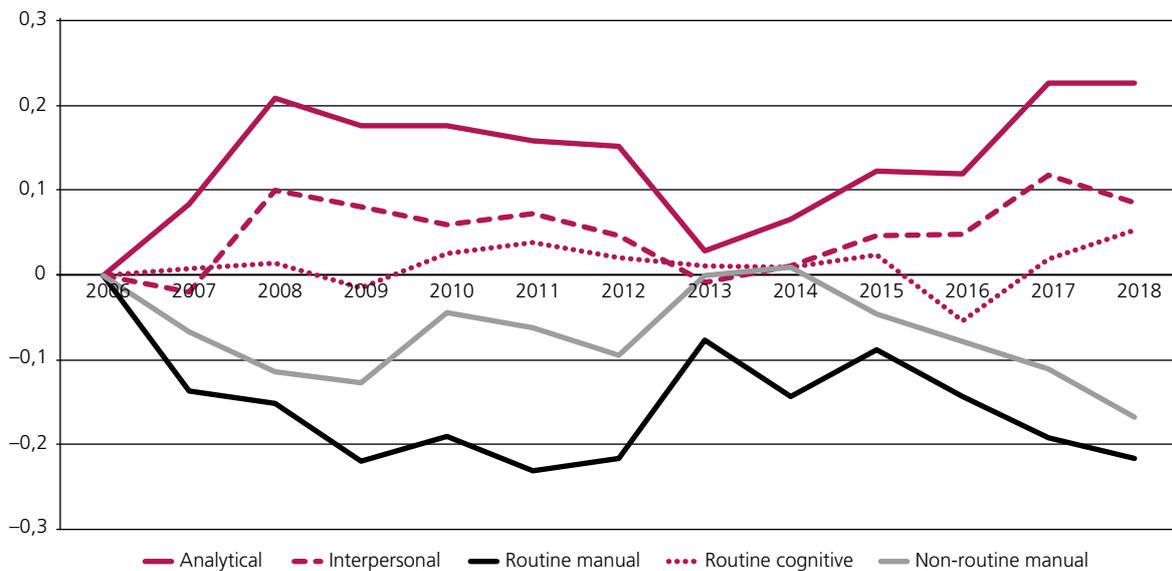
²¹ For a description of this phenomenon, see the Uruguayan Planning and Budget Office (the Spanish acronym is «OPP») (2017).

²² Hobsbawm E. J. (1964) »Economic fluctuations and some social movements since 1800«, quoted by Freeman and Louça (2001)

²³ Automation means that certain actions become automatic, i.e. they take place without the need for an individual's direct participation. At present, due to the introduction of new ICT developments, automation is making progress beyond the area of movement, in the direction of an integration of knowledge. As a matter of fact, Artificial Intelligence enables a machine to perform functions which are normally associated with human intelligence: understanding, reasoning, dialogue, adaptation, learning, etc.

²⁴ FinTech is an emerging industry in which companies use technology to provide financial services in an efficient, expeditious, convenient and relatively reliable manner. FinTech companies offer a range of financial services and operate in various markets.

Figure 2
Evolution of task intensities in the private financial sector, 2006–2018



Source: Prepared by the authors based on the Continuous Household Survey (ECH) and the O*NET OnLine data base (U.S. Department of Labor).
Note: In 2013 changes were introduced to the classification of occupations in the ECH. Standardised data series should be interpreted taking this into account.

threat of competition are determining factors in financial institutions' need to adjust their range of services through the intensive execution of plans integrating ICTs.

The introduction of technology, in turn, has had a decisive impact on the transformation of organisations and the ways work is distributed, capacities assigned and decisions taken. A process of increasing centralisation of companies' most important activities can be observed, in which organisations that used to assign major analytical and decision-making tasks to their regional subsidiaries have been transformed into systems in which all decisions and capacities required to manage the business are assumed by headquarters, with subsidiaries becoming commercial extensions that are limited to strictly necessary processes.

At the same time, cost reductions are accompanied, for example, by a contraction of the financial system's physical network, systematic reductions in staff, reorganisations of work with an emphasis on multitasking and labour flexibilisation. These trends have gone hand in hand with an increasing concentration of business in fewer companies, a decline in the number of institutions and the emergence of economic groups or corporations which combine various financial activities.

In addition, there has been an increase in activities, with these being outsourced or subcontracted to non-financial companies in order to replace certain tasks which require comparatively low levels of qualification (vigilance, maintenance, cleaning), but also strategic business areas requiring qualified workers (IT, risk analysis, assessment). The effects of such measures are not limited to employment levels; affiliating and organising these workers is much more complex than unionising them, which takes place directly on the institutions' payroll. On the other hand, the AEBU's power

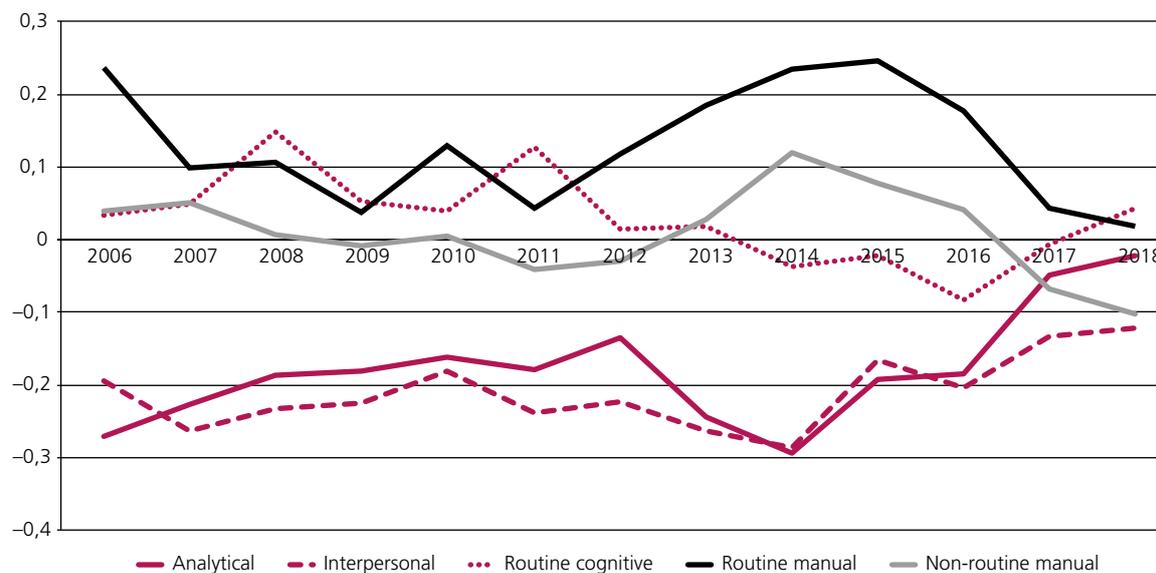
resources are directly affected due to the increasing relevance of certain tasks which tend to be outsourced – as will be explained in the following analysis – such as jobs related to software development and IT services, which from the union's point of view have the capacity to strongly impact the operational performance of the finance business.

