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Did MERCOSUR fulfil the prophecy of the compensation hypothesis? A comparative analysis between Nicaragua and Paraguay.

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Did MERCOSUR fulfil the prophecy of the compensation hypothesis?

A comparative analysis between Nicaragua and Paraguay.

Bachelor Thesis



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BSc International Relations and Organisations

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To the friends with whom I began and finished; to them, who always believed in me.

To Pepe, who never stopped trying.

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Introduction

Since the end of the Second World War, globalisation has been on the rise. This globalisation wave encompasses many domains, among which the economic dimension is not to be ignored. In fact, in 1945, Western countries started anti-protectionist politics, which, two years later, would bring them to establish the General Agreement on Tariffs and Trade (GATT) (Huwart et al., 2013, p. 36). Overlapping with the end of the Uruguay Round (1994) and the decision of many more countries to open to global markets, the trend of signing preferential trade agreements (hereafter PTAs) saw a significant increase to the point that they are considered one of the “trademarks of globalisation” (Baccini, 2019, p. 76).

As the Doha Round showed the controversies of multilateral negotiation, the rationale for regional economic integration has gained popularity among low- and middle-income countries, who began experimenting with “minilateralism” as an alternative (Foxley, 2010, p. 10). Regional integration attempts were confirmed by the remarkable increase in international economic treaties. Since then, the state has been affected directly by national politics and indirectly by its economic openness level. Therefore, it is reasonable to deduce that PTAs have been a critical element of international and domestic politics in the last three decades (Limão, 2016, p. 1).

According to the compensation hypothesis, political leaders approve welfare state policies after processes of trade liberalisation; they do so to compensate their citizens for the domestic consequences of globalisation and secure public support for further economic openness (Hays et al., 2005). Despite the considerable support for this theory, scholars are still debating about its validity. In addition, the focus of academia has been mainly centred on North-North and North-South PTAs, neglecting the importance of Global South markets (Deese, 2022, p. 42; Hays et al., 2005; Walter, 2010). As a result, the implications of South-South economic agreements on welfare state policies have been subject to very few and vague studies, which mainly employ quantitative methods (Gamso, 2019; Pucheta, 2014).

In light of these considerations, this thesis aims to answer the following research question: *What has been the influence of MERCOSUR on its members' welfare state? An evaluation of the compensation hypothesis.* This question urges to investigate whether the narrative proposed by the compensation hypothesis is mirrored in the reality of MERCOSUR and its member states. The main argument of this thesis is that the more a state liberalises its trade, the more it compensates by expanding its welfare state.

This thesis has two objectives. Firstly, it aims to test the causal mechanism of the compensation hypothesis, acknowledging the uncertainty surrounding it. Secondly, it investigates the establishment of MERCOSUR to shed light on how Latin American countries are reacting to regional economic integration. To achieve these objectives, the research design of this paper is a comparative case study, namely a Most Similar System Design. By controlling the main shared characteristics of both cases, MSSD stresses the welfare state differences between a MERCOSUR member state (Paraguay) and a non-member state (Nicaragua) (Halperin & Heath, 2020, pp. 238-239). Based on the findings, it can be concluded that Paraguay's welfare state clearly expanded after its entry into MERCOSUR, fulfilling the compensation hypothesis proposition. On the contrary, the size of Nicaragua's welfare state did not increase in the selected timeframe.

This thesis holds academic and societal relevance. To begin with, this study contributes to the debate on the compensation hypothesis by testing its causal mechanism against the behaviour of the national governments. Moreover, as this theory has rarely been used in the Latin American region, this is an innovative application of it. Furthermore, as the main object of study is the evolution of welfare state under MERCOSUR, this thesis will be of good guidance for both Latin American policymakers and politically engaged citizens.

The remainder of this thesis proceeds as follows. The first section brings forward relevant literature on the topic. Subsequently, a theoretical framework provides a detailed explanation of the compensation hypothesis, and the main concepts of this research will be attributed a proper definition. Following, the methodology section presents the research design and the operationalisation of the variables. The section after proceeds with a qualitative content analysis and a discussion which provides a comprehensive answer to the research question and draws conclusions on the theoretical expectations. The thesis concludes by delineating the relevance of the study, its limitations, and further research avenues.

Literature Review

In this section, the literature about economic globalisation, trade between developing countries, and welfare state policies is reviewed. This literature review considers two main dimensions to properly analyse the topic: while one deals with trade liberalisation and its societal costs, the other focuses on the geographical and developmental division between Global North and Global South economic institutions.

2.1 Economic globalisation: global trade and the liberalisation of markets

As previously stated, PTAs are regarded as instruments of major influence in today's globalised world. The importance that they hold within the global economic sphere is paramount for this thesis. In essence, these types of agreements generally advance one main objective: facilitating and enhancing market access by lowering tariffs between countries (Chauffour & Maur, 2011, p. 4). In this sense, the establishment of PTAs (and international economic institutions more broadly) is the starting point for trade liberalisation. Reversely, trade liberalisation is usually the result of a lowering in tariffs dictated by the signing of a PTA. Consequently, when a country agrees to a PTA, it proceeds to liberalise its trade.

This kind of economic agreement started to acquire popularity within academia because it normally leads to a cascade of good and less good effects. As of today, scholars are still trying to balance the scale. On the one hand, PTAs are said to facilitate international economic cooperation, for instance, by signalling commitment to international standards, institutional reforms, and policy anchoring (Chauffour & Maur, 2011, pp. 22, 24-26). On the other hand, trade agreements carry tremendous societal costs. Among many consequences of trade liberalisation, the unequal development of domestic economic sectors is one of the most salient. In fact, attention has been moved to how political leaders act when facing this challenge. Do leaders compensate for the losses that trade liberalisation inflicts on their citizens? Some argue that, in order to secure public support for further economic openness, politicians provide social safety nets and services to the citizens (Hays et al., 2005). Contrarily, others find that the size of the welfare state is not linked to a country's degree of trade openness (Dallinger, 2013, pp. 609-610; Shelton, 2007, p. 2258).

Two are the accounts worth noticing: the compensation hypothesis and the efficiency hypothesis. The former argues that as economic globalisation impacts domestic sectors differently, demands for public services arise. It has been applied to almost all scenarios of the second half of the 20th century (Cameron, 1978; Katzenstein, 1985; Rodrik, 1998; Ruggie,

1982). Contrarily, the efficiency hypothesis (otherwise known as “race to the bottom”) claims that after being affected by economic globalisation, a country tends to lower taxes and public subsidies with two purposes: attracting foreign investors and being as competitive as possible vis-à-vis other states (Schulze & Ursprung, 1999; Sinn, 1997). It is difficult to find solid evidence for this account, however, some scholars still defend this theory. As a result, academia has not yet reached a consensus, leaving this debate open.

2.2 Geographical and developmental dimension: Global North and Global South

One of the main trends identified in the sphere of international finance is the rise in trade from developing countries. Following this line, this thesis deals with a precise geographical area and degree of development: the Global South. Economists and political scientists are monitoring the so-called “emerging markets”, whose countries are said to become the main actors within the global export sphere (Donno & Rudra, 2019, p. 574). Their existence not only influences the North-South trade but also affects how least developed nations are operating in the global financial landscape (p. 574). In this way, developing countries are forced to face the increasing competition with their “emerging” neighbours; in doing so, they sign PTAs between themselves with the intent to create opportunities for their labour-abundant economies (p. 584).

Parallel to the worldwide emergence of new markets, the development of South-South trade has gained attention within academia. For the sake of clarity, a distinction between North-North (N-N) and South-South (S-S) trade needs to be drawn because of the unique features and entanglements that both of them bear. Since this thesis is adopting a S-S trade perspective, the focus will be on the latter. To begin with, exporting developing countries usually lack the right incentives for improving their socio-labour conditions, given that state regulations are rarely enforced. Furthermore, importing developing countries are found to have shallow societal pressure on their ethical codes and environmental standards (Bloomfield, 2020, p. 2). Moreover, S-S trade is deemed to “generate different competitive pressures” compared to the N-N one (Gamso, 2019, p. 955). For instance, emerging Global South MNCs are not as strict on labour rights promotion as Global North companies typically are (p. 955). Lastly, Kowalski and Shepherd (2006, p. 11) identify three points of discrepancy between S-S and N-N trade: Global South economies have grown faster than Global North ones, the notable expansion in S-S trade has been intra-regional, and the manufacturing sector has a leading role in S-S trade.

In order to pose a solid ground for the main argument, this section concludes by funnelling from Global South financial trends to focussing on the Latin American region and

MERCOSUR. Latin American economic integration is characterised by many regional organisations ranging from loose trading associations to political blocks desiring a starker confrontation with the Global North (Foxley, 2010, pp. 17-18). From a historical perspective, this region has put the strongest and most enduring effort into integrating its economies and societies. Nevertheless, academia has no shared view on its outcome yet (Stallings, 2009, p. 64). Among many, two organisations attempting further integration are the Central American Common Market (MCCA), whose Nicaragua is a member, and MERCOSUR, whose Paraguay is a member (Foxley, 2010, p. 17). The unique trait of MERCOSUR, though, is that its scope is larger than any other Latin American economic institution, and it aims at a deeper integration than just representing a trading block (Franca-Filho et al., 2014, pp. 818-819).

In order to fill the gap in the literature and contribute to the above-mentioned debates, this thesis aims at answering the question “*What has been the influence of MERCOSUR on its members’ welfare state? An evaluation of the compensation hypothesis*”. Indeed, this study focuses on the societal costs that trade agreements bear and the reaction that political leaders have when facing this domestic challenge. Hence, it will be possible to assess the influence that MERCOSUR has at the national level. Lastly, filling this gap is important because it holds socio-economic implications on how the size of government and public services (i.e. welfare state) are affected by national economic manoeuvres.

Theoretical Framework

Building on the previous section, several theories analyse the relationship between trade liberalisation and welfare state policies. Among many, the compensation hypothesis provides the appropriate means to conduct this research. Adherents of this theory believe in the compromise between trade openness and domestic compensation. That is, when a country participates in the process of free trade, it tends to compensate for its inevitable losses by intervening domestically through welfare programmes (Katzenstein, 1985; Rodrik, 1998).

The causal mechanism proposed by the compensation hypothesis proceeds as follows (Balcells Ventura, 2006, p. 3; Bergh, 2021, pp. 140-141; Garrett, 2001, pp. 6-7). To begin with, when a country adheres to economic globalisation, it liberalises its trade by lowering its tariffs; by doing so, it increases the exchange of goods and services with other international entities. Consequently, due to trade openness, national economic policies are subject to considerable changes. Indeed, free trade has generally positive effects on domestic economic growth and facilitates economic cooperation among states. However, some sectors of society will benefit more than others: as globalisation increasingly invades a country's economy, income inequalities within the society become more pronounced.

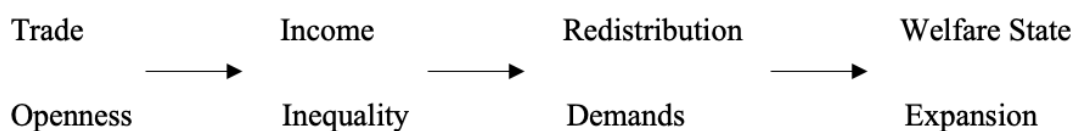


Figure 1: Compensation hypothesis causal mechanism – adapted from Balcells Ventura (2006)

As a result, the citizens, who sometimes gather in groups, will demand redistribution of wealth and financial compensation. The state typically acknowledges that globalisation leads to economic inequality as it creates “winners” and “losers”; hence, democratic leaders usually proceed to fulfil their citizens’ wishes. At this stage, the government is obliged to expand the welfare state to provide social security nets and compensate its population (see Figure 1). The compensation hypothesis distinguishes itself from other narratives also because of the (broad) final objective that attributes to the states: to compensate the citizens with the goal of levelling up domestic inequalities and improving the general economic welfare (Balcells Ventura, 2006).

There are three features at the foundation of the compensation hypothesis. First, this theory is used to study economic globalisation. In other words, it is not limited to trade liberalisation, but it can also be applied to economic integration processes, which sometimes

include protectionist measures to isolate a free trade area, such as in a customs union. Second, the compensation hypothesis has no geographical constraint; in fact, it can also be tested on developing countries. It is important to recognise this theory's geographical flexibility as many alternatives are limited to developed countries and the Global North.

