

**INTERNATIONAL
INSTITUTE FOR
LABOUR STUDIES**

Discussion papers

DP/126/2001

Labour
and
Society
Programme

**Trade union responses
to globalization:
Chile**

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Trade union responses
to globalization:
Chile

Guillermo Campero

International Institute for Labour Studies Geneva

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ISBN 92-9014-640-0

First published 2001

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Requests for this publication should be sent to: IILS Publications, International Institute for Labour Studies, P.O. Box 6, CH-1211 Geneva 22 (Switzerland).

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SUMMARY

Unlike other Latin American countries where the trade union movement tackled the challenges of globalization as progressive adjustments deriving from economic and political modernization in a democratic framework, in Chile this process of major change was the result of violent, drastic and massive adjustment by an authoritarian government, which denied political or social freedoms and was overtly anti trade union. Thus, for Chilean trade unionists, the processes related to globalization and its structural effects were experienced simultaneously with the political and social effects generated by the military government. Consequently, the struggle to restore political democracy in Chile, in which trade unionists were the leading players, was often also linked with criticisms of the new economic model, since it was considered that the authoritarian military regime and the new model were two sides of the same coin.

Initially, during the 70s, the changes resulting from the introduction of the new economic model by the military regime had a high social cost, including falling wages and unemployment, and were reflected more generally in an all-round weakening of the structural setting in which trade unions could exist and act. Not only did the total number of members decline, as a result of high unemployment, but also there was a fragmentation of trade union organization as unions declined in size. In short, both the structural impact resulting from the economic model adopted and the political constraints, which stultified union development, produced a regression in trade union activity and a drastic change in the composition of its social base. This situation can be regarded as critical since the process of weakening was global and new sectors did not emerge to strengthen and counteract the decline in historically more strategic centres. Also of crucial importance was the application of highly flexible and deregulatory labour legislation, which imposed serious restrictions on trade union action. Despite that, it did not mean the demise of organized labour.

The situation began to change in the 1980s, when the trade unions headed a vast social protest movement against the military regime and its policies, leading a social base wider than that organized in trade unions. However, this trade union leadership was overtaken by party leaderships and its new profile as the cement for a wider social spectrum lost ground and finally disappeared.

Analysts agree that 1985 was when the foundations of the present Chilean economic process were laid, since it marked the beginning of a decade of economic growth and permanent job creation. An essential factor, political stability, began to emerge with the end of the authoritarian military government in 1990, opening up areas suited to social action. In the case of trade unionism, one of the significant effects was the rapid growth in membership during the first three years of democratic government, even though the average size of trade unions tended to decrease.

At this stage, trade union strategy in Chile was characterized by three lines of approach: social cohesion, legal reform and participation in national decisions. In the case of the first, it should be noted that the policies designed to strengthen social alliances were aimed at establishing a general framework to tackle the employment issue with the start of the first democratic government for 17 years. The signing of the National Tripartite Framework Agreement in May 1990 was the first outcome of that approach, and an unprecedented event in Chilean experience. Its principal value was to send a signal that the trade unions, employers' organizations and the Government were ready to agree the broad lines of economic and social development, as well as the will of the parties to regard them as a framework within which they were prepared to work. That signal, which helped to strengthen the stability of the process of

change to democracy, was the result of a process of mutual concessions by the parties, such that its content can be seen as a kind of "memorandum of understanding" rather than full convergence. The following three Agreements were more limited, but kept up the idea of social cohesion as a method of high social and political value. From 1994 onwards, however, the policy of national agreements came to an end because the parties thought that it did not deliver the benefits for which they hoped. The policy was to some extent replaced by the creation of the Productive Development Forum, a tripartite non-decision-making body which drew up a major programme of work on various subjects linked to the public and private agenda for action on economic and social development. The Forum succeeded in stimulating highly representative national debates. However, its importance declined after 1998 for reasons similar to those that had led to the demise of the national agreements.

Secondly, the trade unions concentrated on drawing up proposals aimed at the reform of existing labour legislation, especially opening up greater opportunities for trade unionism and collective bargaining. Although important reforms were introduced from 1990 onwards, there are still many aspects, which continue to limit trade union action and workers' collective action in general.

Thirdly, trade unionists shifted to negotiating strategic long-term agreements in companies with a high social and economic strategic value, with the objective of establishing a kind of compromise between the company management and the workers' organization to achieve both the company's economic targets and a satisfactory level of labour relations. The trade unions were trying in that way to show that in a globalized economy, a company could only compete successfully if the company as a whole tackled that competition and if the workers felt that they were being properly rewarded. The best examples of the strategy were in two large state enterprises and two in the private sector. In a more limited context than those alliances, company trade unions had also made significant efforts to get the company management to negotiate with them on policies to increase productivity and to consider bonuses for the workers when they achieved good results.

These three lines of approach to global issues adopted by Chilean trade unionism has meant that they are seen by the public as a player with clear positions on issues of national interest, and thus surmount the position of weakness into which they had been forced by the military government. However, the degree of involvement they have achieved does not seem to have allowed them to strengthen their capacity for action at the level of their constituent social base.

Indeed, the evidence suggests a downward trend in membership and collective bargaining, that there are problems in representing the new classes of workers, resulting from changes in the structure of the economy and patterns of employment, as well as technological change, and that the influence of the trade union movement seems to be markedly less decisive in reaching major social, political and economic decisions. This is because its traditional action model is undergoing reform and trade unionism is involved in a complex process of renewal of its ideas and strategies, which naturally gives rise to tensions and uncertainties.

Our theory is that we are seeing the gradual replacement of collective trade union action by workers with another type of trade union action and representation that is seeking to find a place in the new social, economic, technological and institutional environment. This change is a complex process, involving major cultural reorganization, but there is no evidence that trade union action has been replaced by individual action or that forms of representation other than trade unions are emerging in the work place. Put another way, trade unionism is a crucial player in reaching a new consensus in the world of work.

A new model of trade union action

Briefly, we shall mention five emerging lines of action, which, it seems to us, will have an influence on the strategic and socio-political development of Chilean trade unionism in the future.