All the above-mentioned processes are currently under way and their future magnitude cannot be ascertained yet. However, it is possible to observe a decrease in employment, which has gained momentum in Uruguay in recent years and which, if analysed in light of what has been occurring in some reference countries, does not appear to be related solely to a slowdown in a particular market's growth, but also to job-specific changes relating to the incorporation of ICTs.

Figure 2 reflects the impact of the said technological changes on employment in Uruguay's private financial sector²⁵ between 2006 and 2018. The methodology used to quantify this impact is based on Autor and Acemoglu's (2011) task approach, which classifies all the tasks in a production process according to their being of a routine or non-routine nature while taking into account whether they are manual or cognitive. As a result, tasks can be classified into five categories along the non-cognitive/cognitive spectrum, with these poles being subdivided into analytical and

²⁵ It was decided to analyse this sub-sector first, before addressing the sub-sector of public banking.

Figure 3
Intensity of women's tasks in the private financial sector, 2006–2018



Source: Prepared by the authors based on the Continuous Household Survey (ECH) and the O*NET OnLine data base (U.S. Department of Labor).

interpersonal tasks, routine cognitive, routine manual and non-routine manual tasks.²⁶

Figure 3 illustrates the tendency towards an increasing intensity of cognitive tasks, both analytical and interpersonal. At the same time, a decreasing intensity of routine manual and non-routine tasks can be observed. The intensity index of routine cognitive tasks stays close to zero, making it appear impossible at first glance to establish conclusive findings as to an eventual increase or decrease in intensity here, although the tendency indicates more similarity to other cognitive tasks than to manual ones.

In brief, observation across the entire period reveals a positive variation in the three categories of cognitive tasks as compared to the base year, with a rising tendency in the case of non-routine tasks and a decrease in the case of both categories of manual tasks. The increase in intensity of cognitive tasks and decrease in the case of manual tasks reflects the process of task automation in this sector, with manual human tasks being replaced by ICTs, which are intended

to support and complement cognitive human tasks. There are some nuances to this, because routine cognitive tasks are increasingly slated for replacement by computational algorithms, whereas the substitution of analytical and interpersonal tasks presents more difficulties, at least for the time being.

The increase in cognitive analytical tasks can also be attributed to the fact that institutions are increasingly looking for professionals with skills in certain ICT areas, negotiating, marketing and security, at the expense of less specialised workers to carry out routine tasks. This impacts mostly less qualified workers and especially women. Such occupational segregation in the most productive areas deepens the aforementioned income inequalities between women and men.²⁷

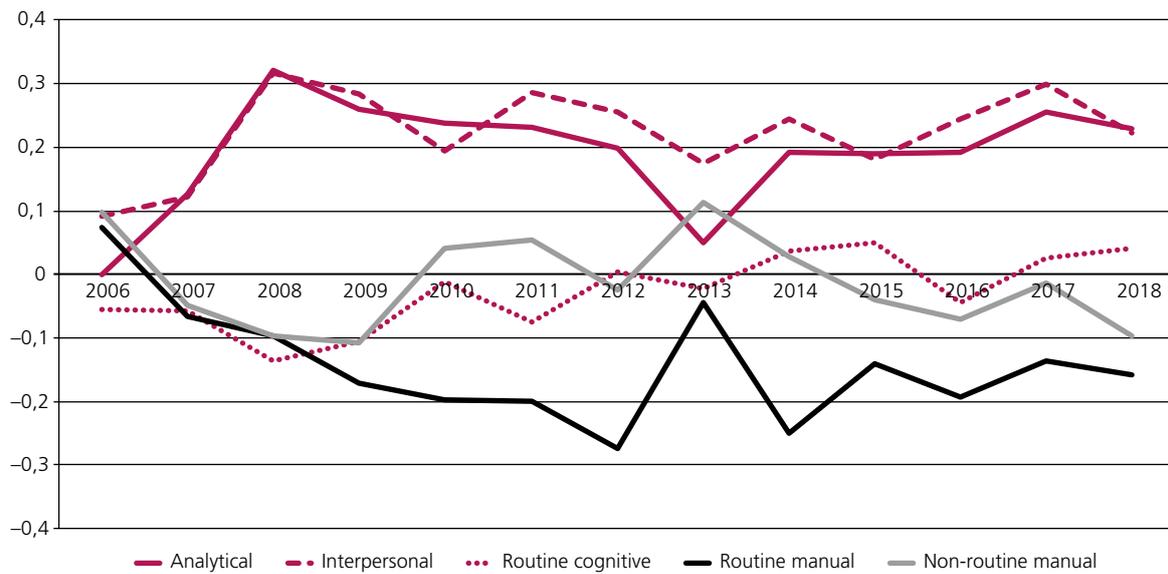
Figures 3 and 4 show the evolution of intensity for selected tasks according to gender and highlight the phenomenon of inequality mentioned in the previous paragraph. Jobs carried out by men are most intense in the area of non-routine cognitive tasks, both analytical and interpersonal, whereas in the case of women routine manual tasks are most intense. The intensity of routine cognitive tasks and non-routine manual tasks has been next to zero for both genders during most of the period, making it impossible to posit anything specific regarding its evolution in the past.