Third, the compensation hypothesis has no boundary in time, unlike many other political economy theories. In this sense, the compensation hypothesis can be applied to several moments throughout economic history. For instance, Ruggie (1982) drew on the core idea of compensation to explain the process of embedded liberalism happening in the OECD countries during the Bretton Woods era. At that time, compensation programmes were used to promote economic stability and prevent social unrest in the aftermath. In contrast, this thesis applies the compensation hypothesis to the neoliberal economic context of the 1990s, when regional economic integration was on the rise and states started gathering in smaller trading blocs. The international economic climate where MERCOSUR has been formed will be better described in the operationalisation section.

Deriving from this reasoning, it is possible to conclude that the compensation hypothesis perfectly fits the purpose of this research. To begin with, given the theory-testing nature of this thesis and the economic context of regional integration, this theory provides a solid theoretical basis for testing the empirical evidence at hand. Once again, I intend to measure the impact of MERCOSUR (i.e. trade liberalisation) on the welfare state development of one of its member states. In this way, the compensation hypothesis frames the causal mechanism by positioning the variables of this research in a very precise rapport between each other. In addition, many studies employed this theory to analyse the relationship between trade liberalisation and the welfare state. Most of them focused on developed countries (Walter, 2010), whereas only a few applied it to developing countries (Potrafke, 2019; Weyland, 1998; Yoon, 2009).

Lastly, it is worth to recall that, while some scholars have been trying to confirm the arguments unfolded by compensation hypothesis, others aim to falsify them. Either way, academia still has not reached a consensus on the validity of this theory, hence the urgency of filling this gap. In light of the theoretical evidence and the previously reviewed literature, this thesis has two theoretical expectations.

Theoretical expectation 1: MERCOSUR member state established stronger legislation fostering its welfare state compared to the non-MERCOSUR state.

Theoretical expectation 2: MERCOSUR member state initiated legislation that fostered the welfare state *with the purpose of* compensating its citizens for the downsides of trade openness (specifically, adopting a top-down approach).

3.1 Conceptualisation

Trade liberalisation

Before elaborating on the methodology of this research, it is important to define some relevant concepts. Within this thesis, trade liberalisation is conceptualised as the use of international agreements for “the reduction of the official barriers to trade which distort the relative prices of tradeable and non-tradeable goods and those between different tradeable” (Winters, 2000, p. 14). By means of international agreements, trade barriers are lowered to decrease the relative price of goods (Bustos, 2011; Goldberg & Pavcnik, 2004).

The above conceptualisation perfectly captures what MERCOSUR entails: by becoming MERCOSUR members, states agreed to lower their tariffs and deepened the regional integration of Latin American markets. Moreover, this definition was chosen because it clearly illustrates the process through which trade liberalisation happens; that is to say, the reduction of trade barriers is done through the ratification of international (economic) agreements.

Given that Paraguay liberalised its trade by means of a trade agreement, it is necessary to provide a standard definition of the latter. A PTA is “an international treaty [...] including any article that (ii) aims to secure or increase market access” (Limão, 2016, p. 4). Hence, PTAs are regarded as a type of international economic institution that facilitates the entry of states into the global market. Specifically, this study will observe only one moment in the complex evolution of MERCOSUR by considering the signing of the treaty of Asunción as a critical juncture.

Welfare state

Regarding the dependent variable of this research, scholars are largely divided over the definition of welfare state. However, welfare state is here conceptualised as “a repertoire of state-led policies aimed at securing a minimum of social security and welfare to its citizens” (Yoon, 2009, p.1). Therefore, in this thesis, emphasis is placed on the domestic policies that are aimed at advancing the public sector of the state and at providing basic services to the citizens.

The private sector is involved only to a very limited extent; ergo, the state itself is responsible for taking adequate legislative measures with the purpose of ensuring some sort of benefits (subsidies and/or incentives) to its people (Barr, 2020, pp. 8-9). In this analysis, the welfare state comprises benefits for unemployment, rights of the employed, sickness and healthcare, old age assistance, and education (p. 9).

This conceptualisation was chosen because, other than attributing a comprehensive character to welfare state, it illustrates the top-down dynamics through which it is established. Precisely, it relates directly to what the second theoretical expectation is meant to explain. Indeed, since the government retains central decision-making authority, it dictates policies that affect society at all levels.

Methodology and Research Design

4.1 Case selection

To assess the impact of trade liberalisation on welfare state, a comparative study is conducted. Specifically, a Most Similar System Design (MSSD) is employed. First and foremost, this design allows to control for the shared characteristics of the cases by isolating their single differing trait. The objective is to observe how their sole variation affects the dependent variable (Halperin & Heath, 2020, pp. 238-239). Moreover, MSSD perfectly fits the theory-testing objective of this study since it facilitates a thick description of the phenomena and avoids problems of conceptual stretching (Geertz, 1973; Sartori, 1991, p. 249).

To pursue this analysis, Nicaragua and Paraguay have been selected as cases. When conducting an MSSD, it is necessary to include elements that retain theoretical importance for the study in order to avoid committing a variable bias (Halperin & Heath, 2020, p. 240). Following this logic, MSSD is often used to compare countries within the same geographical region (Przeworski & Teune, 1970, p. 33). Hence, Nicaragua and Paraguay have been selected based on five criteria which are considered relevant by the literature and for the objectives of this thesis: history, governmental system, development status, and type and size of economy.

Firstly, Nicaragua and Paraguay have similar historical roots. Latin American people experienced conditions of colonisation by European powers for many years. After colonial imperialism, Latin American countries started to gain their independence from the European conquerors. Nevertheless, domestic stability has been an issue until recently. Their common history is thus useful for understanding their socio-political equilibria in the 1990s (Eakin, 2014).

Secondly, Nicaragua and Paraguay have the same governmental system: a presidential republic. Both countries have been destabilised by endogenous factors such as civil wars, corruption, and political turmoil (Blondel, 2015, p. 89). Additionally, it is argued that these “new republics” saw military intervention in their political systems (p. 91). Indeed, Nicaragua and Paraguay experienced military junta governments, and since their fall (right before the 1990s), their domestic politics has been characterised by steady democratisation processes (Loveman, 1994).

Thirdly, Nicaragua and Paraguay are considered members of the Global South (UNCTAD, 2023). The latter is relevant because they feature similar living standards, incomes, national objectives, and poverty rates. This research will provide accurate results by comparing two states with a similar baseline in terms of national development. Conversely, observing the

difference between the welfare state of a developing country and, for instance, an OCED member would lead to obvious flaws.

Lastly, both Nicaragua and Paraguay have developing economies according to the international classification by UNCTAD (2023). Their economies are based on unskilled labour abundance, where the manufacturing department accounts for a significant part of their national revenues (De Janvry et al., 1989). Thus, when trading with other countries, their vital assets come from the labour industry (Casabianca, 2016, p. 85). In addition, the sizes of their economies were akin to each other. As depicted in Figure 2, Paraguay had an advantage over Nicaragua in terms of GDP from 1991 to 1998. Nonetheless, after comparing them with the other Latin American countries (Figure 3), their difference is neither substantial nor significant, and their economies have similar sizes.

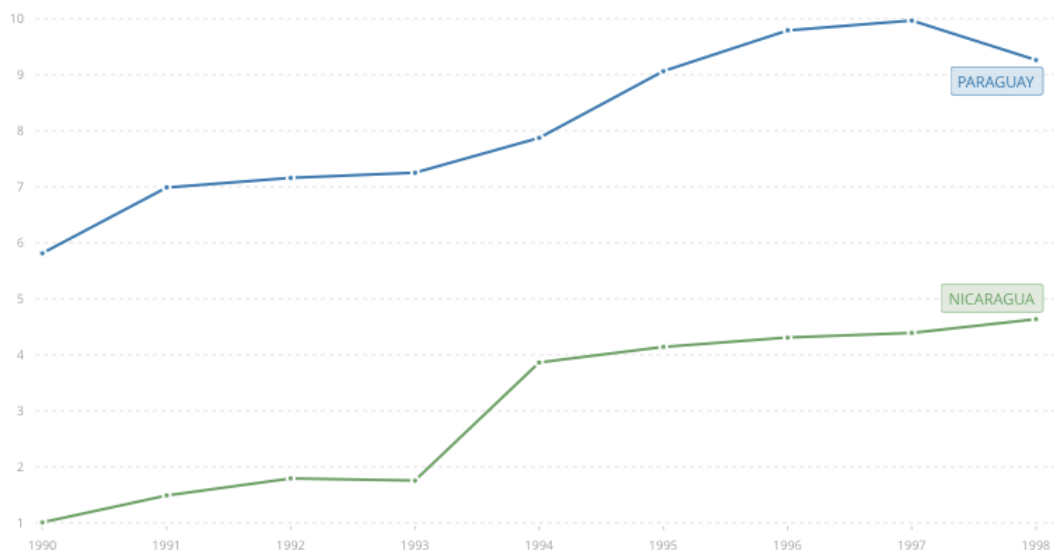


Figure 2: GDP (billions, current US\$) (1990-1998) – Nicaragua, Paraguay (retrieved from World Bank national accounts data, and OECD National Accounts data files; <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=NI-PY>)

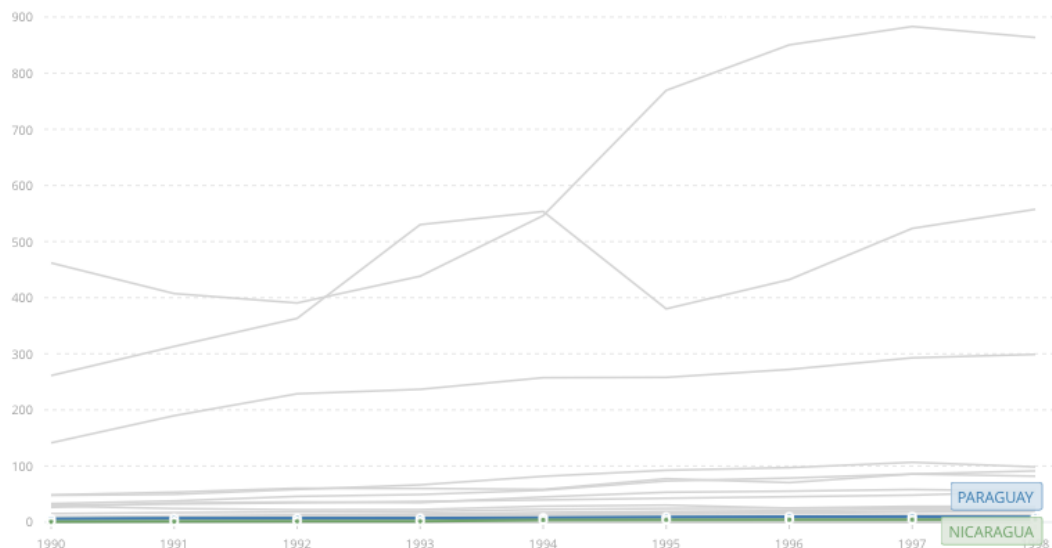


Figure 3: GDP (billions, current US\$) (1990-1998) – Nicaragua, Paraguay and “whole region” filter (retrieved from World Bank National accounts data and OECD National accounts data files, <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?contextual=region&locations=NI-PY>)

4.2 Operationalisation

Before delving into the core of the analysis, it is necessary to turn the main concepts of this study into measurable observations. This is what this section is aimed at. Recalling that this thesis’ research question is *What has been the influence of MERCOSUR on its members’ welfare state?*, the independent variable is trade liberalisation and the dependent variable is the welfare state of MERCOSUR’s member states.

Trade liberalisation

As stated above, the concept of trade liberalisation links back to the *reduction of trade barriers* among states, which usually happens by means of a preferential trade agreement. Within this study, MERCOSUR explicitly represents the idea of trade liberalisation (IV). This will allow to draw conclusions on the impact that this organisation had regionally and on Global South trade agreements more broadly. By adopting MERCOSUR as a proxy variable for trade liberalisation, the variation in the IV can be clearly identified and isolated, given that Paraguay is a member of MERCOSUR and Nicaragua is not.

Started as a free trade area between Argentina and Brazil, MERCOSUR was officially established in March 1991, when Paraguay and Uruguay (together with the other states) signed the treaty of Asunción with the final goal of creating a common market (Rodríguez-Cañete,

2019, p. 2). From 1991 onwards, MERCOSUR member states have been trading with one another with a substantial reduction in tariffs. In other words, countries liberalised their economies by becoming members of MERCOSUR (Manzetti, 1994, p. 105).