- A process of reflection is under way which seeks to identify a new programme of trade union action incorporating change, but without abandoning the identity of the movement which represents a social class: the workers. It would allow retention of the trade unions' adversarial role needed by society to act as a counterweight to economic forces and the power of the State.
- A vision more relevant to the relationships between the economic and social goals is being developed. In this new vision, mainly driven by a younger leadership, trade unionism is trying to combine economic and employment policy, so that both promote sustained growth and better distribution of profits, while also sharing constraints and opportunities.
- There is a growing acceptance that political will must be achieved through negotiation in order to reach stable views on economic decisions. The idea that achieving a greater share of power and trade union participation is sufficient in itself to support decisions appropriate to labour interests, is under review.
- A new culture of labour relations is emerging, giving new weight to action at company level as of great importance in dealing with matters that concern both workers and employers. Even against a background of conflicts of interest, there are areas of collaboration where the players can find common ground and establish a framework for dialogue.
- There is particular concern to develop forms of representation suited to the new economic, technical and social conditions. There is a patent need to make leadership selection more democratic, with increasing attention to developing leadership at company level, strengthening the trade union career path from the bottom up and generating greater decentralization so that local and regional branches have greater power to negotiate at local level.

In general, decentralizing and diversifying the trade union structure, while still maintaining the links between its three traditional levels (grass-roots, branch and national) appears to be a significant criterion that is emerging from the new debates. The biggest challenge is to consolidate a stable institutional framework which combines adjustment to new forms of representation with a growing technical expertise, able to shoulder the burden of federation-level and grass-roots action, especially in collective bargaining, at the same time able to elaborate proposals on major national issues.

GLOSSARY

ANEF	: Agrupació Nacional de Empleados Fiscales (National Association of Fiscal Employees)
CEPCH	: Confederación de Empleados Particulares de Chile (Confederation of Individual Workers of Chile)
CNS	: Coordinadora Nacional Sindical (National Trade Union Coordinating Body)
CNT	: Comando Nacional de Trabajadores (National Workers' Command)
CODELCO	: Corporación Nacional del Cobre (National Cooper Corporation)
CPC	: Confederación de la Producción y del Comercio (Confederation of Manufacturing and Trade)
CUT	: Hasta 1973 Central Unica de Trabajadores Refundada en los años 80 como Central Unitaria de Trabajadores (Up to 1973, the Single Workers' Union, re-founded in the 80s as the Unitary Workers' Union)
ENAMI	: Empresa Nacional de Minería (National Mining Corporation)
FUT	: Frente Unitario de Trabajadores (Workers' United Front)
INE	: Instituto Nacional de Estadísticas (National Institute of Statistics)
ILO	: International Labour Organization
EAP	: Economically Active Population
PEM	: Minimum Employment Programme
GDP	: Gross Domestic Product
POJH	: Occupational Programme for Heads of Household
UDT	: Unión Democrática de Trabajadores (Democratic Workers' Union)
UNTRACH	: Unión de Trabajadores de Chile (Chilean Workers' Union)

INTRODUCTION

This paper is intended to present the policies and strategies pursued by Chilean trade unionism in the nineties, facing challenges caused by the profound economic and political structural changes resulting from the country's entry into a globalized world and an equally globalized political system.

In order to study the case of Chile, it is essential to bear in mind that the process of integration of that country into the framework of economic and political globalization occurred initially, in the early 70s, under a military government, which had overthrown a democratic government in a coup d'état. The new government, which lasted 17 years, used authoritarian methods to implant an economic model inspired by so-called neo-liberal ideas, introducing a system based essentially on regulation of the market, severely limiting the State's role in the economy, privatizing a major part of the health and social security system, repealing the old Labour Code, which was replaced by new legislation based on principles of greater flexibility and less labour protection. It drastically opened up trade and finance to the international economy and focussed its development policies mainly on the export of commodities. Politically, the military government shut down the Parliament, suspended the political parties and severely restricted the activities of social organizations, especially the trade unions. That is why, for Chilean trade unionists, the process of globalization and its structural effects was felt at the same time as the political and social effects generated by the military government. Unlike other countries in the region where the trade union movement faced the challenges of globalization in a framework of political democracy, in Chile those challenges were seen by trade unionists as processes linked to the actions of a non-democratic government. Thus the struggle to restore political democracy in Chile, in which the trade unionist was the principal players, was often also linked to combating the new economic model, since they regarded the authoritarian military regime and the new model as two sides of the same coin.

This background needs to be borne very much in mind, since it is an important factor in gaining a thorough understanding of the meaning of trade union policies and strategies in the face of the processes arising from economic and political globalization in the post-1990 period, when political democracy was restored to the country.

Moreover, the effects of the economic, political and institutional changes due to the country's experiences from 1973 onwards had already been consolidated by 1990, so that the structural framework in which trade unionism developed at the beginning of the decade had already been shaped several years earlier.

In particular, the economic and social conditions under which the trade unions were working in the nineties had been established in the previous two decades. Trade unionism in the nineties and its social and material environment were not those of the early seventies, although part of its national leadership was the same as then and even though its traditional organizational structures continued in existence.

This process of major change marked trade unionism in Chile very decisively, because the changes which affected it were not the result, as in other countries, of progressive adjustments due to economic and political modernization strategies in a context of political democracy, but the consequence of a violent, drastic and massive adjustment led by an authoritarian government, which denied social and political freedoms and was overtly anti-trade union.

For the reasons set out above, this study has been organized into three main chapters.

Chapter 1 is intended to show the process of economic, institutional and political change that took place from 1973 onwards and its effects on trade unionism. Its aim is to understand the scale of the changes affecting the movement and which explain its defining characteristics up to the nineties.

Chapter 2 focuses on trade union responses to the changes due to globalization, concentrating on the decade of the nineties, but taking into account the background to events since the early seventies for the reasons explained above.

Chapter 3 contains the conclusions of the study, summarizing the salient points of the previous chapters, but above all it is an attempt at a conceptual analysis of the trade union strategies in the face of change, followed by some propositions concerning the challenges of the future.

CHAPTER I - STRUCTURAL CHANGE IN THE SEVENTIES AND EIGHTIES, Chile enters the process of globalization against an authoritarian political background

1. The initial restructuring stage (1973-1981)

1.1. The impact on the trade unions' social base

The changes that took place in the economic, occupational and wage structure during the period 1973-1981, as the result of the implementation of an economic model involving a high degree of participation in the international scene and driven by market forces, led to major changes in the structural environment in which trade unionism had been developing.