When we collate these results with those from the previous analysis of tasks which can be easily replaced by technology, it becomes clear that the present scenario is less favourable

²⁶ *Analytical tasks*: analysis of information, creative thinking, and interpreting information for others; *interpersonal tasks*: establishing relations, guidance, staff management and motivation, and training and development of others; *routine cognitive tasks*: importance of repeating the same task (for example, entering data, verifying entries in the general ledger, etc.), evaluating information to establish their compliance and using relevant information, personal judgement to decide about the compliance of events and processes with laws, regulations and standards, and the importance of being exact or precise and well structured; *non-routine manual tasks*: driving vehicles or operating mechanical appliances, time management for steering, controlling or feeling objects, practical manual skills and spatial orientation; *routine manual tasks*: pace pre-determined by the equipment's speed, finger skills, practical manual skills, wrist and finger speed, response time, machine and process controls and continuous and repetitive physical activities (for example, verifying and controlling credit cards, counting banknotes, etc.).

²⁷ A document prepared by UNI (2017): »Digitalization from a gender perspective« (published in <https://uniglobalunion.org>, June 2017) describes inequalities and touches upon other possible impacts, which should be taken into account when analysing the phenomenon from a gender perspective.

Figure 4
Intensity of men's tasks in the private financial sector, 2006–2018



Source: Prepared by the authors based on the Continuous Household Survey (ECH) and the O*NET OnLine data base (U.S. Department of Labor).

for women's work compared to men, as cognitive tasks have been increasing and are mainly being performed by men. In the case of women, manual tasks display the greatest intensities, although the end of the period has seen a decline in these curves and a rise in cognitive tasks. The latter might hint at a favourable development for women working in this sector.

Based on OPP data (2017), Espino (2019) describes that in sectors such as the financial sector, which are located in an area of the economy having the highest productivity, more women have been assigned to routine tasks than men. This can be explained above all by the aforementioned processes of occupational segregation. Without a doubt, the conclusion drawn by Espino (2019) with regard to the overall economy may serve as an explanation for the empirical tendencies and trends their study uncovered for the private financial sector. In order to confirm the findings, however, a thorough and more detailed investigation of this specific case may be warranted.

5

THE AEBU'S STRATEGY OF ADDRESSING TASK AUTOMATION

For decades, various issues highlighted in the previous section have been a matter of concern for the AEBU. As a matter of fact, as far back as towards the end of the 1980s the union's leadership acknowledged that technology would impact the sector's workers in three important ways: first and most directly, through a reduction in working hours needed to perform tasks as technologies are integrated into the sector; second, possible repercussions for the retirement and social protection of workers in the future; and third, the impact of such processes on the union's power resources, as some key elements of the production chain cease to be under the direct control of workers, thereby reducing the union's capacity to interact with the overall system.

The present section seeks to reconstruct the AEBU's actions, which involve a non-explicit strategy of addressing technological change and its effects on power resources. However, given the fact that this strategy does not constitute a sequence of perfectly coordinated, consistent actions, it first provides a general outline of the strategy based on a number of actions and processes instituted by the union, and is followed by an analysis of two milestones which best reflect achievements. This should provide some insight into the way in which the AEBU has been proceeding, firstly in the areas of tripartite collective bargaining, and secondly with regard to the protection of workers' social security.

These actions, focusing on an ever more challenging context, have resulted from the union's strategic tradition, which has been characterised by research, the preparation of concrete proposals and the adoption of actions to achieve its objectives, while maintaining a medium and long-term vision.

Among the first instances involving the development of a union strategy to address technological change, the setting up of the Interdisciplinary Technical Advisory Group (GRIAT) in 1991 warrants closer attention. In addition to the technical advice it provides, it has organised seminars and contributed publications (»Cuadernos del GRIAT«) addressing among other topics technological changes within the sector. GRIAT preceded the present-day Technical Advisory Committee (CTA), which has been operating since 2006 as an advisory board of paid officers with university degrees in economics (previously, these tasks were performed by activists having the required professional experience). Union

leaders' interest in high-quality professional information and analysis can be identified as an element of the AEBU's strategy worth emphasising.

In this respect, the use of *associational power* should be acknowledged as a factor in providing infrastructure critical to sustaining such initiatives as well as *internal cohesion*, because these initiatives would not have been successful without political backing and the appropriate vision provided by union leadership.

»Cuadernos del GRIAT« and the »Dossier« of the union's publication »Revista de AEBU«²⁸ had already shed some light on the impact of technological change on the sector's workers, while a number of seminars and workshops pinpointed the focus for the debate over the future of work.²⁹ These initiatives implied a strengthening of societal power as expressed by its discursive power, because all the activities and publications were oriented towards influencing public debate and public opinion.

The AEBU's vision on the impact of technology implied, on the one hand, recognition and analysis of the gradual process of replacing human work due to the accelerating application of technology. In those years, computers became an increasingly common element of bank employees' desktops. On the other hand, an awareness began to grow of the risk this development posed to the financing of retirement funds and, as a result, the challenge it posed to guaranteeing workers' future social security coverage due to the replacement of human labour by technology. Finally, as early as in these years it began to become evident the extent to which the union's power to act effectively was weakened if only due to the incorporation of technology in some processes. The automation of the bank clearance mechanism³⁰ in the 1990s is a clear example of the AEBU's decreasing *workplace bargaining power*. Before automa-

²⁸ The »Revista de AEBU« was the union's monthly publication during the 1990s. It included a »Dossier« section, which forwarded elements for analysis and debate based on local and international economic perspectives.

²⁹ Among others venues, the conference on »Technology and Employment«, held at AEBU's Camacué Auditorium in March 2017

³⁰ Bank clearance is a daily process, in the course of which the institutions compensate their transactions on the basis of the cheques circulating in the system which are deposited at financial entities.

tion, this fundamentally manual process could be wielded as a very efficient union measure to interrupt the pay chain.

It has always been the AEBU's policy to defend employment rather than specific workplaces. Therefore, it has strongly advocated the training of workers and change management on the basis of negotiations with employers. The examples of cashiers and bank operators in charge of rural businesses provide a clear impression of how this policy has been put into practise.