As captured in the conceptualisation section, the impact of MERCOSUR differs from country to country. However, *full membership in MERCOSUR* is used as a proxy measure for two major reasons. Firstly, it is reasonable to argue that MERCOSUR is a critical juncture in the economic integration of the Latin American region. It is conceived as one of the most concrete agreements within the Global South (confining only to S-S trade) by both Latin American countries and external actors, respectively. In the former case, several countries showed their interest in getting closer to MERCOSUR as soon as they recognised the advantages that its membership holds (Ghazalian, 2013, pp. 278-279). In the latter case, states from the Global North started to negotiate possible PTAs with MERCOSUR (e.g. EU-MERCOSUR) (UNCTAD, 2017, pp. 32-36). Secondly, from the perspective of its member states, MERCOSUR has brought significant changes in their economies by offering substantive incentives to increase trade in the region (pp. 5-7). For instance, trade within MERCOSUR accounts for more than 50% of Paraguay's international commerce (Ministerio de Relaciones Exteriores de Paraguay, 2020).

Welfare state

Moving to the dependent variable, welfare state is operationalised as the establishment of legislative measures to secure a minimum level of wealth and financial and social protection at the national level; the latter is usually done by providing public assistance to the citizens. Within this thesis, welfare state is comprised of five categories that are freedom of association (ILO, 2003, p. 16), protection of the unemployed (Ferragina et al., 2013), rights and benefits of the (formally) employed (Hepple, 1986), education (Busemeyer & Nikolai, 2010), and social security (Mattoo et al., 2020, p. 586).

Among the many forms in which this variable has been operationalised (Kunißen, 2019), the above one has been chosen for one particular reason. Considering this thesis' objectives, the relevant literature, and the chosen theoretical account, it is imperative to prioritise some sectors of the welfare over others. Besides the previous reason, analysing public social spending or simply identifying specific government-financed areas would create obvious issues of reliability.

4.3 Method of analysis and coding frame

This thesis employs qualitative data to conduct a qualitative content analysis. Using this kind of data has several benefits for the results of this study. Among many advantages, qualitative analysis increases the internal validity of the research (Halperin & Heath, 2020, p. 197). In addition, scholars suggest that a fine-grained qualitative analysis is ideal to address the gap in the literature and thoroughly verify the compensation hypothesis causal chain (ILO, 2003, p. 35; Raess, 2022, p. 240). As for the method of analysis, qualitative content analysis has been selected to systematically assess the deeper meaning of the written documents (Schreier, 2014, p. 170). Because of the theory-testing nature of this study, the data will be analysed based on the causal mechanism provided by the compensation hypothesis. Namely, I will observe how the welfare state developed in the two countries and detect the influence, if any, that full membership in MERCOSUR had on Paraguay's welfare state.

In order to proceed with a qualitative content analysis, a coding frame (Table 1) displays the five main dimensions that characterise the dependent variable (welfare state). For the sake of clarity, it is possible to find a detailed description of the categories in Appendix 2. Throughout the analysis, each category is identified using indicators which can be seen in Table 1. The indicators and the sub-categories have been selected according to the literature (Barr, 2020, p. 9; Ferragina et al., 2013; ILO, 2003, pp. 16, 20; Mattoo et al., 2020, p. 586; Reibling, 2010). Setting a coherent coding frame is fundamental, given that the data will be organised based on the aforementioned categories. This, in turn, will allow to identify specific patterns.

Category	Sub-category	Indicators
Freedom of association		<ul style="list-style-type: none"> • Rights to collective bargaining
Protection of the unemployed		<ul style="list-style-type: none"> • Financial subsidies for unemployed people • Creation of employment positions
Rights and benefits of the (formally) employed		<ul style="list-style-type: none"> • Non-discrimination during recruitment and at work • Industrial accidents • Safe working environment • Minimum wage • Subsidies for the industrial and production sectors
Education		<ul style="list-style-type: none"> • Public free education • Better quality education
Social security	Healthcare	<ul style="list-style-type: none"> • Insurance for sickness and invalidity • Insurance for accidents in the workplace • Establishment of a free and/or public healthcare system
	Old age	<ul style="list-style-type: none"> • Pensions system

Table 1: Coding frame

4.4 Data selection and timeframe

To properly catch the mechanisms by which welfare state develops, it is necessary to have an array of sources at hand. Precisely, data are retrieved from official documents (Halperin & Heath, 2020, p. 374): transcripts of parliamentary debates (specifically, debates of the Nicaraguan parliament and debates of the Paraguayan senate) and national legislation texts.

The timeframe set for this research is from 1991 to 1998 for two reasons. Firstly, this period starts with the official creation of MERCOSUR in 1991 and ends with the ratification of the MERCOSUR Socio-Labour Declaration in December 1998. As a matter of fact, the latter could have a confounding effect by creating new unaccounted influences on Paraguay's welfare state. Secondly, the compensation hypothesis presents an *ex-post* causal mechanism. Contrarily to an *ex-ante* mechanism (Kim, 2012), domestic compensation happens after processes of trade openness (Figure 1).

Analysis and Discussion

In this section, the findings are presented, analysed, and discussed. This section has two parts. In the first part, each category's major trend is analysed through the lens of the compensation hypothesis. The relationship between the IV and the DV is examined to shed light on the reasons for welfare state expansion (if applicable). In the second part, the overall findings are discussed and tested against the theoretical causal mechanism.

5.1 Comparative summary of the findings

Category	Nicaragua	Paraguay
Freedom of association	<ul style="list-style-type: none"> – No evidence has been found in the parliamentary debates. – Executive decree 55/97 regulating trade unions. 	<ul style="list-style-type: none"> – The category has been addressed on two occasions; however, the statement provides a precise explanation on the enhancement of the category. – Law 508/94 on collective negotiation within the public sector; Law 1209/98 approving the complementary agreement on cooperation and jurisdictional assistance on civil, commercial, labour, and administration matters.
Protection of the unemployed	<ul style="list-style-type: none"> – The category has been addressed on one occasion only; however, the matter has been fairly covered by outlining the national socio-economic situation. – No evidence has been found among the legislation texts. 	<ul style="list-style-type: none"> – The category has been addressed on few occasions; representatives employed MERCOSUR to draw predictions on the production sector. – No evidence has been found among the legislation texts.
Rights and benefits of the (formally) employed	<ul style="list-style-type: none"> – No evidence has been found in the parliamentary debates. – Law 129/91 establishing minimum wage; Decree 14/92 giving fiscal incentives to the agricultural, agro-industrial, and industrial sectors; Ministerial Resolution on hygiene and safety at work and in outdoors construction sites. 	<ul style="list-style-type: none"> – The category has been addressed on several occasions and thoroughly discussed; a major theme was the domestic challenge brought by international competition. – Decree 14390/92 establishing general conditions for workplaces; Law 606/95 creating an insurance fund for micro, small, and medium enterprises; Law 636/95 regulating the benefits for public firms subject to privatisation; Law 496/94

banning any form of discrimination towards employed people.

Education	<ul style="list-style-type: none"> – The category has been addressed on few occasions and the matter has been indicated by referring to international standards on education. – Law 51/92 on the independence of the secondary education institutions. 	<ul style="list-style-type: none"> – The category has been addressed on multiple occasions; a major theme was the weakness of the education system compared to other MERCOSUR countries. – Law 1264/98 on general education; Law 383/94 establishing student discounts on public transportations.
Social security (healthcare)	<ul style="list-style-type: none"> – No evidence has been found in the parliamentary debates. – Decree 19/92 for the creation of the Medical Equipment Maintenance Centre. 	<ul style="list-style-type: none"> – The category has been addressed on one occasion by a railway employees’ representative who expressed common concerns and demands. – Law 1032/96 creating the national healthcare system; Law 17207/97 recognising the MERCOSUR multilateral agreement on social security
Social security (old age)	<ul style="list-style-type: none"> – No evidence has been found in the parliamentary debates. – Law 160/93 granting additional benefits to retired people. 	<ul style="list-style-type: none"> – The category has been addressed on one occasion by a railway employees’ representative who expressed common concerns and demands. – Law 27/92 modifying pension funds of railway workers; Law 116/92 on public workers’ pensions; Law 186/93 on pensions for public administration and universities workers; Law 1202/97 expanding the pension funds of bankers.

Table 2: Comparative summary of the findings

5.2 Analysis

5.2.1 Nicaragua

Freedom of association

Few pieces of evidence have been found on freedom of association in Nicaragua. There are two conflicting observations on the legislation addressing this category. On the one hand, the definition provided by the executive decree 55/97 is weak and superficial: “Trade unions are associations of workers or employers constituted for the representation and defence of their

respective interests”. Indeed, contrasting parties could find loopholes to overstep the workers’ right of association. On the other hand, the text specifies that the establishment of trade unions does not require prior authorisation, meaning that workers are free to gather as trade unionists. Overall, the motives for the establishment of this decree cannot be recognised due to both the lack of debates and the vagueness of the decree.

Protection of the unemployed

Regarding how Nicaragua protected the unemployed people, the senate was aware of the adversities in the socio-economic sphere. In fact, Deputy Tellez Argüello (1994) argued “There is no short-term prospect of creating new sources of employment, but rather [...] industries are closing down”. Although the crisis was generally recognised by the deputies, none of them discussed its causes. Moreover, no legislative measure was formally approved. Therefore, the cause of the unemployment crisis was neither related to economic openness nor contrasted with legislation.

Rights and benefits of the (formally) employed

The legislation regulating the rights and benefits of employed people was slightly influenced by external factors. First, the establishment of economic incentives for the agro-industrial sector was aimed at increasing its competitiveness in the international markets. Second, hygiene and security standards were set to reach (normative) international standards and to harmonise with prominent trade unions at the national level. Therefore, the rights and benefits of Nicaraguan employed people were partially advanced in order to counterbalance the pressure of international institutions.

Education

In terms of education, Nicaragua endorsed a small but decisive set of measures at the legislative level. In 1998, Deputy Romero Angulo recalled that Nicaragua was committed to UN agreements regarding children’s rights and education. Moreover, Deputy Cabezas Lacayo (1996) encouraged to enhance the quality and increase the accessibility of the educational system. As a result, law 151/92 established that a minimum of 6% of GDP had to be spent for supporting the autonomy of institutions of secondary education. Even though international institutions partially affected the development of the Nicaraguan educational system, trade liberalisation was not mentioned as a significant factor. Notably, the legislation was not approved to compensate the citizens.

Social security (healthcare and pensions)

Lastly, the Nicaraguan social security sphere experienced slight advancements. To begin with, even if deputies acknowledged the weakness of the healthcare system, none of them traced it back to international economic exposure. Moreover, no crucial reform was voted on between 1991 and 1998. Moving forward, social benefits were expanded to retired people by providing them with preventive, healing, and rehabilitating medical services. However, similarly to freedom of association, legislation texts are vague and could be invoked under specific conditions only. Notwithstanding the overall development of this category, economic globalisation was not a significant factor.

5.1.2 Paraguay

Freedom of association

Observing the interventions by senators and trade unionists, it is possible to argue that MERCOSUR altered freedom of association in Paraguay. In 1994, it was emphasised that national incentives were necessary to strengthen industrial production and support domestic industries for competing internationally. This, in turn, would have led to a solid national economic balance, where political freedom, freedom of expression, and social justice could have been expressed through multiple channels. Collective bargaining rights were thus reinforced by MERCOSUR. Laws 508/98 and 1209/98 confirmed what the debates anticipated. In fact, Paraguay proceeded to empower public employees by officially regulating their relationship with the state. Overall, Paraguay addressed the insecurity brought by MERCOSUR by establishing new collective bargaining measures.

Protection of the unemployed

Regarding how Paraguay protected the unemployed people, MERCOSUR was employed to draw some predictions about the production sector. It was claimed that, in order for Paraguayan companies to face the challenges of trade openness, economic incentives (e.g. public subsidies) would have been provided with the purpose of creating employment. However, the legislative body struggled to take a firm stance on the topic, resulting in a lack of legislation. In this case, even if domestic demands were addressed in the senate, no measure was approved to further protect the unemployed people. Therefore, the compensation hypothesis cannot properly explain the evolution of this category.