We shall devote this part to a concise but sufficiently detailed analysis so as to understand the magnitude of the changes that occurred, since they are at the root of Chilean trade unionism today.

In the first place, there was a change in the social base that had provided the fundamental strength of the trade union movement in past decades. It took the form of a decline in employment in the productive sectors (agriculture, mining, manufacturing and construction) and rising employment in the service sectors (trade, services, transport and communications). While the share of the former in employment fell from 49.9 per cent to 39.2 per cent between 1972 and 1980, the others increased their share from 50.1 per cent to 60.8 per cent over the same period. Among the latter, it was the trade sector that showed the highest real growth. Transport remained constant and there was a sharp fall in public administration. While some sectors in both areas had a high degree of formal unionization, the trade unions in the productive sectors were the ones that generally had the most organized and mobilized base prior to 1973.

Consequently, there was a reduction in the potential scope for development of the trade union movement which had hitherto been more active politically and socially.

Secondly, from the point of view of its relative position in the economic fabric, GDP in the production sectors rose between 1974 and 1980 at 1.6 per cent while in the period 1960-1970 it had risen at a rate of 4.9 per cent. In turn, the rate of growth of GDP in the service sectors rose from 4.4 per cent to 4.9 per cent for the same periods. That means that the former's percentage share of GDP fell from 49.8 per cent in 1974 to 44.8 per cent in 1980, while at the same time the latter rose from 50.16 per cent to 55.8 per cent for the same years.

Consequently, trade unionism's ability to exert economic pressure in the production areas also declined, and they thus carried less weight in the economy as a whole.

In both processes, industry and construction, as the two most important sectors from the point of view of their traditional capacity for trade union mobilization in an urban context, were the most affected, since the impact of the changes that occurred struck at the heart of traditional trade union activity. Manual workers were particularly affected, since in 1970 they accounted for 63.4 per cent of the EAP in the non-agricultural production sector, falling to 53.0 per cent in 1979. Office workers, on the other hand, were steady at around 18 per cent during those years.

Finally, in terms of remuneration, both the productive and service sectors fell overall compared with 1972, with variations in the size of the fall and subsequent recovery. Thus, the

general wages and salaries index in 1980 was 89.9 per cent compared with the 1970 and a little under 70 per cent compared with 1972.

Consequently, against an overall background of economic impoverishment of the workers, the trade union sectors with the strongest militant traditions saw their overall social recruitment base diminishing and their strategic position in the economy in decline. Furthermore, considering that the dynamism of the service sectors, whose level of employment and position within the economy was growing, was basically centred on trade and financial services, both very dispersed groupings, and that the civil service, the most unionized of the service sectors, had been drastically cut, there were no effective conditions, in the short term, for bringing these structural factors of potential trade union power into play.

Thus, the changes due to the application of the economic model were reflected, in more general terms, in an overall weakening of the structural conditions for trade unions to exist and operate, without any change in the conditions to allow the "advancing" sectors to mobilize any potential they might have.

Nevertheless, this general situation needs to be examined in more detail in relation to the production sector, the most important nucleus of traditional trade unionism, since within the sector, the changes did not impact equally.

Indeed, although the sector was generally affected by the new economic model, not all activities suffered to the same extent. The policy of opening up to international trade and entry into the global economy produced different results depending on the relative capacity of each branch of industry to absorb the dynamics of the model.

Those areas with comparative export advantages were less affected by the chosen economic policy. Mining of metals, wood, paper and cellulose, fruit-growing for export and fish products could quickly transfer to the external market surpluses not sold because of constraints in domestic demand. These activities, linked to the exploitation of natural resources and with low levels of industrial processing, were also encouraged by an export promotion policy which gave them credit facilities and tax exemptions. These branches, which have little significance for employment patterns, showed strong patterns of growth during the period and were the fundamental basis of the new model's growth strategy.

Secondly, there was a large segment of activities whose production was not transferable to the international market or where there were restrictions on imports or exports. That was true of food products (vegetables, meat, etc.), the basic food processing industry, drinks and tobacco, printing, some chemical industries, leather and footwear and plastic, extraction of minerals for construction, some categories of basic metals and industrial inputs for construction being among the most significant. Those activities depended on fluctuations in the pattern and volume of domestic demand. They were thus severely affected by the anti-inflationary policy pursued and the recessionary consequences during much of the period in question. However, as the level of activity improved, some partly recovered their previous dynamism, in response to changes in the pattern of domestic demand.

Several of those activities had a strong impact on employment. Despite that, their recovery was not enough to absorb the unemployment generated in other sectors.

Lastly, a major group of productive activities, which did not possess comparative advantages, involving goods that could be imported, were seriously reduced as a result of competition from imported goods. Chief among these were the bulk of non-food consumer goods, such as textiles, mechanical and electrical goods, the majority of capital goods and a significant volume of basic food products, such as cereals and sugar. In these categories, the level of activity fell drastically, many companies collapsed; others shifted their production to assembly of imported goods or towards specific market segments. Companies in those areas also redirected their activities to the import trade, abandoning many of their previous productive activities.

The most serious effect of the reduction in these activities was undoubtedly unemployment in industry and agriculture. Their decline, despite everything, did not prevent them continuing to hold a dominant position in the employment structure. However, the elimination of tariffs and the continuing decline in the competitiveness of these industries, caused by maintaining a fixed rate of exchange with domestic inflation much higher than international inflation, resulted in a permanent deterioration in companies in those categories which continued to produce, thus reinforcing the process of unemployment in them.

Against this general background, as can be inferred from the foregoing, industrial trade unionism was the one generally most affected in terms of the material and social base on which its existence depended. The implementation of the economic model significantly reduced industry's share of gross domestic product and employment of the labour force, the former from 25.07 per cent in 1974 to 21.75 per cent in 1980, and the latter from 19.8 per cent of employment in the sector in 1972 to 16.1 per cent in 1980.

Within this general decline, three situations should be highlighted because of their impact on trade unionism.

Firstly, the fall in employment affected the social recruitment base for trade unions in small-scale industry differently from medium-sized and large-scale industry. While in businesses with less than 50 employees, the number employed overall fell by 38 per cent in the period 1967-78, in those with over 50 employees, employment fell by 16 per cent between 1972 and 1979.

As a result, considering that trade union organization in small-scale industry was proportionately less, because since 1979 at least 25 workers were needed to form a trade union and that, in that stratum, there were many companies with less than 25 employees, the global impact of unemployment in industry was less for the most important trade union group, which was in companies with over 50 employees.