In both cases, the AEBU was operating in fundamental terms through bipartite negotiations with companies by exercising both its *associational power* thanks to its *mobilising power* and its *institutional power*, which implies the creation of negotiating spaces with employers. As a result, tasks of cashiers have been gradually reduced, as new administrative tasks have become part of jobs, while salaries have not been affected by the changes. There was a similar situation in the case of employees working in the area of rural businesses, whose work became increasingly automated based on new mechanisms through an electronic system. This change affected employees' working hours. As in the case of cashiers, the AEBU's *associational* and *institutional powers* enabled the union to negotiate a protection scheme for workers and gradual incorporation of new tasks into their jobs.

As part of its organisation, the AEBU also has a trade union training department, in which programs are developed to enable workers to finish high school³¹, take courses on up-to-date technologies like Big Data and other specialised courses designed in cooperation with the University of the Republic and the Uruguayan Institute for Employment and Professional Training.³²

As the same technological trends are being applied and the impact on business activities in a number of countries is similar, establishing links with other unions through the UNI has been critical to an understanding of how certain processes impact employment and power resources in different contexts, thereby making it easier to anticipate events in some cases and to become acquainted with successful strategies that have been implemented in other countries.

Finally, another policy adopted by the AEBU at the end of the 1990s promoted the launch of measures favouring financial inclusion by the State³³, given the fact that such policies have a positive impact on its sector of activity, companies and society at large. In general, such measures have contributed to debates in the form of written material and opportunities for exchange in various political spaces, with the AEBU using its *institutional power* to gain access to these spaces as well as its *societal power* based on the repu-

tation it had gained due to its advocacy work promoting an inclusion of sectors, which had traditionally been ignored by the financial system.

In the following, two milestones are described which best sum up the AEBU's strategy in addressing technological change: its influence within the framework of tripartite collective bargaining and its impact on workers' social security.

5.1 COLLECTIVE BARGAINING, INCLUDING WITH A VIEW TO THE IMPACT OF TECHNOLOGICAL CHANGE

In 1996, a union document forwarded the following proposal:

»The AEBU will have to explore the entire space relating to the training of the system's workers, the training of intelligent leadership cadres and the approach in negotiating with employers... It will be necessary to adopt a panoramic global view and then concentrate on these segments in order to act correctly with a strategic vision.«³⁴

This quote sums up the policy toward collective bargaining when it comes to the incorporation of new issues going above and beyond the setting of wages.

This case, as will be seen later, highlights how the AEBU was able to include a core element of its agenda in collective bargaining with the help of the wage councils. However, it should be borne in mind that union achievements in a number of negotiating settings constitutes one of AEBU's main assets, as mentioned before.

The Uruguayan State has a long tradition of implementing legislation to regulate labour relations. As part of its traditional wage-setting methods, it has repeatedly opted to convene wage councils, a social dialogue mechanism based on tripartite bodies (workers' representatives, companies and the State), which were set up in the wake of Act 10,449, which was passed in 1943.

Since 2005, wage councils have been convened on a regular basis, allowing for the integration of the vast majority of workers through representation of their unions. Negotiations in these spaces go beyond setting wages for the sectors and lay down working conditions. Within this context, the application of *associational power*, as expressed by the ability to mobilise, is critical. This has been a key factor for the AEBU, as the union has profited from high levels of support, when such measures have been necessary at a certain stage of negotiations. Under such circumstances the union's *institutional power* and its reputation as a negotiating partner have also proven to be a valuable asset.

31 Programme «Con AEBU Termino el Liceo» («Finishing High School with AEBU's Support»)

32 »AEBU 365«, nueva apuesta educativa («AEBU 365»: a new educational bet): <http://www.aebu.org.uy/noticias/13385>

33 El sistema financiero: Un asunto de Estado (The financial system: a State affair). AEBU 1999

34 Dossier of the »Revista de AEBU«, November 1996

It is worth quoting from a statement issued by one of the AEBU's most recent national assemblies³⁵: »Collective bargaining with the government and employers should include the effects of incorporating new technologies and their impact on employment levels, the organisation of work and, as a consequence, all aspects related to health and occupational health...«. This is a very clear mandate of one of the AEBU's main decision-making bodies, with the aspect of *social cohesion* being part of *associational power*.

Accordingly, since the mid-2010s the AEBU has insisted that the displacement of workers due to technological changes should be subject to discussion and negotiation with the union to make sure there is a transition allowing for an adaptation to changes. However, discussions with companies about the launch of technologies having an impact on employment are generally non-existent. In a number of negotiations this issue was identified in the union's platform, only to then be dropped during negotiations in order to shift priority to other aspects.

Nevertheless, in the most recent round of wage council negotiations held in 2018, the AEBU managed to have the collective agreement for private banking, the sector in which the introduction of ICTs is most advanced, include a clause stipulating that a company which decides to launch technologies having an impact on the workforce has to inform the union about its plans as well as about the training to which workers are entitled. This arrangement was laid down in the tenth clause of the agreement with the banks, which is part of the seventh round of wage council negotiations.³⁶

This could only be achieved through very tough negotiations, including weeks without any progress on wage aspects. The AEBU even contemplated walking out on negotiations for a limited period of time and considered calling a partial strike and instituting targeted work-disruption actions, explicitly introducing its *associational power* in the negotiations and raising tensions to a level it could not have achieved without the *institutional power* it had built up in previous years and which reinforced the union's standing as a partner that complies with agreements and refrains from taking unnecessarily drastic measures.

Although the result was a single clause with a specific content, it was the AEBU's first example of a clause of this kind, and even the first in the country that the union is aware of. However, as the AEBU is participating in negotiations by fifteen subgroups, it may be difficult to achieve the objective of including this clause in each agreement, although this is certainly a desirable objective.

On the other hand, if a gender perspective could be truly established within the union, the collective achievement of

pioneering the introduction of a clause governing the launch of technology within the wage council framework could be very useful by including its different impact on women and men in future negotiations with companies.