Rights and benefits of the (formally) employed

Major developments were made to advance the rights and benefits of Paraguayan workers. During the political debates, several issues were touched upon: the MERCOSUR Waterway Agreement, free trade areas' competitiveness, the domestic impact of market globalisation, and the necessity of employment programmes. Each senator recognised the adverse impact that MERCOSUR was having on the Paraguayan working society. Some of them even proposed compensatory measures to prepare "Paraguayan companies in the context of the MERCOSUR, providing them with competitiveness to face the challenges of the future regional market [...]" (Secretary, 1994). Moving forward, significant legislation was also approved (see Table 2). Overall, it can be argued that MERCOSUR was a major player in shaping the rights and benefits of Paraguayan employed people.

Education

Due to Paraguay's membership in MERCOSUR, progress was achieved in the education sector. In 1993, the Secretary implied that "The entry into force of MERCOSUR has highlighted the urgent need to standardise the practice of university professions and to exercise adequate control over them, in order to guarantee adequate levels of quality and efficiency for the society that uses their services". Again in 1995, Senator Cano Melgarejo argued "[...] we are entering a different era, an era that was called MERCOSUR, where we need capable professionals to be able to compete in the labour market". To address this matter, senators proposed increasing scholarship funds and enhancing the quality of education. The results of the senate discussions are to be seen in 1998 when law 1264 about general education was adopted. Overall, Paraguayan representatives recognised that the entry into MERCOSUR accentuated inequalities even in the educational sphere. To outweigh these differences, senators agreed on increasing the funds for this sector; thus, fulfilling the expectations of the compensation hypothesis.

Social security (healthcare and pensions)

Lastly, between 1991 and 1998, concrete measures were taken to enhance Paraguay's social security. In the senate, the president of the Social Insurance Fund for Railway Employees reported discontent among the workers and demanded that the insurance funds for its employees be increased. The latter included healthcare for employed and retired people, including their relatives. As a result of steady political pressure, legislative improvements were achieved in both the medical and the pension domains. For instance, law 27/92 states that funds

“will be destined to the Social Security Fund for Railway Employees and Workers, through the ‘President Carlos Antonio López’, for the payment of Pensions and Retirements corresponding to its beneficiaries”. Overall, this category was not influenced by trade liberalisation: despite congressmen addressing the matter, none of them referred to MERCOSUR. Moreover, the legislation texts only mirror certain concerns of the senate.

5.2 Discussion

How did the development of welfare state in Paraguay differ from the one in Nicaragua? Was MERCOSUR the factor causing the gap between the two countries? This section compares the outcomes of the analysis to the causal mechanism of the compensation hypothesis in order to answer to the research question (again, *What has been the influence of MERCOSUR on its members’ welfare state?*). In doing so, the first theoretical expectation is addressed by referring to the legislation texts (source 2), whereas the second theoretical expectation is addressed by referring to the parliamentary debates (source 1) and the legislation’s preamble (when present).

On the one hand, Nicaraguan deputies recognised the weak structure of their welfare state and the importance of international institutions at the same time. However, Nicaragua’s welfare state was neither actively nor directly shaped by redistribution demands. Tracing its development, one tendency is worth of notice. Nicaraguan deputies were more prone to discuss societal issues than to delve into the policy-making process per se. Despite stressing national problems by adopting international standards, they do not (use international organisations to) propose concrete policy programmes. The most compelling evidence of international pressure was seen when Nicaragua aimed to harmonise its education standards with those adopted internationally. Yet, only one legislative measure was approved to address the issue. Overall, although Nicaragua was facing diverse difficulties, its citizens were not victims of trade liberalisation and did not explicitly demand for compensatory measures. Thus, Nicaragua’s welfare state was subject to no crucial expansion.

On the other side, Paraguay clearly reflects the causal chain proposed by the compensation hypothesis. Paraguayan senators openly recognised the downsides that their membership in MERCOSUR would have had, or already had, on their socio-economic sector. In fact, the reduction of trade barriers increased competition even at the national level, and income inequalities deepened. Thereafter, citizens started to demand compensation programmes and state subsidies to face the economic and social challenges brought by trade

liberalisation. In 1993, the “Achón Industrial” workers’ representative provided the senators with an explicit example: “At the end of 1991, the union submitted a list of demands to the company. Talks began. Suddenly, the company cut off negotiations and refused to deal with the union any further. There was no other option but to go on strike in February 1992”. The aggregation of societal demands led to an enhancement and expansion of the welfare state, implementing the last linkage of the causal chain. Seeking further confirmation, the ratified legislative texts are robust and complete: senators’ underlying motive was to compensate the “losers” of globalisation. Lastly, social security was the only category not affected by trade liberalisation and compensation demands.

After a thorough analysis, the findings regarding both Nicaragua and Paraguay are crucial to answer to the research question and address the theoretical expectations. In fact, it can be argued that MERCOSUR clearly fostered and expanded the welfare state of Paraguay as predicted by the compensation hypothesis. Contrarily, Nicaragua, which did not undertake major trade openness processes, did not increase the size of its welfare state. As demonstrated by the legislation texts, Paraguay established stronger legislation to foster its welfare state compared to Nicaragua. Moreover, as demonstrated by the parliamentary debates, Paraguay initiated legislation fostering its welfare state *mainly* with the purpose of compensating its citizens for the downsides of trade openness (except for social security).

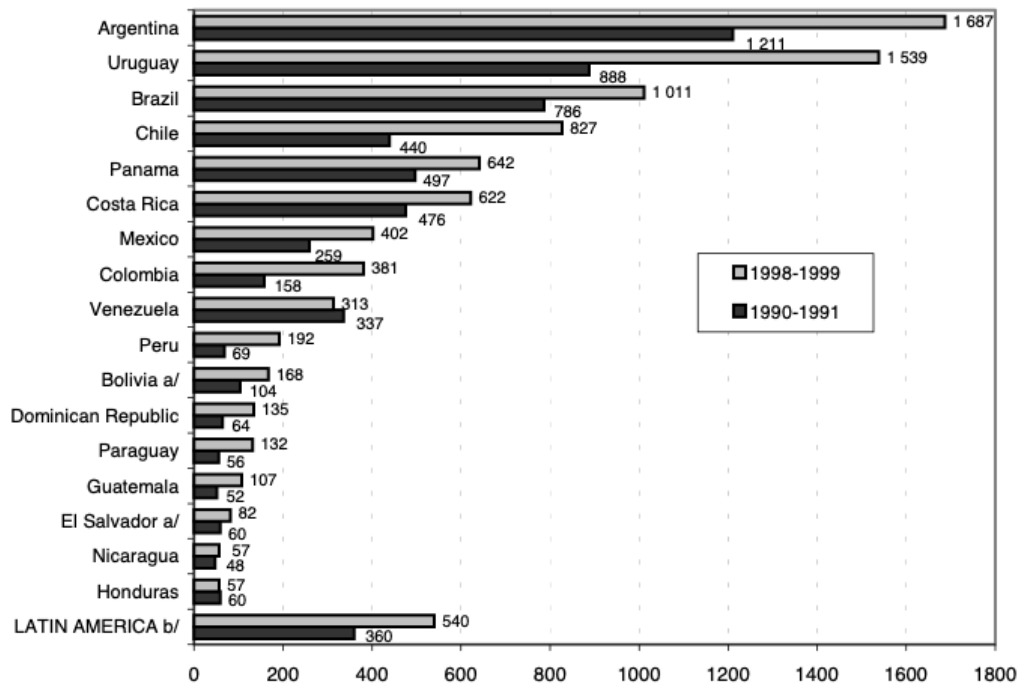


Figure 4: Latin America (17 countries): Public Social Expenditure Per Capita in the Two-Year Periods 1990-1991 and 1998-1999 (1997 dollars) (retrieved from ELAC, social developmental division, social expenditure database)

The previous analysis shows that the state representatives discussed welfare state measures; however, did the executive implement the text approved by the legislature? To complete the analysis, Nicaragua's and Paraguay's public social expenditures in the 1990s will be compared. As reported in Figure 4, Nicaragua and Paraguay spent a similar amount in the public social sector in the first period (1990-1991). Nonetheless, it is remarkable how Paraguay increased its spending throughout the 1990s (from \$56 to \$132, amounting to a difference of \$76 per capita). On the contrary, Nicaragua limited its public social financing (from \$48 to \$57, amounting to a difference of \$9 per capita). Therefore, despite public social expenditure being a generic indicator, the quantitative data provided by this graph confirm the results of the qualitative analysis above.

Conclusion

The debate about the compensation hypothesis remains open. However, this study contributes to supporting its validity. Specifically, this thesis aimed to answer the research question, “*What has been the influence of MERCOSUR on its members’ welfare state?*”. In order to test whether membership in MERCOSUR was a determinant factor for the development of the welfare state, a comparative study between Nicaragua and Paraguay has been conducted. As the theoretical expectations suggested, the analysis showed that Paraguay established stronger policies fostering welfare state compared to Nicaragua. Additionally, Paraguay did so to compensate and protect the “losers” of trade liberalisation. Therefore, contrary to what the efficiency hypothesis predicts (Dallinger, 2013; Shelton, 2007), the analysis has highlighted how Paraguay consciously compensated its citizens for the losses of economic openness (Bergh, 2021; Hays et al., 2005).

Besides successfully testing the theoretical mechanism, this thesis contributes to characterising the Latin American economic integration, which was said to be still under study (Stallings, 2009, p. 64). Moreover, this research retains high internal validity by building a strong and coherent narrative on how MERCOSUR was one of the major reasons, if not *the* reason, for the advancement of the Paraguayan welfare state in the 1990s.

By fulfilling its objectives, this thesis has three practical implications. First, MERCOSUR candidate countries should be aware of the downsides of regional economic integration and should prepare to address possible redistribution demands. Second, politicians should pay attention to the societal imbalance that MERCOSUR and/or other emerging economic institutions are causing. Other than risking to cause general discontent at the societal level, support for economic openness could be ceased. Third, this study is useful in informing citizens of some of the consequences of trade liberalisation. In the case of national elections, voters would ideally make sure that parties favouring tariff reduction present compensating programmes along their campaign.

This research is limited in two aspects. To begin with, by comparing similar cases, the conclusions can be drawn within a limited scope in time and space (Della Porta & Keating, 2008, p. 214). Therefore, despite the internal validity of this study, the generalisability of the findings is challenged by the research design. In addition, although all the available data has been gathered, the number of documents was limited and unbalanced between the cases. This, in turn, has two consequences. First, the connection between the legislation text and its respective debate would be more precise if more documents were available. Second, it was not

feasible to find every transcript of Nicaraguan parliamentary debates from a reliable source; it is therefore acknowledged that fewer details are present by the Nicaraguan side.

In light of the limitations of this study, the following are avenues for future research. First, to combat the challenge of generalisability, further research on the other MERCOSUR members is necessary. A factor that needs to be controlled for is “socialist government”, given their possible impact on welfare state. Moreover, in view of the findings of this paper and those of Yoon (2009), employing qualitative analysis on other regional trade groupings could expand the external validity of the compensation hypothesis. Second, by only selecting a specific type of document (i.e. transcripts of political debates and legislation texts), this research tends to put more emphasis on the third linkages of the compensation hypothesis. Building on this paper and on Walter (2010), further research could observe how the first and the second linkages are manifested in the MERCOSUR member states’ societies.