Thus, while the fall in employment had a serious impact on the development of trade unions in industry, this factor had a much stronger impact on trade union organization in small enterprises than in medium-sized or large ones.

Secondly, within the higher stratum of over fifty employees, several of the areas where trade unions were the most active, including many of the organizations most closely connected to the Single Workers' Union (CUT), were the most severely hit by changes in the pattern of employment and the economy. Indeed, taking the textile and clothing, metallurgical, electro-metallurgical, automotive, leather, footwear and printing sectors together, the conclusion is that these branches, which provided the fundamental contribution to trade union organizations at federation level, significant in terms of membership and political development, they alone accounted for almost all the decline in employment and the fall in added value in companies with over 50 workers. (See table on next page).

Average employment and added value by industrial branch

(In companies with 50 or more workers in branches of strategic significance to trade unionism)

Federation	Branch	Average employment			Added value 1)		
		1970	1972	1979	1970	1972	1979
Textiles and clothing	321	37,244	38,444	28,062	12,390	14,926	5,278.6
	322	9,610	9,591	12,279	2,737	3,747	2,635.9
Metallurgical	381	18,133	15,362	14,404	6,330	6,512	4,588.6
	382	12,789	14,610	7,382	4,275	4,853	2,512.9
Electrical engineering and automotive	383	9,305	11,085	6,584	5,874	7,006	2,540.2
	384	20,266	20,266	8,015	8,688	8,917	3,898.0
Leather and footwear Printing	323	2,758	2,659	1,831	1,106	1,858	663.6
	324	9,100	8,936	6,299	3,478	4,424	2,005.0
	342	7,736	8,212	7,993	3,768	5,231	4,917.2
Sub Total		126,941	129,165	92,849	48,646	57,474	29,040.0
Other Industrial branches		109,912	122,712	119,288	61,178	74,240	70,191.7

Source: based on INE industrial survey

Millions of pesos at December 1979

The foregoing does not mean that employment and added value did not decline in branches other than those mentioned. In the other branches, taken as a whole, the fall in both indicators in some was offset by a rise in others.

Consequently, industrial trade unionism in medium and large-scale enterprises (which, as mentioned, were proportionately in the majority), suffered the impact of changes in the economy and employment in a fairly localized manner, precisely in those areas where trade union federations had developed relatively rather more.

The decline in these branches was not only reflected in employment and added value, but also in a fall in the number of establishments of less than 1000 workers and in workers' wage levels. Thus in 1977 the number of the largest establishments had fallen to 9, where there had been 17, ten years earlier. Likewise, wages in 1979 were equivalent to only 87 per cent of those in 1970, while the proportion in the other industrial branches was 96 per cent.

Thirdly, offsetting the situation described above, in those branches where trade unionism was more active at company rather than federation level (even where there were also sectoral organizations), the effects were less marked or conversely there was a degree of expansion.

Branches such as the manufacture of oils and fats (3.115), processing of fish and shellfish (3.113) and the food industry in general (311) had significantly higher levels of employment in 1979 than in 1972. The same was true of the woodworking industry (331) and manufacture of paper from cellulose (341) where, as well as increased employment, the number of enterprises with over 1000 workers rose from 1 to 5 between 1967 and 1977. A similar trend occurred in the manufacture of chemicals (351) and the manufacture of other chemical products (352), where in the same period the number of the largest establishments rose from 1 to 3. Other branches should also be noted, such as the manufacture of other non-metallic mineral products (369), which in 1978 were showing a growth in employment from base levels lower than 1972.

Several of these branches also showed an increase in added value or recovered more rapidly than others from the 1975 depression.

Some of them were relatively important in employment terms, food, for example, chemical products and wood. The first two also had a significant share of added value, equal to oils. Others, on the other hand, such as paper, cellulose and processing of fish and fruit were less important in employment terms.

These structural conditions, which were generally favourable to those branches, were not, however, matched by a highly developed trade union organization, especially in sectors such as woodworking, much of the food and chemicals industry and in some of the other branches mentioned above. This was because they had less experience of federation, as already pointed out, and with the consequent predominance of a basically company-based unionism, in many cases, scattered over a wide geographical area.

As a result, its more promising structural position did not create the conditions for mobilization any better than those in the most affected areas. The latter, which despite everything retained an important place in employment and in production, continued to be the most active and even, managed to maintain their federations.

The foregoing shows that structural conditions, while an actual or potential force, do not alone create the capacity for mobilization. That was linked to the political and historic factors that had made it possible to achieve that capacity.

Lastly, it should be noted that in the three situations considered, there was a decline in the number of workers employed, so that trade unionism at this level, in the context of the general processes described, was the most affected.

In conclusion, within the industrial sector, the organized labour most hit by the structural changes was in small industry and in medium and large-scale categories, particularly those that had the greatest organizational and political experience. In all of them, the conditions of manual workers were more affected than office workers. Moreover, the activities where company-based rather than sectoral trade unionism developed generally had better employment and economic conditions. In all the processes, the position held by different activities in the restructuring of the economy generated by the free trade nature of the chosen economic model was a decisive influence.

In the mining sector, the powerful trade unionism in the great copper mining industry, unlike most of industry, saw improvements in the structural bases of influence, in terms of an improvement of its existing strategic position in the economy and growth in employment.

Both in terms of production and employment, the importance of the Great Copper Mining Corporation grew during the years in question. Production increased from 540 thousand to over 900 thousand tonnes, increasing its share of total domestic production from 75 to 85 per cent.

Employment also grew to over 5,000 workers, some 20 per cent more than those employed in 1972, with an increase in productivity per employee of over 40 per cent.

However, the level of pay in 1979 was only 56 per cent of that in 1972. As a result of that, there was a reduction in wage differentials compared with medium and small mining operations, which saw a lesser decline.

As a result, while trade unionism in the major mining centres had a stronger economic and employment base than eight years earlier, it also had a poorer social constituency. This partly explained why its potential strategic economic power could not be exercised effectively enough under the authoritarian rule to which the country was subject during that period.

The same thing did not happen in coal and nitre mining, two other strong trade union bases. The position of both activities declined in the overall economy and also declined in employment terms. In the case of the former, coal production in 1979 was almost 40 per cent

lower than in 1970 and nitre 22 per cent down in the same period. Employment in coal fell by 25 per cent and nitre by 30 per cent.