5.2 PROTECTING PENSIONS IN A CONTEXT OF TECHNOLOGICAL CHANGE: HOW TECHNOLOGY CONTRIBUTES TO SOCIAL SECURITY

As mentioned before, the CJPB pension fund was created in 1925 as a private professional insurance institution which manages its own assets. State supervision of the organisation is carried out by the government, which appoints the chairperson of its board of directors and checks and controls its annual balance sheets and reports. Despite this intervention, the State does not act as a last-resort insurer of pension services. The institute is basically funded by contributions from employers and workers.

Figure 6 shows the evolution of the CJPB's financial results from 1936 until 2007: »...The fund adopted a collective capitalisation financing model, to which it adjusted reasonably well until the beginning of the 1940s. At that time, the institute (the CJPB) kept accumulating important reserve funds, while turning to a contributory system with technical reserve funds rather than the collective capitalisation model. At a later stage, in the wake of various banking crises that the country had experienced since the 1960s, which had led to an increase in the number of pensioners, while at the same time contributions received by the institute declined due to the slumping economy, CJPB disbursements shot up. This situation resulted in a significant reduction in the fund surplus between 1970 and 1985 as well as a situation which became critical in the aftermath of the 2002 crisis. Finally, since 2005 the organisation has had to use its reserves in order to meet its pension obligations, thereby reversing the favourable financial results it had been registering since its foundation.« (García Repetto, 2011)

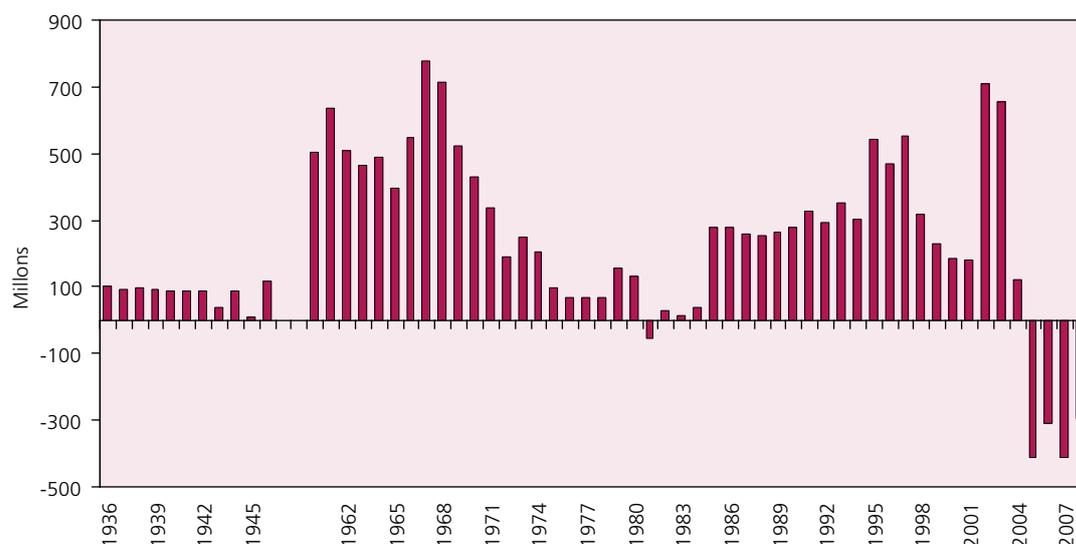
The negative results turned in by the CJPB since 2005 – for the first time in its history since the 1930s – came in the wake of the 2002 financial crisis and the collapse of various private banks, afflicting the entire economy. »The Bank Employees' Pension Fund was to become the pension institute that suffered most from this crisis, as opposed to public institutes, which were less affected. At the same time, this was the beginning of a gradual reduction in financial assistance as a percentage of total government spending.« (García Repetto, 2011)

In short, by 2008 the CJPB's financial situation had become dire, prompting the AEBU to team up with the fund and State representatives in a search for a way out of the situation. The AEBU's involvement was key in finding the solution which was eventually adopted. As mentioned in the foregoing, the union played a crucial role in the design and implementation of the fund's reform. The reform obliged companies to contribute irrespectively of their payrolls, as

³⁵ Document approved by AEBU's National Assembly of Delegates of 2016. AEBU.

³⁶ Agreement signed on 3 August 2018, wage council of group 14: Financial intermediation, insurance schemes and pensions, subgroup 01: »Banks and other financial companies«. www.mtss.gub.uy

Figure 5
CJPB financial results, 1936-1946 and 1960-2008 (revenue minus expenses) (constant pesos: 1997)



Source: García Repetto (2011)

a significant part of their contributions at this point began to stem from their overall business activities, more precisely from their assets. The union's work to achieve a reform of the CJPB, its traditional strategic ally, in 2008 has few precedents in the union movement.

It should be kept in mind that the process leading up to the reform took almost two decades, during which the AEBU used almost the entire range of power resources at its disposal, as will be described later. At present, the contributions received by the CJPB include the equivalent from 7,000 workers who actually do not exist. The employer's supplementary contribution scheme (the Spanish acronym is »PCP«) is a contribution pegged to a company's business volume (more precisely, to its assets). Thus, when a company's sales revenue grows, but its payroll remains unchanged or even decreases as workers' tasks are replaced by different technologies, contributions to the pension fund increase, anyway. If, for example, a financial institution decides to buy a new cash dispenser or a software to provide its services, while reducing its workforce, it is to increase its supplementary contribution and, as a result, its overall contribution to the CJPB.