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14/08/1997
28/05/1998
15/10/1998

Paraguay (legislation texts)

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International Labour Organization. (n.d.). NATLEX: Database of national labour, social security and related human rights legislation. International Labour Organization. <https://www.ilo.org/dyn/natlex/natlex4.home>

Legislation texts:

- Condiciones Generales de los Establecimientos o Centros de Trabajo y de los Mecanismos de Medidas de Protección (Decreto 14.390/92)
- Ley Que Modifica la Ley n. 965 de Fecha 20/12/1991, que Modifica el Inciso “C” del Artículo 15 de la Ley n. 1079 del 30/08/1965 (Ley 27/92)
- Ley Que Modifica el Artículo 5 de la Ley n. 369, del 20/08/1965 y Deroga el Decreto Ley n. 168 de Fecha 29/03/1958, Relativos a Jubilaciones y Pensiones de Empleados Publicos Jubilados (Ley 116/92)
- Ley Que Incorpora el Régimen de Jubilaciones y Pensiones del Estado a los Funcionarios de la Categoría de Personal Transitorio que Prestan Servicios de la Administración Central, Universidad Nacional y en Instituciones Públicas No Incorporadas a Dicho Régimen y Establece un Régimen de Reconocimiento de Servicios Anteriores para los Mismos (Ley 186/93)
- Ley Establece el Boleto Estudiantil (Ley 383/94)
- Ley Que Modifica, Amplia, y Deroga Artículos de la Ley 213/93, Código del Trabajo (Ley 496/94)
- Ley de la Negociación Colectiva en el Sector Público (Ley 508/94)
- Ley Que Crea el Fondo de Garantía Para las Micro, Pequeñas y Medianas Empresas (Ley 606/95)
- Ley Que Reglamenta el Artículo 11 de la Constitución Nacional (Ley 636/95)
- Ley Que Crea el Sistema Nacional de Salud (Ley 1032/96)
- Ley Que Amplia el Presupuesto General de la Nación para el ejercicio Fiscal 1997, Aprobado por Ley n. 1019 de Fecha 31/12/1996, Caja de Jubilaciones y Pensiones de Empleados Bancarios (Ley 1202/97)
- Ley de Acuerdo multilateral de seguridad social del Mercado Común del Sur, suscrito en Montevideo, el 14 de diciembre de 1997, durante la XIII Reunión del Consejo Mercado Común (Ley 17207/97)
- Ley Que Aprueba el Acuerdo Complementario de Cooperación y Asistencia Jurisdiccional en Materia Civil, Comercial, Laboral y Administrativa (Ley 1209/98)
- Ley General de Educación (Ley 1264/98)

Appendix 1: Figures

Figure 1: Compensation hypothesis causal mechanism – adapted from Balcells Ventura (2006)

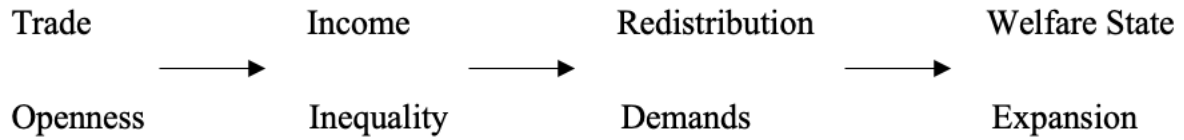


Figure 2: GDP (2024 US\$) (1990-1998) – Nicaragua, Paraguay (retrieved from World Bank national accounts data, and OECD National Accounts data files; <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=NI-PY>)

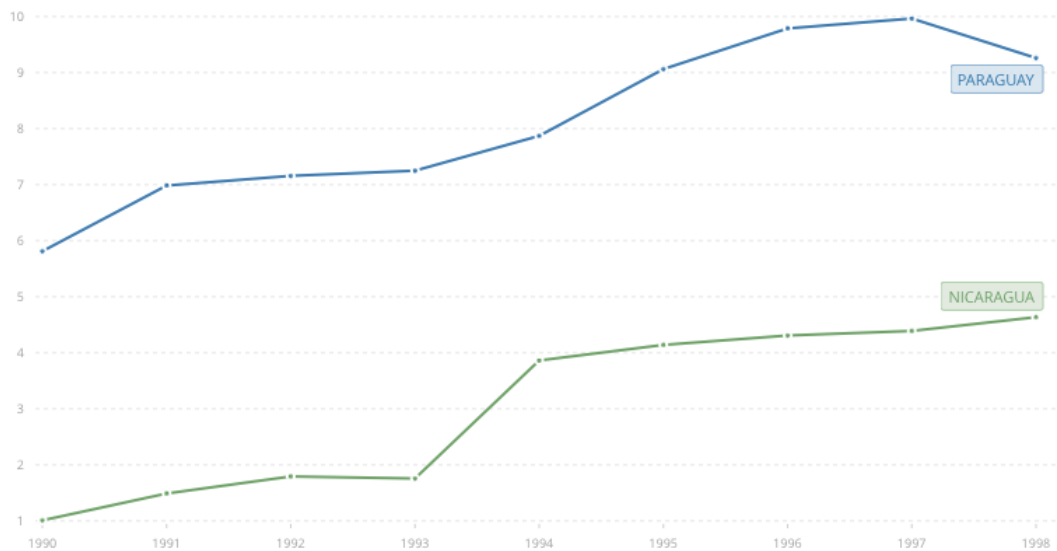


Figure 3: GDP (current US\$) (1990-1998) – Nicaragua, Paraguay and “whole region” filter (retrieved from World Bank National accounts data and OECD National accounts data files;

<https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?contextual=region&locations=NI-PY>)

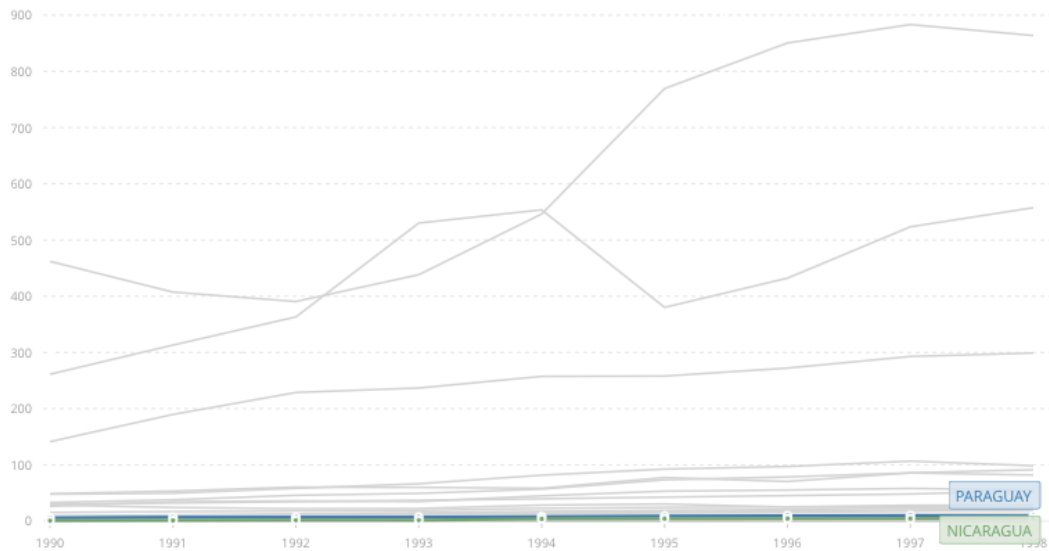
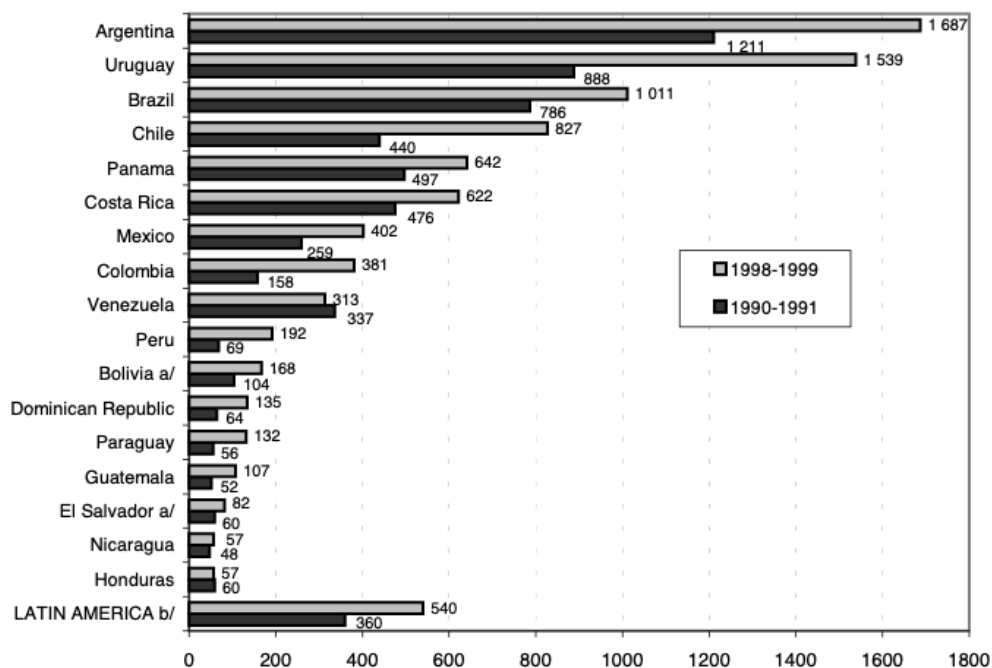


Figure 4: Latin America (17 countries): Public social expenditure per capita in the two-year periods 1990-1991 and 1998-1999 (1997 US\$) (retrieved from ELAC, social developmental division, social expenditure database)



Appendix 2: Tables

Table 1: Coding frame (including description of the categories)

Category	Description	Indicators	Sub-category
Freedom of association	The right of workers and employers to form and join organisations of their own choosing.	<ul style="list-style-type: none"> • Rights to collective bargaining 	
Protection of the unemployed	The unemployed person is protected when programmes aimed at creating working incentives and employment positions are implemented. Moreover, the unemployed person is protected when support (of any kind) is given with no working performance in exchange.	<ul style="list-style-type: none"> • Financial subsidies for unemployed people • Creation of employment positions 	
Rights and benefits of the (formally) employed	A wide range of rights and benefits that only employed people are entitled to.	<ul style="list-style-type: none"> • Non-discrimination during recruitment and at work • Industrial accidents • Safe working environment • Minimum wage • Subsidies for the industrial sectors 	
Education	Education is present when systematic instruction is given to (usually) young people. The educational system is generally divided between public or private.	<ul style="list-style-type: none"> • Public free education • Better quality education 	
Social security	A system under which a government guarantees some kind of services (e.g. healthcare or pensions) to a certain group of people.	<ul style="list-style-type: none"> • Insurance for sickness and invalidity • Insurance for accidents in the workplace • Establishment of a free and/or public healthcare system 	Healthcare
		<ul style="list-style-type: none"> • Pensions system 	Old age

Table 2: Comparative summary of the findings

Category	Nicaragua	Paraguay
Freedom of association	<ul style="list-style-type: none"> – No evidence has been found in the parliamentary debates. – Executive decree 55/97 regulating trade unions. 	<ul style="list-style-type: none"> – The category has been addressed on one occasion only; however, the statement provides a precise explanation on the enhancement of the category. – Law 508/94 on collective negotiation within the public sector; Law 1209/98 approving the complementary agreement on cooperation and jurisdictional assistance on civil, commercial, labour, and administration matters.
Protection of the unemployed	<ul style="list-style-type: none"> – The category has been addressed on one occasion only; however, the issue has been fairly covered by outlining the national socio-economic situation. – No evidence has been found among the legislation texts. 	<ul style="list-style-type: none"> – The category has been addressed on few occasions; representatives employed MERCOSUR to draw predictions on the production sector. – No evidence has been found among the legislation texts.
Rights and benefits of the (formally) employed	<ul style="list-style-type: none"> – No evidence has been found in the parliamentary debates. – Law 129/91 establishing minimum wage; Decree 14/92 giving fiscal incentives to the agricultural, agro-industrial, and industrial sectors; Ministerial Resolution on hygiene and safety at work and in outdoors construction sites. 	<ul style="list-style-type: none"> – The category has been addressed on several occasions and thoroughly discussed; a major theme was the domestic challenge brought by international competition. – Decree 14390/92 establishing general conditions for workplaces; Law 606/95 creating an insurance fund for micro, small, and medium enterprises; Law 636/95 regulating the benefits for public firms subject to privatisation; Law 496/94 banning any form of discrimination towards employed people.
Education	<ul style="list-style-type: none"> – The category has been addressed on few occasions and the issue has been indicated by referring to international standards on education. – Law 51/92 on the independence of the secondary education institutions. 	<ul style="list-style-type: none"> – The category has been addressed on multiple occasions; a major theme was the weakness of the education system compared to other MERCOSUR countries.

- Law 1264/98 on general education; Law 383/94 establishing student discounts on public transportations.