Finally, wages in 1979 fell in coal by 55 per cent compared with 1972 and in nitre by 57 per cent over the same period.

As a result, the material and social conditions of mining and nitre unions deteriorated drastically, thus reducing their ability to exert pressure. However, both places continued to be major concentrations of workers (10,000 in coal and 6,500 in nitre) and where trade unions survived because, despite everything, they retained a capacity for defensive mobilization, which was put into practice on various occasions during the period, especially in coal.

Construction proved to be another area significant in trade union terms that was drastically affected by the post-73 economic changes.

In structural terms, this sector in 1970 was a highly significant employer; double the size that of mining and representing over one third of all manufacturing employment. In the years after 1973, this activity was the most drastically affected by the drop in employment, which in 1976 was less than 50 per cent of those four years earlier. In 1978, it began a slow recovery and in 1980 had reached levels of employment 81 per cent of those of ten years earlier. However, the high dependency of this activity on interest rates and the 1981 recession crisis depressed it once more, and prevented the restoration of stable employment.

These conditions had a strong impact on the construction unions, which, prior to 1973, were one of the pillars of the CUT. High occupational mobility and the dispersion of small companies, together with the fall in employment, disrupted the ability to organize in trade unions. In addition, the legislative changes in 1979, which prevented independent trade unions (those that did not belong to an establishment) from negotiating; a common situation in this activity reduced the possibility of trade union action in this sector even more drastically.

The result was that trade unionism in the construction industry seems to have been the most affected by the current economic model and the one whose structural potential was most seriously weakened.

By way of conclusion to the situation examined within the manufacturing sector, it can be determined that in the three sectors analysed (industry, mining and construction), only in the great copper mining corporation are there favourable structural conditions coupled with a developed trade union organization. In industry, the centres that achieved some economic progress in the new situation generally did not have a matching trade unionism, and construction, as a whole, was the most fragmented. However, although this structural situation, unfavourable to the traditionally most active nuclei of trade union activities, severely restricted them, it did not prevent them, despite everything, from continuing to be the nuclei where trade union action managed to maintain a visible profile throughout the period. It was as a result of their organizational and political tradition that they were able at least to offer resistance to the drastic process of change overall in the economic model and the authoritarian political system.

Finally, it should be observed that the favourable situation that the economic model created in the service sector led to a better structural position, as the basis for trade union action, essentially in trade and banking. Of the two, it is the second that offered more propitious conditions for organizing a trade union as, although trade had a not insignificant membership base, it was more widely scattered. However, trade unions in banking, generally, were normally rather more of a corporate-professional sector, so that their links with other sectors of the trade union movement were weak.

As far as the public sector is concerned, which had a very active trade union sector in ANEF (National Association of Fiscal Employees), which belonged to the CUT, its social and structural base was drastically affected. The policy of reducing the public sector, one of the fundamental components of the model adopted, meant a reduction of over 100,000 in the number of those employed in the sector. Parallel to that, the wage policy resulted in severe

reductions in the real wages of unskilled workers, such that public employees dropped to wage levels much lower than those at the beginning of the decade.

However, the perseverance of ANEF in maintaining its union activity meant that, despite the obstacles, the sector managed to preserve an important representative role.

1.2. The impact on the constituents of trade unionism: membership and trade union organization in the period 1973-1981

This section sets out the impact of the structural processes described above on trade union organization and membership in Chile from the beginning of the military regime.

In order to situate this period in its historical context, these characteristics are contrasted with the most significant trends in the years prior to 1973.

Our attention is focussed mainly on urban and mining trade union organization because that was the base from which Chilean trade unionism sprang. Consequently, the extractive sectors, together with agriculture, fisheries, hunting, forestry and woodworking have been included only as general background information.

Trade union organization and its scale

The advent of the military regime was a serious setback to the trade union development of the previous twenty years. Both the policy of coercion imposed by the regime and the structural changes in the economic sphere had a marked effect on the traditional pace of trade union development.

Starting with those more global changes, it should first be noted that, from 1974, there was a gradual decline in the number of workers belonging to trade unions. In preceding years, on the other hand, the trend had been in the opposite direction.

Indeed, in the period between 1962 and 1970, membership grew by 151 per cent. This level of development was primarily born in 1965 with the Christian Democrat Government and it represented the end of the decline, which had affected the trade union movement during the Conservative Government of Jorge Alessandri (1958-1964).

Between 1970 and 1973, the trend grew even stronger, so that the number of members grew in absolute terms in three years as much as in the eight years before that. It was to be followed by a fall in union membership.

Total members, for selected years

(Including agriculture, hunting, fisheries, forestry and woodworking)

1956	1962	1966	1970	1973	1975	1977
328180	249860	361192	628396	939319	940810	916569

Source : Isla, Tarud, Jorquera. (DERTO) University of Chile 1978

Although the figures show a slight drop between 1973 and 1977, a process of decline in trade union membership had begun due to both the structural changes described above and the Government's anti-union measures. The lack of precise figures between 1977 and the end of the seventies makes it difficult to obtain statistical evidence for this period, but after 1980, when reliable data was available, membership had fallen to 386,910 (Department of Labour).

Concerning the number of trade unions, although the number recorded in 1977 was slightly higher than in 1973, the trend that emerges is one of stagnation.

The number of trade unions thus stabilized while the number of members declined. This led to a reduction in the average size of trade unions.

The different growth rates of trade unions and members is a recurrence of a trend which became very marked in the years 1956-1969, a period when the average number of employees fell from 136.2 to 118.4. This trend, however, it had been possible to reverse during the years of the Popular Unity Government. Measured as a percentage, the rate of growth in membership was greater than the rise in the number of trade unions.

Looking at membership broken down by legally recognized categories of trade union, it emerges that those of an industrial nature (manual workers) are most affected by the decline in membership (13.7 per cent down in 1977 from 1973), followed by professional unions (4.6 per cent down). The latter include office workers, self-employed and employers in some segments.

This deterioration particularly affected those trade unions whose members were employed by a single employer, i.e. manual and office workers, since members of employee trade unions, i.e. "dependent" workers, had fallen in 1997 by 8 per cent since 1973, thus higher than the 4.6 per cent for their category as a whole.