In a number of countries worldwide there is an ongoing discussion about the introduction of a tax on robots to compensate for the disruptive effects of technology on employment. The idea of introducing such a robot tax – the conceptual basis of the reform enshrined by Act 18,396 – was originally proposed by the AEBU and its delegates in the CJPB. As the AEBU's former president put it in 2018:

»In the 1980s the ratio between contributors and pensioners was 2:1, not a good ratio, and at that time the influence of technology on our work could already be seen. At the beginning of the 1990s the idea of the executive cashier appeared, which would replace a number of colleagues. Therefore, the act reforming the Bank Employees' Pension

Fund went beyond the collective effort of the union, the State and Uruguayan society to sustain the institution, to establish a mechanism, by which this technology can make a contribution to the fund's assets through the tax provision included in the law.«³⁷

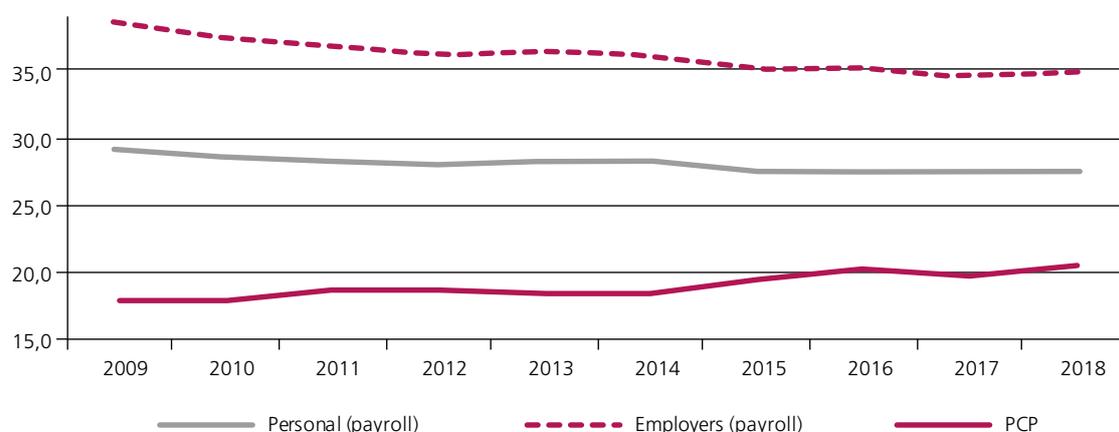
This solution, which has proven successful over the years, constituted an innovative approach to the country's social security system, as the CJPB has become the only pension fund whose contributions are rising despite the decreasing number of workers. As can be seen in Figure 6, the PCP's share in total revenue increased from 17.7% in 2009 to 20.5% in 2018, whereas the share of personal contributions by workers decreased from 29.2% to 27.6%.

A comparison of employment in the sector (Figure 2) and the development of PCP (Figure 7) clearly shows that the mechanism works. During the 10 years following the reform of the CJPB up until 2018, the number of workers increased by 3.9% (although this figure has been dropping again since 2014). During these years, the CJPB's total revenue increased by 25% (in constant values); however, with a 44% increase PCP turned into the fastest-growing revenue component of the period.

When these results are analysed from a gender perspective, it needs to be taken into account that the reform a number of sectors which have a high percentage of women among their workers caused these to become eligible for affiliation with the AEBU and CJPB, offering them access to improved social security benefits and a stronger union presence than before. On the other hand, the dissemination of new technology in these sectors exhibits a strong tendency to substitute labour. Thus, the PCP may provide a mechanism which

³⁷ Gustavo Pérez, president of AEBU, November 2018, <http://www.aebu.org.uy/noticias/9854>, accessed on 12 April 2020

Figure 6
CJPB revenues as a percentage of total revenues



Source: Prepared by the authors. Annual report of the Bank Employees' Pension Fund

is conducive to sustaining the pensions of these groups in the future. At the same time, the contribution of this tax to the CJPB's pool of assets is mainly coming from sectors with a stronger male presence, effectively turning this into a »cross-subsidy« with a redistributive effect between sectors.

In order to understand how this came about, it should be kept in mind that the process required many years of trade union action by the AEBU. The union launched its first two projects at the end of the 1980s and the beginning of the 1990s. The two projects, which were rejected by the government and companies, suggested, above all, a broadening of the scope of possible affiliations.³⁸

During the 1990s some union leaders discussed options to address the new trends relating to employment, power resources and social security. The increasing introduction and use of new technology was expected to tend to replace jobs and jeopardise the financial sustainability of the CJPB. In response, leaders in the banking business began looking for ways and means of perhaps offering a higher level of long-term stability and taxation which could guarantee more predictability and sustainability for social security revenues. Among other proposals, the notion of introducing a contribution on banking activities has gained increasing momentum, although implementation of this has not become a major subject in ensuing debates.

One proposal for a reform of the CJPB which included a transaction tax was forwarded at a meeting as far back as June 2001. Even though the proposal received a certain positive resonance, it became a dead letter due to the economic crisis. At the time, an extraordinary employers' contribution was applied to financial institutions as a measure to tackle the economic crisis of 2002. The measure, which was initially limited to three years, was later extended. The situation was proof of the institutions' capacity to cope with higher

contributions; at a later stage it became one of the aspects inspiring the architecture for the 2008 reform, which pegged company contributions to both payrolls and assets, as expressed by the PCP.

To achieve this, a number of mass meetings³⁹, demonstrations⁴⁰ and appointments were organised, which received the unconditional support of the country's regional legislative assemblies (»Juntas Departamentales«), and the project was vigorously defended in discussions with national representatives to ensure enactment of the law, which finally led to reform of the social security system.

»The union's strength is directly linked to the powerful protection the organisation offers at two levels. While protecting, struggling for and defending jobs and stability at work, the union is also determined, tenacious and unwavering in its defence of the Bank Employees' Pension Fund. It defends its members both now and in the future. It protects jobs and retirement. This equation must continue to work and the collective wants it to remain stable over time.«⁴¹

This idea, as expressed by the »Revista de AEBU«, reveals the importance the union assigns to the CJPB's future. And it is prepared to use all the power resources at its disposal to this end: *associational power*, as at the union's mass meetings and demonstrations; *structural power* or production power, as manifested by its strikes, and its *market power* due to the fact that basically all workers in the financial system are affiliated with the CJPB; and finally, its *institutional power*, as reflected in its interaction with the entire political system with the objective of securing support.