Social security (healthcare)	<ul style="list-style-type: none"> – No evidence has been found in the parliamentary debates. – Decree 19/92 for the creation of the Medical Equipment Maintenance Centre. 	<ul style="list-style-type: none"> – The category has been addressed on one occasion by a trade union representative who expressed common concerns and demands. – Law 1032/96 creating the national healthcare system; Law 17207/97 recognising the MERCOSUR multilateral agreement on social security
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Social security (old age)	<ul style="list-style-type: none"> – No evidence has been found in the parliamentary debates. – Law 160/93 granting additional benefits to retired people. 	<ul style="list-style-type: none"> – The category has been addressed on one occasion by a trade union representative who expressed common concerns and demands. – Law 27/92 modifying pension funds of railway workers; Law 116/92 on public workers' pensions; Law 186/93 on pensions for public administration and universities workers; Law 1202/97 expanding the pension funds of bankers.
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Appendix 3: Primary Sources

Table 3.1: Matrix of the results (source: transcripts of senate debates)

	<i>NICARAGUA</i>	<i>PARAGUAY</i>
FREEDOM OF ASSOCIATION		<p><i>A fines de 1991, el sindicato presentó un pliego de peticiones a la firma. Se comenzó a dialogar. De pronto, la empresa cortó las negociaciones y se negó a seguir tratando con el sindicato. No quedó otro camino que la huelga en febrero de 1992. (Secretario, 05/08/1993, p. 26)</i></p> <p><i>Este mecanismo posibilitará la preparación de las empresas paraguayas en el contexto del Mercado Común del Sur (MERCOSUR) dotándolas de competitividad, para afrontar los desafíos del futuro mercado regional con más de 200 millones de habitantes. [...]</i></p> <p><i>No escaparé al ilustrado criterio de Vuestra Honorabilidad, que las libertades políticas y de expresión, así como la justicia social, para ser duraderas, necesitan estar sustentadas en una sólida base económica, la que se obtendrá rápidamente mediante el fortalecimiento del sector industrial y las facilidades comerciales que se otorguen a través de leyes fiscales adecuadas, e incentivos a la producción y a las industrias para alcanzar la competitividad que solamente se consigue con eficiencia y eficacia. (Secretario, 23/06/1994, p. 7)</i></p>
PROTECTION OF THE UNEMPLOYED	<p><i>Este proyecto y su origen tiene una intención de naturaleza social y no de naturaleza política, como el Representante Luis Sánchez lo ha enfocado, y tal vez eso sea parte de la confusión. De naturaleza social, porque la ola de desalojos está impactando a la opinión pública nacional, no se realiza sobre mansiones, se realiza sobre viviendas pobres, se realiza sobre gente que tiene 30 metros cuadrados, 40 metros cuadrados de vivienda, que fueron beneficiados por las leyes 85, por las leyes de repartos intervenidos, y que no tienen otro palo en que ahorcarse. Y siendo que se trata de un problema social, porque estamos hablando de un país donde hay 60 por ciento de desempleo aceptado por justos y pecadores, por las cifras oficiales del Gobierno y las</i></p>	<p><i>Debo agregar además que tenemos que tener claro, también nosotros los representantes del pueblo, si queremos inversiones para que aumente la concentración de la tierra en poder de pocas manos, creo que esa inversión, no sé si es muy necesaria, yo la veo como absolutamente no necesaria, o queremos que nuestros campesinos, eso sabemos también porque se ha probado hasta el cansancio, que crear un empleo, de proveer un empleo en el área rural por la vía de la distribución, de la tecnificación y del apoyo al campesino, cuesta 4, 5 ó 6 veces menos que crear un empleo en el área industrial. Eso está harto probado, señor Presidente.</i></p> <p><i>De manera que por esas consideraciones, a pesar de que como decir al principio, me había hecho la firme promesa de que casi no intervenir más en ningún tipo de proyecto de expropiaciones hasta tanto este tipo de indignidades, este tipo de afrenta a la Nación, como es que personas sean detentadoras de</i></p>

	<p><i>cifras extraoficiales que maneja todo el mundo.</i></p> <p><i>Porque estamos hablando de un país en el que no hay en corto plazo perspectiva de creación de nuevas fuentes de empleo, sino más bien la amenaza de nuevos despidos. Y estamos hablando de un país donde no hay reactivación de la agricultura, donde se cierran las industrias, donde la gente hace un tiempo al día, donde se cobran las escuelas de secundaria, donde se pide dinero para entrar a la escuela primaria, donde las unidades de salud no tienen medicamento y la gente que tiene pacientes hospitalizados allí tienen que comprar los medicamentos por aparte.</i></p> <p><i>Es decir, estamos hablando de una sociedad donde la inmensa mayoría de los nicaragüenses tiene que rumbear para hacer un tiempo de comida al día, o cruzarse la roja los tres tiempos los adultos para que los chavalos coman una vez al día. Y si nosotros a una familia nicaragüense que come una vez al día, que come tortilla con sal, o que come frijoles con tortilla -y difícil los frijoles porque están caros-, que no tiene empleo permanente; que no tiene perspectiva de encontrar empleo; que rumbear se hace cada vez más difícil; que no encuentra que hacer; que se le enferma un chavalito y tiene una situación desesperada; si a esa familia, además le cae una orden de desalojo de su vivienda, estamos lanzando a la gente a situaciones de desesperación (Representante Dora María Tellez Argüello, 28/03/1994).</i></p>	<p><i>superficies tan enormes para producir absolutamente nada en beneficio de la República, sin embargo voy a dar mi voto en favor de la expropiación. (Señor Senador Carlos Romero Pereira, 19/08/1993, p. 54)</i></p> <p><i>El proyecto pretende dar respuesta a la necesidad de adoptar medidas de política económicas que incentiven y promuevan las inversiones extranjeras, el comercio exterior y la creación de empleos; utilizando materia prima, energía y mano de obra nacionales, a fin de incorporar valor agregado a los productos de exportación (Secretario, 23/06/1994, p. 7).</i></p> <p><i>[...] Este nuevo Puerto no interferirá al de Asunción, insuficiente ya en este momento, además de su mejor ubicación sobre el río Paraguay y fuera del Microcentro, el que se verá con gran incremento en el futuro con la vigencia del MERCOSUR y la hidrovía evitará así incomodidades lo que al final inciden en el incremento de todos los costos, en perjuicio directo de la economía del país y del pueblo.</i></p> <p><i>[...] Además de ampliar tanto la capacidad operacional de puertos en el Paraguay, con edificios, almacenes (bodegas) y equipamientos modernos, será necesario la contratación de gran cantidad de personas, en la construcción del complejo, dado el gran emprendimiento del Servicio Portuario-Comercial y de transporte Fluviales y Marítimos Paraguayo, puesto al servicio de los países componentes del MERCOSUR y otros con quienes tendremos intercambio comercial directo; como así también en su operación y funcionamiento (Secretario, 18/08/1994, p. 24).</i></p>
<p>RIGHTS and BENEFITS OF THE (FORMALLY) EMPLOYED</p>		<p><i>Los pobladores plantearon numerosas demandas y quejas, quejas acerca del tipo de viviendas provisorias de solamente 219 mts.² que se le están otorgando y unas viviendas definitivas que van a ser solamente de alrededor de 40 mts.². Quejas acerca del lugar donde van a ser relocalizados, por ejemplo, gente que está en la isla va a ser relocalizada a 30 Kms. de la ribera del río, perdiendo toda posibilidad de cumplir, de reproducir su estrategia de vida que está vinculada fundamentalmente a la pesca y a la producción de ciertos tipos de frutos que se dan en la ribera del Río Paraná. Quejas acerca de la pérdida de su lugar de trabajo, y sobre todo, pérdidas de la materia prima con la cual hacen su trabajo en el caso de los ceramistas (Señor Senador Juan María Carrón, 02/09/1993, p. 33).</i></p>

En efecto, señor Presidente, todos sabemos que en el país, existen industrias nacionales que fabrican cigarrillos rubios y negros, y que, estas fábricas están dando ocupación a centenares de compatriotas, dan trabajo, trabajo fecundo para el desarrollo, para el progreso. Sin embargo, a través de este Decreto, se permite la introducción de cigarrillos de fabricación extranjera, concretamente va esto dirigido a permitir, permitir que ingresen cigarrillos de fabricación brasileña, con el objeto supuesto de que vayan en tránsito, por nuestro territorio nacional hacia terceros países que conforman el MERCOSUR.

Pero, sin embargo, sabemos nosotros, señor Presidente, de que ello implica digamos una trampa, por cuanto que generalmente y de acuerdo a la experiencia, esos cigarrillos no van directamente reexportados a terceros países, sino, que en cambio, un considerable porcentaje de los mismos son comercializados en el territorio nacional, en una situación de extraordinaria ventaja, por cuanto que, pagan, si es que pagan, un mínimo de canon por una determinada y mínima cantidad, y el resto entra totalmente de contrabando, sin que se pueda contabilizar en forma exacta y apreciable la magnitud o el volumen del ingreso de los mismos (Señor Senador Víctor Hugo Sánchez, 09/11/1993, pp. 37-38).

Cabe señalar, que la necesidad de atraer nuevas inversiones, con tecnologías modernas, la generación de fuentes de trabajo, y la promoción de exportaciones son las razones principales que han llevado al auge de las "Zonas Francas" en el mundo, con procesos de desarrollo exitoso. Además, las zonas francas industriales ha sido el verdadero motor del desarrollo económico, y única posibilidad de muchos países para salir del subdesarrollo.

El Poder Ejecutivo busca impulsar por este medio las acciones que contribuyan al incremento de los productos exportables, de bienes y servicios, así como la canalización hacia nuestro país de inversión de capitales, tecnología y recursos humanos calificados que contribuyen al desarrollo del país.

Este mecanismo posibilitará la preparación de las empresas paraguayas en el contexto del Mercado Común del Sur (MERCOSUR) dotándolas de competitividad, para afrontar los desafíos del futuro mercado regional con más de 200 millones de habitantes (Secretario, 23/06/1994, p. 7).

La ampliación solicitada será destinada al fortalecimiento de la infraestructura de la institución, mediante la adquisición de equipos e instrumentos de

laboratorio, de comunicación y de oficina; construcción por administración; compra de vehículos utilitarios; mantenimiento y reparación de equipos e inmuebles.

Con el objeto de atender y acompañar con cierto grado de eficiencia la creciente demanda de servicios tecnológicos generados por las empresas de producción y de servicios del país, que han iniciado la adecuación de sus productos a padrones de calidad internacional, como el proceso irreversible de competitividad, tal como lo exige el MERCOSUR y los demás mercados (Secretario, 12/09/1995, pp. 3-4).

En resumen, el proyecto de Ley elevado a consideración del Honorable Congreso Nacional busca poner a disposición de la economía paraguaya un instrumento comercial y financiero moderno, que permita dinamizar e incrementar tanto las inversiones como la actividad comercial en el país.

Este objetivo de darle dinámica a la inversión debe analizarse bajo la perspectiva de potenciar al máximo las posibilidades de los distintos sectores de la economía nacional toda vez que en pocos años tendrá plena vigencia el MERCOSUR. El funcionamiento del libre mercado regional al tiempo que promueve una mayor competencia entre las empresas de la región, sobre una gran posibilidad para las empresas del país que accederán a mercados de gran magnitud con una ventaja frente a los oferentes del resto del mundo, cuantificable en el nivel de arancel externo común y la diferencia de costos transaccionales tales como fletes o seguros (Secretario, 26/09/1996, p. 5).

b) Reforma del actual Código Laboral. La globalización de los mercados obliga al Paraguay a enfrentar con mayor ímpetu la capacitación y utilización óptima de sus recursos humanos. La mano de obra calificada es escasa en el país y la legislación laboral existente es extremadamente rígida, factores que afectan directamente a la competitividad de nuestras industrias en el MERCOSUR. Por lo mismo, es necesario establecer mecanismos para la flexibilización de trabajadores, porque en las condiciones actuales sólo se incentiva la mediocridad y el desempleo.