In 1973, dependent workers made up 88.7 per cent of the total membership. Four years later, that level was 86 per cent. It was precisely those wage-earning trade unionists who formed the base of the Single Workers' Union.

This overview can be examined further through an analytical breakdown by economic sector.

The period 1970-1973 does not record any economic sectors in which trade unions saw a decline in their size. Quite the contrary, trade unions and membership were generally on the increase in all branches.

Trade unions and dependent members

Breakdown by legal definition into industrial and professional, excluding agricultural unions and their members (70-77) index 100 in 1973

Year	INDUSTRIAL				PROFESSIONAL				TOTAL			
	Unions	Index	Members	Index	Unions	Index	Members	Index	Total Unions	Index	Total Members	Index
70	1,448	78	496,425	86	1,970	66	223,859	60	3,418	71	420,284	70
71	1,606	87	210,473	92	2,216	75	270,220	72	3,822	80	480,693	80
72	1,782	96	233,781	98	2,734	93	339,146	90	4,516	94	562,927	93
73	1,841	100	227,786	100	2,946	100	372,408	100	4,787	100	600,194	100
74	1,900	103	219,602	96	3,173	108	372,455	100	5,073	106	592,057	98
75	1,879	102	207,238	91	3,261	109	365,622	98	5,140	107	572,860	95
76	1,836	99	199,164	87	3,255	110	351,822	94	5,091	106	550,986	92
77	1,808	98	196,529	86	3,193	108	343,180	92	5,001	104	539,709	90

Source: based on Isla, Jorquera, (DERTO), University of Chile. 1978.

Trade unions and members by branch of industry

The situation was different at the end of 1973, when the decline in trade union membership began. The sectors most affected were construction and manufacturing. The former lost 18,639 members between 1973 and 1977 and the latter 34,545 during the same period.

However, as a proportion of total membership numbers, the sharpest fall was in the construction industry. The number of members in 1977 was only 66 per cent of that in 1973. That was despite the fact that the sector had appeared to be the most dynamic in the years that

proceeded. From 7,525 members in 1956, it rose to 17,317 in 1969. During the period 1970-1973, the number of members rose by 135 per cent, to a total of 54,029.

Within manufacturing, the sectors most affected were textiles, leather and footwear, metalworking and non-metallic minerals. Taking both manufacturing and construction together, the lower membership was organized into a greater number of trade unions.

In manufacturing, the number of trade unions rose from 2,418 in 1973 to 2,528 in 1977. In construction, the figures were 239 and 244 respectively. In both cases, the rise in the number of trade unions related only to the "professional" (office) category. Among "industrial" (manual) workers, the number of trade unions fell by 1 per cent in manufacturing and 6 per cent in construction. Thus, the number of manual workers fell in terms of both membership and number of trade unions.

By 1977, mining had shown little change in the number of "professional" members, and the number of trade unions in that category rose by 7 per cent, while "industrial" membership and trade unions fell by 10 per cent, to below 1973 levels. Despite that, the sector maintained its tradition of the highest levels of unionization.

Index of trade unions and members 1970-1977

Base 100 1973, by branch of activity

(Excluding agriculture, forestry, hunting, fisheries and woodworking)

		Mining				Manufacturing				Electricity Gas, steam, water				Construction				Trade			
		Industrial.		Profess.		Industrial		Profess.		Industrial		Profess.		Industrial		Profess.		Industrial		Profess.	
Year		TU	M	TU	M	TU	M	TU	M	TU	M	TU	M	TU	M	TU	M	TU	M	TU	M
1970		81	89	73	70	81	88	66	57	103	98	78	92	55	49	58	42	63	75	66	64
1971		87	92	82	80	89	94	74	70	103	107	83	94	78	65	76	59	67	87	75	76
1972		96	94	94	91	97	100	92	87	100	106	97	98	96	75	97	100	92	99	94	92
1973		100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1974		100	99	110	106	103	96	107	99	97	92	104	101	106	84	112	94	109	103	106	102
1975		96	98	112	105	102	89	112	88	90	81	105	104	102	75	115	79	107	98	110	103
1976		94	94	109	101	100	86	113	93	81	52	104	103	100	71	109	70	103	96	113	105
1977		90	90	107	101	99	85	111	91	81	72	100	97	94	66	104	65	102	97	112	106

		Transport				Finance and Insurance				Social Services				Act. not specified	
Year		TU	M	TU	M	TU	M	TU	M	TU	M	TU	M	TU	M
1970		76	78	69	61	75	66	64	53	65	76	70	62	100	100
1971		89	77	78	74	100	96	76	71	74	82	76	73	100	100
1972		97	87	93	89	100	101	96	89	93	91	92	89	n/a	n/a
1973		100	100	100	100	100	100	100	100	100	100	100	100	n/a	n/a
1974		97	89	110	105	100	101	103	98	104	96	108	104	100	33
1975		100	92	115	108	100	100	103	94	104	91	110	111	200	58
1976		97	90	117	109	88	83	102	100	96	93	114	107	200	64
1977		92	83	116	108	88	83	101	94	104	110	111	105	300	94

Source: Based on Isla, Tarud, Jorquera. (DERTO), University of Chile 1978

Of the remaining branches, transport/communications showed modest rises in the number of trade unions and members, but only in the "professional" category. Trade, for its part, saw an increase in the total number of trade unions, but a decline in the number of manual workers, with a slight increase in office members. The same occurred in the case of membership, in finance and insurance. Finally, social and local services showed a slight rise in the number of trade unions and members.

The following tables show the full details of the situation that we have described above.

Size of trade unions

To analyse the size of trade unions, measured as the number of registered members, the study by Isla, Tarud and Jorquera uses a series of six categories as shown in the following table

Distribution of trade unions, as a percentage, by size, branch and selected years

	MANUFACTURING				MINING				CONSTRUCTION				ELEC. GAS, STEAM AND WATER			
SIZE	70	73	75	77	70	73	75	77	70	73	75	77	70	73	75	77
Under 25	5.68	5.54	9.10	12.5	1.21	0.93	2.64	5.8	1.92	2.51	3.71	7.78	3.3	3.8	2.8	4.12
25 – 49	37.03	38.70	42.09	40.42	25.10	31.36	32.94	3.6	32.5	36.55	43.49	43.03	34.83	40.7	40.3	38.14
50 – 124	35.69	34.90	30.86	30.06	36.8	34.78	34.11	32.19	33.33	28.87	26.76	25.0	32.58	46.57	33.65	35.05
125 – 399	17.84	16.66	14.6	13.96	22.6	19.87	18.52	19.19	25.0	20.92	18.21	17.62	17.97	15.53	14.42	12.37
400 – 999	2.84	3.30	2.51	2.41	8.50	6.83	5.58	5.8	7.05	5.85	5.57	4.09	7.85	8.2	6.7	7.2
over 1000	0.89	0.86	0.73	0.63	5.66	6.21	6.17	6.19	0.64	5.43	2.23	2.45	3.33	2.91	1.9	2.9

Source: based on: Isla, Tarud, Jorquera. (DERTO).