³⁸ The first reform project dates back to 1992. Cronología de AEBU [AEBU timeline] 1942-2014, Raúl Varela, Gustavo Weare, September 2014

³⁹ On 3 September 2008, attracting 5,500 union members, one of the most momentous assemblies on record. Cronología de AEBU [AEBU timeline] 1942-2014, Raúl Varela, Gustavo Weare, September 2014

⁴⁰ On 10 May 1994, the first in a number of demonstrations. Cronología de AEBU [AEBU timeline] 1942-2014, Raúl Varela, Gustavo Weare, September 2014

⁴¹ »Dossier« of »Revista de AEBU«, March 1997

Despite the system's successful design, it should be kept in mind that it does not offer a model which could be »automatically« replicated in all other sectors. Instead, it maps the concrete features of the Uruguayan financial system, establishing this as a scheme requiring detailed analysis depending on the particular situation.

6

CONCLUSIONS

It has been the objective of this paper to address the phenomenon of labour being replaced by ICTs by examining the strategy the AEBU has pursued to date to deal with the phenomenon of technological change. It provides elements for a deeper understanding of the role unions play in the context of the digital technological revolution.

Summing up the conclusions reached in the foregoing sections, it can be first of all be asserted that automation has become an integral part of Uruguay's financial sector. Employees' tasks have evolved in tandem with ICTs. Thus, the weight of cognitive tasks performed by employees increased from 2006 until 2018 (at the expense of manual tasks); during the same period of time the incidence of routine tasks declined, while non-routine tasks became more important.

Secondly, evidence has been provided suggesting that the AEBU became aware of the risks posed by automation at an early stage and decided to implement a strategy in favour of defending employment rather than defending specific jobs by betting firmly on workers training and change management through negotiations with employers.

Indeed, one clearly defined line of action in response to the disappearance of specific jobs involved bipartite negotiations with companies based on the union's *associational power*, as expressed by its high capacity to mobilise, and its *institutional power*, which facilitates the establishment of a negotiating space with employers. Another line of action has been raising the issue of technological change in tripartite collective bargaining within the framework of wage councils making use of its *associational and institutional power*. The third line of action has focused on placing the finances of the social security scheme on a sound footing in the face of declining employment with the help of technology-related contributions. Finally, the AEBU has been advocating the State initiating policies of financial inclusion since the end of the 1990s. The union has interacted with political players and used its *institutional power* to gain access to relevant spaces and has also leveraged its *societal power*.

The above-mentioned lines of action became possible thanks to AEBU's power resources, which have been strengthened through its long history, with this extending to clearly defined *structural and associational powers*. Adding to this, its

historical continuity for a period of eighty years has enabled it to attain high levels of *institutional* and *societal power*. However, one of the major shortfalls of the AEBU's general strategy and, more specifically, its strategy of addressing technological change, has been the lack of participation of women at all levels of power.

Looking forward, the union is currently working to produce a more detailed picture of the impact of technology, the risks associated with automation and intensities of tasks, and to identify the capacities and know-how required by the labour market. Hopefully, progress will be made towards a road map and be able to generate the necessary tools for training or retraining of workers. A new agenda on labour relations and the reconceptualization of new demands that are needed within the framework of collective bargaining may be decisive elements in such a road map.

One and a half months before this conclusion was being written, many companies were seeking to expedite their digitalisation plans in response to social distancing measures, which were strongly encouraged following the health emergency triggered by Covid-19. Consumers and workers had little time to adapt to new procedures. The repercussions of these changes on workers and society at large have yet to be evaluated, and it is unclear which changes will remain in place once the emergency is over. Many aspects will need to be discussed, from labour rights to standards of consumer protection. The lack of legislation regulating teleworking in Uruguay is a clear example here, and the parliamentary debate on this topic is only beginning.

Business associations insist on the need for more flexible labour standards to address ongoing changes, while at the same time the possibility of delaying negotiations within the framework of the wage councils which were set to take place this year and which constitute a core tool for workers, is being evaluated. It is without a doubt crucial that unions and other organisations of civil society participate in this debate.

The introduction of technology in working processes has already eroded the usefulness of a number of traditional tools which unions have successfully wielded in order to defend their interests, and this will continue to be the case. Additionally, the possibility that teleworking processes

which have been implemented by numerous companies in the context of the health emergency may become a permanent feature for a number of workers poses an additional challenge, as the increased dispersion of workers poses a challenge to traditional union organisations.

Over the years, the AEBU's power resources have proven to be sufficiently robust to address changes and face the new challenges which have arisen from such changes. The AEBU has maintained the traditional features of its lines of work: pragmatism, flexibility, analysis and the attempt to look ahead and identify strategies to adjust to changes, while protecting workers in the here and now.

The present analysis will hopefully serve as an impetus to think about new strategies and evaluate the possible need to reconsider the agenda of claims concerning labour relations and eventually the traditional organisation of trade unions. All of this poses a challenge to each and every union as well as each and every society, given that a strong democracy needs strong unions.

BIBLIOGRAPHY

Acemoglu, D. and Autor, D. (2011). «Skills, Tasks and Technologies: Implications for Employment and Earnings». In: O. Ashenfelter and D. E. Card, editors. Handbook of Labor Economics, Volume 4

AEBU (1999). «Bitácora de Fin de Siglo, el libro de los dossier de la revista de AEBU». Montevideo, Uruguay, 1999

Apella, I. and Zunino, G. (2017). «Cambio tecnológico y el mercado de trabajo en Argentina y Uruguay: un análisis desde el enfoque de tareas», Series of technical reports of the World Bank in Argentina, Paraguay and Uruguay (11, 2017)

Burgueño O. and Pittaluga L. (1994). El enfoque neo-schumpeteriano de la tecnología, Quantum, vol. 1, no. 3, Montevideo, Winter 1994, pp. 5 – 32

Espino, A. (2005). «Sector financiero y empleo femenino. El caso uruguayo», Unidad Mujer y Desarrollo, Project: «Políticas laborales con enfoque de género», ECLAC, United Nations. Santiago de Chile, May 2005

Espino, A. (2019). «El futuro del trabajo y la perspectiva de género», UNR Editora, Rosario, Argentina, March 2019

Freeman Ch. and Louça F. (2001). As Time Goes by. From the Industrial Revolution to the Information Revolution. Oxford University Press, U.K.