Esto adquiere particular relevancia, ya que los demás países del MERCOSUR que tenían regulaciones inflexibles en sus legislaciones laborales, en los últimos tiempos a través de diversos procesos han logrado la flexibilización, que por otra

		<p>parte es una tendencia universal (Secretario, 14/08/1997, p. 76).</p> <p><i>Señor Presidente, el proyecto en estudio fue remitido por el Poder Ejecutivo con Mensaje 657 del 24 de setiembre de 1996. Es un proyecto que tiene por objeto modernizar la economía paraguaya y adecuarla a las exigencias de globalización actuales.</i></p> <p><i>Este proyecto inicialmente tuvo objeciones y es el motivo por el cual se ha demorado el tratamiento del mismo, pero finalmente, con el deseo de que el Parlamento fuera más eficiente, se aumentara su productividad, las tres Comisiones encomendaron el estudio a un grupo de personas que se encargaran de este estudio y se me encomendó como Senador, miembro de las tres Comisiones dictaminantes, atender el tema.</i></p> <p><i>El proyecto de arrendamiento financiero, señor Presidente, responde a necesidades actuales de la economía del Mercosur y mundiales. (Señor Senador Juan Carlos Zaldivar, 28/05/1998, p. 46).</i></p> <p><i>Por lo tanto, la C.P.T. propone se incorporen en el proyecto en discusión los aspectos socioeconómicos que contemple esencialmente: Estabilidad del Pleno. Empleo. Modernización. Formación. Profesional y Técnico. Defensa a la Industria Nacional. Crecimiento Industrial. Además deben ofrecerse oportunidades de Avance Social como Empleos más atrayentes y productivos; facilidades de readaptación y asignaciones de reinstalación a los trabajadores, empleados en industrias nacionales que serán y ya son en algunos casos, afectados por las importaciones de los países en desarrollo (MERCOSUR) (Secretario, 15/10/1998, p. 35).</i></p>
EDUCATION	<p><i>En León, compañero Presidente de la Asamblea Nacional, tenemos el 80 por ciento de desempleo. En todo el país hay el 60 por ciento de desempleo, producto del Plan de Ajustes Económicos. No plantear el 6% daña a la universidad, es obligar a la universidad a cortar las becas, es obligar a las universidades a subir los aranceles, es correr a los estudiantes (Diputado Omar Cabezas Lacayo, 12/04/1996).</i></p> <p><i>[...] Este Código, compañeros Diputados, obliga al Estado a respaldar la educación a toda costa, para beneficio de todos los escolares en primaria y</i></p>	<p><i>[...] El aumento considerable de alumnos en la Universidad Católica, tanto en la capital como en el interior, y las crecientes limitaciones de muchos de ellos, nos mueven a solicitar del Superior Gobierno la suma de G. 400.000.000 (Cuatrocientos millones de guaraníes) para el otorgamiento de becas a estudiantes de escasos recursos.</i></p> <p><i>Por otra parte, por única vez en este presupuesto, solicitamos la suma de G. 700.000.000 (Setecientos millones de guaraníes) para la construcción de un pabellón de la Facultad de Ciencias y Tecnología, Facultad donde se imparten carreras técnicas de alto nivel y se realizan investigaciones en el campo tecnológico, que adquieren relevante importancia en momentos en que el país busca un despegue en su desarrollo y al</i></p>

	<p><i>secundaria; no olvidemos que Nicaragua está comprometida con todos los acuerdos y resoluciones de las Naciones Unidas que tengan que ver con los menores y con la familia.</i></p> <p><i>[...] basándose en los instrumentos internacionales y la realidad nacional para contribuir con la elaboración de los elementos básicos conceptuales para la concreción del dictamen, previo a la discusión del Proyecto en el Plenario (Diputado Ernesto Romero Angulo, 24/03/1998).</i></p>	<p><i>mismo tiempo se encuentra enfrentado al desafío del MERCOSUR (Secretario, 26/08/1993, p. 14).</i></p> <p><i>La entrada en vigencia del MERCOSUR ha puesto en evidencia la urgente necesidad de uniformar el ejercicio de las profesiones universitarias y ejercer un adecuado control sobre las mismas, que garanticen, a la sociedad usuaria de sus servicios, adecuados niveles de calidad y eficiencia.</i></p> <p><i>En nuestro país, este control es ejercido desde hace décadas por los Colegios y Consejos Profesionales, constituido por los propios profesionales, electos democráticamente, quienes tienen la responsabilidad de emitir la matrícula profesional obligatoria, dictar las normas para el ejercicio profesional, controlar su cumplimiento y en su caso establecer sanciones (Secretario, 18/05/1995, p. 8).</i></p> <p><i>[...] una educación deficitaria que arranca desde la primaria; que hay un proyecto para su mejoramiento, y esta educación secundaria extraordinariamente deficitaria, porque bien lo ha expresado el Presidente de la Comisión de Hacienda, la explosión demográfica es grande, aumenta día a día la cantidad de alumnos.</i></p> <p><i>[...] Hemos estudiado en comisión y hemos tenido todas las informaciones referentes a la aplicación que tendría este proyecto que creemos que va a redundar en beneficio de nuestra juventud y estaremos en esta etapa de competencias, estamos entrando en una era diferente, una era que dio en llamarse del MERCOSUR en donde necesitamos de profesionales capaces para poder competir en el mercado de trabajo (Señor Senador Juan Manuel Cano Melgarejo, 02/11/1995, pp. 49-50).</i></p> <p><i>[...] y quizás también sea algo que tengamos que exigir a los que defienden los presupuestos, sobre todo de la Universidad Nacional, que se estimule, que se busque unas dotaciones presupuestarias que permitan preparar profesionales con posibilidades de competencia en un medio, sobre todo como el del MERCOSUR, que nos va a inundar, ya nos está comenzando a inundar con profesionales y cada día que pase la competencia para sobrevivir, ya no para ganar dinero, sino para sobrevivir va a ser más dura, señor Presidente (Secretario, 01/08/1996, pp. 60-61).</i></p>
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SOCIAL SECURITY (healthcare)		<p><i>Tengo el alto honor de dirigirme a Ud. en mi calidad de Presidente de la Caja de seguros Sociales de Empleados y Obreros Ferroviarios, con el objeto de rogarle el urgimiento del tratamiento del expediente de proyecto de Ley que obra en la Comisión de su digna Presidencia que prevé un ingreso extraordinario para la Caja de Seguros Sociales de Empleados y Obreros Ferroviarios, proveniente de aporte del 2% de las Compañías de Seguros sobre las operaciones realizadas, sin cuya ayuda nos veríamos obligados a suspender la atención de la salud de más de 1600 asegurados incluidos jubilados, pensionados y personal activo de la Empresa del Ferrocarril con sus correspondientes esposas, concubinas e hijos menores (Presidente Carlos Antonio López, 24/08/1995, pp. 33-34)</i></p>
SOCIAL SECURITY (Old age)		<p><i>Tengo el alto honor de dirigirme a Ud. en mi calidad de Presidente de la Caja de seguros Sociales de Empleados y Obreros Ferroviarios, con el objeto de rogarle el urgimiento del tratamiento del expediente de proyecto de Ley que obra en la Comisión de su digna Presidencia que prevé un ingreso extraordinario para la Caja de Seguros Sociales de Empleados y Obreros Ferroviarios, proveniente de aporte del 2% de las Compañías de Seguros sobre las operaciones realizadas, sin cuya ayuda nos veríamos obligados a suspender la atención de la salud de más de 1600 asegurados incluidos jubilados, pensionados y personal activo de la Empresa del Ferrocarril con sus correspondientes esposas, concubinas e hijos menores (Presidente Carlos Antonio López, 24/08/1995, pp. 33-34).</i></p>

Table 3.2: Matrix of the results (source: legislation texts)

	NICARAGUA	PARAGUAY
FREEDOM OF ASSOCIATION	<p>Decreto Ejecutivo 55/97: Decreto de Reglamento de Asociaciones Sindicales</p> <p><i>Art. 1) Sindicatos son las asociaciones de trabajadores o empleadores constituidas para la representación y defensa de sus</i></p>	<p>Ley 508/94: de la Negociación Colectiva en el Sector Publico</p> <p><i>Art. 1) Las negociaciones colectivas sobre condiciones de trabajo que se celebren entre el Estado y los funcionarios y empleados públicos,</i></p>

	<p><i>respectivos intereses. La constitución de sindicatos no necesita autorización previa. [...]</i></p> <p><i>Art. 4) Son facultades de los sindicatos las siguientes:</i></p> <ol style="list-style-type: none"> <i>1. Celebrar convenciones colectivas de trabajo.</i> <i>2. Representar a sus miembros en los conflictos, controversias y reclamaciones de carácter económicos sociales que se presenten;</i> <i>3. Participar en las gestiones administrativas determinadas por la ley;</i> <i>4. Adquirir y administrar los bienes muebles e inmuebles que requieran para el ejercicio de sus actividades;</i> <i>5. En general, todas las que no estén reñidas con sus fines esenciales ni con las leyes.</i> 	<p><i>serán desarrolladas dentro del marco general dispuesto por la presente Ley.</i></p> <p><i>Art. 2) Los sujetos afectados por la presente Ley, abarcan a funcionarios y empleados públicos de los organismos que componen la administración central, las entidades descentralizadas, las empresas públicas, los bancos oficiales, las gobernaciones y las municipalidades, salvo los expresamente exceptuados.</i></p> <p>Ley 1209/98: Que Aprueba el Acuerdo Complementario de Cooperación y Asistencia Jurisdiccional en Materia Civil, Comercial, Laboral y Administrativa</p> <p><i>Art. 1) Apruébase el Acuerdo Complementario de Cooperación y Asistencia Jurisdiccional en Materia Civil, Comercial, Laboral y Administrativa, suscrito en ocasión de la X y la XII Reunión del Consejo Mercado Común y de Jefes de Estados del Mercosur, en San Luis, República Argentina, el 24 y 25 de junio de 1996 y en Asunción, Paraguay, los días 18 y 19 de junio de 1997, cuyos textos son como sigue.</i></p>
<p>PROTECTION OF THE UNEMPLOYED</p>		
<p>RIGHTS OF THE (FORMALLY) EMPLOYED</p>	<p>Ley 129/91: Salario Mínimo</p> <p><i>Art. 1) La presente Ley regula la fijación del salario mínimo para asegurar al trabajador y su familia un mínimo de bienestar compatible con la dignidad humana, conforme el numeral 1 del Artículo 82 Cn.</i></p> <p><i>Art. 2) Para los efectos de esta Ley el salario mínimo es la retribución ordinaria que satisfaga las necesidades mínimas de orden material, moral y cultural del trabajador y que esté en relación con el costo de subsistencia y las condiciones y necesidades en las diversas regiones del país.</i></p> <p><i>Art. 3) El salario mínimo es Irrenunciable y no puede ser objeto de compensación, descuento, reducción, retención o embargo, excepto en los casos previstos por la Ley.</i></p> <p>Decreto 14/92: Incentivos Fiscales a los Sectores Agropecuario, Agroindustrial e</p>	<p>Decreto 14.390/92: Condiciones Generales de los Establecimientos o Centros de Trabajo y de los Mecanismos de Medidas de Protección</p> <p><i>Considerando:</i></p> <p><i>[...] Que la aplicación de medidas preventivas de Seguridad, Higiene y Medicina en el Trabajo es el mejor medio para lograr los objetivos sociales y económicos que vive el país;</i></p> <p><i>[...] Que el Reglamento General Técnico de Seguridad, Higiene y Medicina en el Trabajo, conforme al Acta de fecha 29 de mayo de 1991 en cumplimiento del Art. 280 inc. "c" del Código del Trabajo, ha sido puesto a consideración de los trabajadores y empleadores a través de las centrales sindicales reconocidas y de las organizaciones empresariales;</i></p> <p><i>Por tanto: [...]</i></p> <p><i>Art.1) El presente Reglamento tiene como objeto regular aspectos relativos a las condiciones y requisitos técnicos mínimos obligatorios que [...] se requiere cumplir en todo establecimiento o centro de trabajo del país.</i></p>