For all areas of economic activity, the majority of members are concentrated in two lines: 25 to 49 members and 50 to 124 members. In the sectors most "active" in trade union life, i.e. manufacturing, mining and construction, 63 to 70 per cent of their members were in that category in 1977.

The three sectors just mentioned show a rising number of trade unions with less than 25 workers. Manufacturing stands out in this respect, where the smallest trade unions account for 12.5 per cent of members, seven points up from 1973. In the case of mining and construction, the smallest unions gained 5 percentage points in membership terms.

The rise in the number of the smallest trade unions occurred especially in manufacturing, at the expense of the larger unions. Manufacturing and construction are where the average size of trade unions fell most sharply compared with 1973. In manufacturing, the average size of trade unions fell from 116 in 1973 to 97 in 1977. Within that, the textiles, clothing, leather and footwear branch, which was most severely hit by the new economic model, showed an average of 154 and 113 respectively for those years.

Mining had an average of 253 members per union in 1973. In 1977, that average had fallen to 240. Construction fell from 226 members to 145 over the same period.

Affiliation of federations to national groups

Since 1973, when the CUT legally ceased to exist, various trade union groups were formed in an attempt to form national associations. The process began in 1974, but it was only from 1976 onwards that they managed to establish themselves with a greater degree of permanency. None of these national unions were legally recognized and, in fact, no third tier organizations were contemplated in the legislation that regulated trade union associations that came into force in 1979.

These central unions, better known as "national groups", were basically the CNS (National Trade Union Coordinating Body), UDT (Democratic Workers' Union) FUT (Workers United Front) UNTRACH (Chilean Workers' Union). To these could be added the Confederation of Individual Workers (CEPCH), which was already in existence and the only one to retain legal recognition.

It is difficult to ascertain trade unions capacity to affiliate, as there are no clear data on the subject. However, a 1981 study by the Vicaría Pastoral Obrera (Workers' Pastoral Mission)

estimated that federations actually associated to these central associations could be broken down as follows: CNS - 10, UDT - 8, UNTRACH - 9, CEPCH - 3, FUT - 1. In addition, 4 belonged to the CNT (National Workers' Command) created by the military government. Another 3 were spread between different groups and a further 13 were not affiliated.

Bearing in mind that there were 87 principal federations actively affiliated to the CUT, it can be seen that only 51 survived the period.

1.3. Summary of the processes in the period 1973-1981

After 1973, the trade union growth, which had marked the preceding period, entered a period of stagnation. Not only did the absolute number of members decline, as a result of high unemployment, but also organized labour became more fragmented as trade unions diminished in size.

In qualitative terms, the impact was significant when it is considered that the manufacturing and construction sectors, the traditional base of trade unionism, seemed to be particularly affected both in total volume and average size. Mining, especially coal, (another key sector) also showed deterioration.

In short, as a result of the structural effects of the chosen economic model and the political constraints that stood in the way of trade union development, workers' organization was diminished and its evolution obstructed. The situation was more marked among manual workers than office workers. It shows both the type of unemployment and changes in the composition of the work force.

The situation can be regarded as critical when it is considered that the weakening was global and that, furthermore, new sectors did not emerge to reinforce and offset the decline in the traditionally most strategic centres.

Consequently, both the political process and the structural changes arising under the new economic model introduced in the early seventies led to a decline in trade union activity and a drastic change in the composition of the social base on which trade unionism was founded. Nevertheless, it did not mean that the trade union movement vanished completely.

Throughout the period, the action of trade unions, their federations and national bodies consisted of a constant struggle against the military government in an effort to restore the democratic political system and at the same time a struggle against the policy of introducing a neo-liberal economic policy. As we have said, for trade unionism, the struggle against the dictatorship and against the economic model were part of the same process. At that stage, to pursue these actions, the trade union movement was forced to organize under its leadership not only trade unions but also all social organizations, whatever their composition. Thus, the trade union leadership included urban district associations, many professionals, unemployed and even student bodies and groups linked to basic religious organizations.

Out of this experience came the idea that, under the new structural, institutional and political conditions, trade unionism could redefine its constituent base and move from the traditional purely labour view of its organization to a broader social view. The idea developed to some extent up to 1985, but after that it failed to take hold.

2. The economic crisis of the early eighties, the recovery and consolidation of the current economic development model (1981 and the decade of the nineties)

The aim of this section is to show the economic and social processes whose development defined the structural, institutional and political conditions that were firmly rooted by the nineties. Trade union responses to globalization in this decade had their origins in their experience from 1973 onwards, but their strategies and policies were consolidated during that period and the post-crisis era.

2.1. The crisis

By 1980, the largest economic, structural and institutional changes had already happened, Chile's integration in the global economy was in full swing, market forces held sway, the culture of the country as a whole was one of incorporation in the globalized world and the trends in the main economic variables had proved fairly favourable. However, the chosen model proved to be fragile, both domestically and internationally. The fact was that the economy was centred around a significant financial rather than a productive development, which made it vulnerable to speculation and limited hard investment in favour of so-called "migrant" capital. Moreover, the country's entry into the global economy was not designed to deal with external crises such as occurred internationally in the early eighties. As a result of these and other factors, the Chilean economy fell into a deep recession with a decline in GDP of at least 14 per cent and overt unemployment close on 35 per cent.

The situation unleashed major decisions for change in the management of the economy by the military government, albeit retaining the basic scheme of the economic model adopted in 1975. Various policies were reformulated, especially those aimed at strengthening productive capacity and controlling the financial system.