García Repetto U, November 2011. El financiamiento de la seguridad social en el Uruguay (1896-2008): una aproximación a su análisis en el largo plazo. Institute of Economics, series Documentos de Trabajo DT 9/11

Godinho Delgado, D. (2019). «Perspectiva de Género en el enfoque de Recursos de Poder», FES project «Trade unions in transformation 4.0». Authors' workshop, Sao Paulo, August 2019

Gómez, F. (2019). «La desigualdad de la igualdad social: el género en los sindicatos», article published in Cotidiano Mujer, Montevideo, Uruguay, July 2019

Planning and Budget Office (OPP) (2017). Automatización y empleo en Uruguay - Una mirada en perspectiva y en prospectiva«. Isabella F., Mullin G. and Pittaluga L., Montevideo, Uruguay, September 2017

Padrón A. and Wachendorfer A. (2017). Trade Unions in Transformation. Uruguay: Building Trade Union Power, Friedrich Ebert Foundation Uruguay (FESUR)

Pastorino, L. (2019). «El gremio Bancario y su Caja de Jubilaciones». Editorial Rumbo. Montevideo, Uruguay, March 2019

Quesada, S. and Campero, R. (2016). Género y masculinidades: miradas y herramientas para la intervención. Montevideo: MIDES.

Schmalz S., Ludwig C., and Webster E. (2018). The power resources approach: developments and challenges, Global Labour Journal, DOI: <https://doi.org/10.15173/glj.v9i2.3569>

Schmalz, S. (2017). «Los recursos de poder para la transformación sindical», Nueva Sociedad, special edition, Buenos Aires, October 2017

UNI Global Union (2017). «Digitalization from a gender perspective», published in <https://uniglobalunion.org>, June 2017

Varela, R. and Weare, G. (2014). «Cronología de AEBU 1942-2014». Montevideo, Uruguay, September 2014

Zurbruggen C., Senatore L., Doglio N. and Caetano G. (2003), Los Sindicatos Frente al Impacto de la Transformación del Mercado Laboral ¿Crisis de Desaparición o Crisis de Transformación? Friedrich Ebert Foundation Uruguay (FESUR)

ABOUT THE AUTHORS

Anibal Peluffo. Degree in Economics, Faculty of Economics and Administration, Universidad de la República (UdelaR), Uruguay. Postgraduate studies in Economics and Management for Inclusion with specialisation on financial inclusion, Faculty of Economics and Administration, UdelaR (currently working on his final thesis). Member of AEBU's Technical Advisory Committee since 2016.

Natalia Otero. Degree in Economics, Faculty of Economics and Administration, Universidad de la República (UdelaR), Uruguay. Attended the Programme for Advanced Studies in Quantitative Methods with specialisation on Economics, Center for Scientific Research (CINVE, for its Spanish acronym), Uruguay. Member of AEBU's Technical Advisory Committee since 2018.

Soledad Giudice. Degree in Economics, Faculty of Economics and Administration, Universidad de la República (UdelaR), Uruguay. Currently attending the Advanced Diploma Course on Gender and Equity Policies, Latin American Faculty of Social Science (FLACSO, for its Spanish acronym). Member of AEBU's Technical Advisory Committee since 2018.

Federico Lacaño. Advanced student of Development Studies, Faculty of Social Science, Universidad de la República (UdelaR). Research assistant of various university projects.

Agustín Correa. Advanced student of Economics, Faculty of Economics and Administration, Universidad de la República (UdelaR), Uruguay.

Lucía Pittaluga. Degree in Economics, Faculty of Economics and Administration, Universidad de la República (UdelaR). Master in Economics with specialisation in economic development, Institut d'étude du développement économique et social (IEDES), Université de Picardie, France. Currently, working as a lecturer and researcher at the Institute of Economics, Faculty of Economics and Administration, Universidad de la República. Worked as an advisor at the Planning Department of the Uruguayan Planning and Budget Office and at the Ministry of Industry, Energy and Mining. Consultant of a number of international organisations.

IMPRINT

Friedrich-Ebert-Stiftung | Global Policy and Development
Hiroshimastr. 28 | 10785 Berlin | Germany

Responsible:
Mirko Herberg | International Trade Union Policy
Phone: +49-30-269-35-7458 | Fax: +49-30-269-35-9255

www.fes.de/gewerkschaften

To order publications:

Julia.Schultz@fes.de

Commercial use of all media published by the Friedrich-Ebert-Stiftung (FES) is not permitted without the written consent of the FES.

BANKING ON TRAINING AND PENSIONS

How a Uruguayan union negotiates automation in the financial sector



This paper analyses the automation of the Uruguayan financial sector and the role of the Bank Employees Association of Uruguay (AEBU by Spanish acronym) in negotiating these changes. AEBU understood the risks the automation process posed to its affiliates early on and decided to implement a strategy in favor of defending employment rather than specific jobs; betting firmly on workers training and change management through negotiations.

The union employed its *associational power*, as expressed by its high capacity to mobilize, as well as its *institutional power*, which determined the setup of negotiating spaces with the employers, to act against the disappearance of jobs in bipartite negotiations with the



companies. Another line of action was the introduction of the issue of technological change into tripartite collective bargaining in national wage councils, making use of its *associational and institutional power*. The third line of action focused on securing the finances of the sector's social security institute in the face of declining employment, with the help of »robot-tax«-like technology-related contributions. The union interacted with political players and used its *institutional power* as well as its *societal power* to gain access to the relevant spaces.

The above-mentioned actions were possible thanks to AEBU's power resources, fostered during its eighty-year long history, including clearly defined



structural and associational powers as well as high levels of institutional and societal power. However, one of the major shortfalls of AEBU's general strategy and, more specifically, its strategy to address technological change is the lack of participation of women at all levels of power.

AEBU maintains the traditional features of its lines of work: pragmatism, flexibility, analysis and the attempt to look ahead and identify strategies to adjust to changes, while protecting workers at present. The union is currently working on a more detailed investigation of the impacts of technology, the risks of automation, task intensities and the identification of the capacities and knowledge required.

For further information on this topic:
<https://www.fes.de/lnk/transform>