<p>Industrial</p> <p>Considerando:</p> <p>I. Que es necesario estimular a las empresas industriales, agroindustriales y agropecuarias que deseen reponer o sustituir, su maquinaria o equipos industriales para aumentar su producción, así como las empresas que vayan a iniciar esas actividades productivas.</p> <p>II. Que el estímulo con incentivos fiscales a los sectores agropecuario, agroindustrial e industrial, contribuirá a la recuperación de su nivel competitivo ante el mercado externo. [...]</p> <p>Por tanto:</p> <p>Art 2) Se faculta al Ministerio de Finanzas para extender los plazos fijados en el Arto. 1 de este Decreto y dictar Acuerdos Ministeriales en la aplicación del mismo.</p> <p>Resolución Ministerial de Higiene y Seguridad del Trabajo</p> <p>Considerando:</p> <p>I. Que el artículo 82, inc. 4, de la Constitución, reconoce el derecho de los trabajadores a unas condiciones de trabajo que "garanticen la integridad física, la salud, la higiene y la disminución de los riesgos profesionales para hacer efectiva la seguridad ocupacional del trabajador". [...]</p> <p>III. Que es necesario armonizar dichas políticas con los Tratados y Acuerdos Internacionales, referentes a la ejecución de acciones específicas en el terreno de la protección de la salud de los trabajadores frente a los riesgos derivados de sus condiciones de trabajo. [...]</p> <p>VI. Que procede crear un Consejo de Higiene y Seguridad del Trabajo, en el que participen los empresarios y trabajadores, a través de las organizaciones sindicales y empresariales más representativas, para promover la mejora de las condiciones de trabajo y colaborar en el desarrollo normativo de esta Resolución. [...]</p> <p>Por tanto:</p> <p>Art. 1) Objeto y Ámbito de Aplicación</p> <p>1. La presente Resolución tiene por objeto establecer las medidas mínimas que, en materia de higiene y seguridad del trabajo,</p>	<p>Todo trabajador deberá recibir instrucción y formación acerca de las disposiciones generales en materia de Seguridad e Higiene Ocupacional [...].</p> <p>Ley 606/95: Que Crea el Fondo de Garantía Para las Micro, Pequeñas y Medianas Empresas</p> <p>Art. 1) Créase un fondo de carácter permanente denominado FONDO DE GARANTIA dependiente del Poder Ejecutivo por intermedio del Ministerio de Hacienda.</p> <p>Art. 2) EL FONDO DE GARANTIA creado por esta Ley será destinado a otorgar garantías adicionales y complementarias, cuando las ofrecidas por los beneficiarios sean insuficientes. El fondo podrá ser utilizado por micro, pequeñas y medianas empresas, sean ellas agropecuarias, forestales, industriales, artesanales, comerciales o de servicios. El monto del préstamo a ser cubierto por el FONDO DE GARANTIA será por un máximo de cuatro mil jornales diarios mínimos legales para actividades diversas no especificadas en la capital. El plazo de cobertura será acorde con el del crédito obtenido.</p> <p>Ley 636/95: Que Reglamenta el Artículo 11 de la Constitución Nacional</p> <p>Art. 1) Son beneficiarios de la opción preferencial de compra establecida en el Artículo 111 de la Constitución Nacional:</p> <p>a) Los empleados, obreros y funcionarios de la respectiva "Empresa del Estado Sujeta a Privatización" que se hallasen en directa relación de dependencia de la misma y sujetos a las disposiciones del Código Laboral o la Ley del Funcionario Público;</p> <p>b) Los empleados, obreros y funcionarios que fueron despedidos sin causa justificada a partir del plazo de un año anterior a la promulgación de la Ley Especial que declara a la Empresa Sujeta a Privatización;</p>
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	<p><i>deben desarrollarse para proteger la seguridad y salud de los trabajadores en el desempeño de sus tareas.</i></p> <p><i>2. Las disposiciones de esta Resolución se aplicarán en todos los centros de trabajo del país, tanto públicos como privados, en los que se realicen labores industriales, agrícolas, comerciales o de cualquier otra índole.</i></p> <p>Resolución Ministerial Referente a las Medidas Basicas de Seguridad de Higiene que Deben Adoptar las Empresas y Firmas Constructoras que Realicen Excavaciones a Cielo Abierto</p> <p>Considerando:</p> <p><i>I. Que es de urgente necesidad regular las condiciones mínimas de seguridad e higiene de los trabajadores que realizan labor de excavación para proyectos de drenaje pluvial, alcantarillados sanitarios, instalaciones subterráneas para teléfonos, etc.</i></p> <p><i>II. Que es política del Estado velar por las medidas de protección, las condiciones básicas de seguridad e higiene de los trabajadores en el desarrollo de su labor y garantizar su cumplimiento, con el propósito de evitar la ocurrencia de accidentes de trabajo graves y mortales. [...]</i></p> <p>Por tanto:</p> <p><i>Art. 9) Facultar a la DIRECCION GENERAL DE HIGIENE Y SEGURIDAD DEL TRABAJO como órgano de vigilancia y control del cumplimiento de esta Resolución Ministerial.</i></p>	<p>Ley 496/94: Modifica, Amplia, y Deroga Articulos de la Ley 213/93, Código del Trabajo</p> <p><i>Art. 9) El trabajo es un derecho y un deber social y goza de la protección del Estado. No debe ser considerado como una mercancía. Exige respeto para las libertades y dignidad de quien lo presta, y se efectuará en condiciones que aseguren la vida, la salud y un nivel económico compatible con las responsabilidades del trabajador padre o madre de familia. No podrán establecerse discriminaciones relativas al trabajador por motivo de impedimento físico, de raza, color, sexo, religión, opinión política o condición social.</i></p>
<p>EDUCATION</p>	<p>Ley 151/92: Ley de Interpretación auténtica del artículo 55 inciso 1 de la "Ley de Autonomía de las instituciones de educación superior"</p> <p><i>Art. 1) Téngase por Interpretación Auténtica del Artículo 55, Inciso 1, de la LEY DE AUTONOMÍA DE LAS INSTITUCIONES DE EDUCACIÓN SUPERIOR, la siguiente: "El aporte ordinario del Estado, como garantía mínima para hacer efectiva la Autonomía Universitaria que no debe ser menor del 6% del Presupuesto General de Ingresos de la República, debe calcularse sobre el total de los ingresos ordinarios y extraordinarios establecidos en el Presupuesto General de la República para el año correspondiente,</i></p>	<p>Ley 1264/98: General de Educación</p> <p><i>Art. 23) Las autoridades educativas mediante programas de compensación, atenderán de manera preferente a los grupos y regiones que enfrentan condiciones económicas, demográficas y sociales de desventaja. El Estado garantizará la integración de alumnos con condiciones educativas especiales. Estos programas permitirán la equiparación de oportunidades, ofreciendo diferentes alternativas y eliminando las barreras físicas y comunicacionales en los centros educativos públicos y privados, de la educación formal y no formal.</i></p> <p><i>Art. 24) Se facilitará el ingreso de las personas de escasos recursos en los</i></p>

	<p><i>independientemente del origen de dichos ingresos".</i></p>	<p>establecimientos públicos gratuitos. En los lugares donde no existen los mismos o fueran insuficientes para atender la demanda de la población escolar, el Estado financiará plazas de estudios en los centros privados, que serán cubiertas por dichas personas a través de becas, parciales o totales.</p> <p>Ley 383/94: Establece el Boleto Estudiantil</p> <p><i>Art. 1) Establéese el boleto estudiantil nacional para el transporte urbano, suburbano y rural de los alumnos de los establecimientos educacionales públicos y, privados autorizados por el Ministerio de Educación y Culto. El mencionado boleto tendrá un costo equivalente a la mitad del precio común del pasaje respectivo.</i></p>
<p>SOCIAL SECURITY <i>(healthcare)</i></p>	<p>Decreto 19/92: Creación del centro de mantenimiento de equipos médicos</p> <p><i>Art. 1) Créase el Centro de Mantenimiento de Equipos Médicos como una entidad descentralizada con personalidad jurídica y patrimonio propio, adscrita al Ministerio de Salud, la que tendrá por objeto proveer, instalar y darles mantenimiento preventivo y correctivo a los equipos hospitalarios del Sistema Nacional de Salud. En lo sucesivo esta entidad se podrá designar simplemente CEMED.</i></p>	<p>Ley 1032/96: Crea el Sistema Nacional de Salud</p> <p><i>Art. 1) Créase el Sistema Nacional de Salud, en adelante "el Sistema", en cumplimiento de una política nacional que posibilite la plena vigencia del derecho a la salud de toda la población.</i></p> <p>Ley 17207/97: Acuerdo multilateral de seguridad social del Mercado Común del Sur, suscrito en Montevideo, el 14 de diciembre de 1997, durante la XIII Reunión del Consejo Mercado Común.</p> <p><i>Establece que los derechos de seguridad social se reconocerán a los trabajadores que presten o hayan prestados servicios en cualquiera de los Estados Partes reconociéndose, así como a sus familiares y asimilados, los mismos derechos estando sujetos a las mismas obligaciones que los nacionales de dichos Estados Partes con respecto a los específicamente mencionados por el acuerdo. Determina el ámbito de aplicación material y la legislación aplicable. Establece disposiciones, entre otros ámbitos, sobre las prestaciones de salud, los regímenes de jubilaciones y pensiones de capitalización individual, y la cooperación administrativa.</i></p>

<p>SOCIAL SECURITY (old age)</p>	<p>Ley 160/93: Ley que Concede Beneficios Adicionales a Las Personas Jubiladas</p> <p><i>Art. 1) La presente Ley tiene por objeto establecer prestaciones económicas y de servicios sociales adicionales en beneficio de las personas jubiladas, que actualmente gozan de tal derecho en virtud del régimen de Seguridad Social vigente. [...]</i></p> <p><i>Art. 3) Las personas jubiladas gozarán de los siguientes derechos en materia de salud, sin que se les deduzca ninguna cuota de sus pensiones:</i></p> <p><i>a) Los establecimientos estatales en Salud (Centros, Policlínicas, Hospitales, etc.) suministrarán a los jubilados, los servicios médicos preventivos, curativos y de rehabilitación [...].</i></p>	<p>Ley 27/92: Que Modifica la Ley n. 965 de Fecha 20/12/1991, que Modifica el Inciso “C” del Artículo 15 de la Ley n. 1079 del 30/08/1965</p> <p><i>Art. 1) Modificase la Ley n. 95 del 20 de diciembre de 1991, que queda redactada como sigue: [...] el 6% (seis por ciento) será destinado a la Caja de Seguros Sociales de Empleados y Obreros Ferroviarios, por intermedio del Ferrocarril “Presidente Carlos Antonio López” para el pago de Jubilaciones y Pensiones correspondientes a sus beneficiarios.</i></p> <p><i>Art. 2) Autorizase al Ministerio de Hacienda a reprogramar el Presupuesto vigente del Ferrocarril “Presidente Carlos Antonio López” y de la Caja de Seguros Sociales de Empleados y Obreros Ferroviarios, conforme a las implicancias financieras creadas por las modificaciones establecidas en el artículo anterior de la presente Ley.</i></p> <p>Ley 116/92: Modifica el Artículo 5 de la Ley n. 369, del 20/08/1965 y Deroga el Decreto Ley n. 168 de Fecha 29/03/1958, Relativos a Jubilaciones y Pensiones de Empleados Públicos Jubilados</p> <p><i>Art. 1) [...] Esas Jubilaciones y Pensiones, ordinarias o extraordinarias, acordadas con anterioridad de la presente Ley gozarán, asimismo, de los beneficios establecidos en los Artículos 2°, 3° y 4°, a cuyo efecto, el Poder Ejecutivo pondrá a disposición de la Caja de Jubilaciones y Pensiones administrada por el Ministerio de Hacienda, a partir del próximo presupuesto, los recursos necesarios para hacer frente a esa erogación".</i></p> <p>Ley 186/93: Incorpora el Régimen de Jubilaciones y Pensiones del Estado a los Funcionarios de la Categoría de Personal Transitorio que Prestan Servicios de la Administración Central, Universidad Nacional y en Instituciones Públicas No Incorporadas a Dicho Régimen y Establece un Régimen de Reconocimiento de Servicios Anteriores para los Mismos</p> <p><i>Incorporase con carácter obligatorio al régimen de jubilaciones y pensiones del Estado, a los funcionarios que perciben remuneración dentro de la partida de personal transitorio que prestan servicios, bajo cualquier título en la Administración Central, en la Universidad</i></p>
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		<p><i>Nacional de Asunción y en Instituciones Públicas que a la fecha no forman parte del régimen de jubilaciones mencionados. La incorporación será con todos los derechos y obligaciones que acuerda el referido régimen al personal de la categoría permanente.</i></p> <p>Ley 1202/97: Que Amplia el Presupuesto General de la Nación para el ejercicio Fiscal 1997, Aprobado por Ley n. 1019 de Fecha 31/12/1996, Caja de Jubilaciones y Pensiones de Empleados Bancarios</p> <p><i>Art. 1) Ampliase la estimación de los ingresos de las Entidades Descentralizadas por la suma de G. 24.754.600.000 [...].</i></p>
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