On the social level, the trade unions succeeded in leading a vast social protest movement against the military regime and its policies, despite the fact that by 1981-82, trade union membership had fallen to a third of what it was in 1977 (347,470 against 916,569). This led to the so-called "national protests" of 1983-1984. That was the occasion when trade unionism succeeded in promoting most strongly the possibility of leading a social base wider than organized labour. In fact, the protests did bring out much wider groupings of people and organizations under the leadership of the trade unions. These movements were the beginning of the end of the dictatorship, since it was because of them that the military government had to agree to negotiate with the political opposition and allow them room to express their views. However, the trade union leadership was overtaken at that stage of negotiation by party leaders and the new profile that it was acquiring as the cement of a wider social base lost ground and ultimately evaporated.

2.2. The recovery of the economic model

Analysts agree that, once the crisis was over, it was in 1985 onwards that the bases of Chile's current economic process were established. The decade after that was a period of rapid growth. There was permanent job creation and a return to a climate of political stability. After the serious crisis of the preceding years, the production levels recovered, savings and investment

increased, inflation was brought under control, unemployment was reduced and real wages grew in line with productivity.

During the ten years after 1985 a satisfactory macro-economic equilibrium was achieved. Domestic product grew by an annual 6.6 per cent, inflation was falling steadily, there was a sustained increase in productivity and domestic and external fiscal accounts were sound.

There were some significant achievements on the social front. Literacy school attendance and life expectancy at birth all improved. The number of individuals and families below the poverty line fell significantly.

While these were the general features of the post-crisis period, the distinction between the two stages suggested in the ILO study "Employment trends in Chile 1986-1996" published by the Santiago multidisciplinary team in 1998 should be examined.

The study distinguishes a first phase between 1986 and 1989, i.e. up to the end of the military government and the take-over by the democratic government.

According to the ILO document, although the process of recovery and improvement in the economic indicators began in 1986, economic growth in that first phase was characterized by excess capacity and the high rates of unemployment left as legacy of the profound crisis that had gone before.

The crisis was overcome by an economic adjustment in 1985 with a high social cost. In order to alleviate some of its effects, policies such as cash subsidies to the poorest sections of the population were adopted as well as the creation of the PEM and POJH emergency employment programmes, which employed almost 10 per cent of the work force between 1986 and 1989.

Although these programmes helped to reduce overt unemployment, it was still above 10 per cent in 1989. Although real wages had risen, they were still 5 per cent below 1981 and 1982, and the legal minimum wage was 30 per cent less than in those years. The pace of trade union organization and the level of workers' collective bargaining, despite a recovery between 1986 and 1989 compared with the preceding years, was slowing and had reached less than 10 per cent of the workforce.

The second period, according to the ILO study, ran from 1990 to 1996, culminating in the consolidation of the recovery and the formation of Chile's present-day economic and social environment, the background against which trade unions are tackling the processes of globalization.

The period was one of high growth in domestic product, 6.8 per cent on average, a drop in inflation from 21 per cent to 6.6 per cent between 1989 and 1996, strong fiscal accounts and accumulation of international reserves, growth in the level of savings, investment and productivity, more job creation and rising real wages.

The fall in unemployment in the first phase between 1986 and 1989, according to the ILO study and noted above, was mainly the result of the mobilization of resources that has been frozen during the preceding crisis. It was only secondarily due to the diversification of the production of primary export commodities (wood, fruit, fish) and goods requiring a certain degree of processing (wine, preserves). In any case, this allowed a return to the levels of employment prior to the crisis. However, after 1989, the growth was the result of expansion of installed capacity, strongly geared towards exports. Unemployment stabilized at an average of between 6 and 7 percent.

2.3. The social base of trade unionism in the nineties: structure and major features of the workforce and employment.

The proportion of women in the workforce increased. According to the same ILO study, after 1989 the rise in employment was mainly due to the entry of more people to the labour force, especially women. Between 1986 and 1994, the proportion of women rose from 29.3 per cent to 35.4 per cent. The expansion of the fruit sector, trade and financial services, among other things, was the cause of the rise in the proportion of women. In the secondary sector, men continued to predominate. Of the total employed in 1996, 80 per cent were men.

Female employment was thus concentrated in the tertiary sector. By 1996, this activity accounted for 80 per cent of working women. Trade had the largest number of women workers, 22 per cent in 1986 and 24 per cent in 1996.

Employment in agriculture and mining grew slightly. In the primary sector, employment in agriculture fell from 20 per cent in 1986 to 15 per cent in 1996. Mining still offered few new jobs.

Manufacturing recovered but did not regain its traditional position. By 1996, the secondary sector had increased its share from 21 per cent in 1986 to 27 per cent. Even so, the recovery in manufacturing employment did not return to pre-crisis levels and began to stagnate after 1994.

The tertiary sector retained a high share of employment. By 1996, the sector was employing some 58 per cent of the total labour force.

Changes within the different occupational categories. The most significant changes in the period occurred in the category of "farmers, livestock breeders, fishermen, hunters and the like" from 21 per cent to 16 per cent, and "manual and casual workers" from 11 per cent to 6 per cent. Other groups increased their share, especially office workers, from 11 per cent to 15 per cent.

Consequently, the main change in the pattern of employment between the mid-eighties and nineties was the decline in the number of "manual workers" and the significant increase in "office workers," the latter mainly in the private sector, since those in the public sector had declined by some 30 per cent.

The greater proportion of women was also reflected in a significant growth in the group of "professionals, engineers and the like" and "managers, administrators and directors". This showed that at least some of them were obtaining jobs of a certain quality, although that did not prevent wage discrimination between men and women in these categories of employment.

Changes in workers' educational levels. According to the ILO study, there was a marked increase in all categories of employees with higher education, from 10 to 18 per cent. Among "managers, administrators and directors", it rose from 39 to 44 per cent, and the profile of "office workers and the like" also changed radically, from 16 per cent to 39 per cent with higher education.

The lowest level of education was in "farmers, livestock breeders, fishermen, and the like", where 80 per cent of those employed were uneducated or had only primary education.

2.4. Summary of the background to the social base of trade unions in the nineties

The following two tables are a summary of employment trends by branch of activity between 1970 and 1996, illustrating the processes of change which occurred in this indicator over the almost thirty years since the country began to take its place in the global economy.

Employed persons by branch of activity, total country
(thousands of persons and percentage)

Category	1970 Sept- Dec.	1972 Jan- Jun.	1975 Jul.- Dec.	1977 Oct.- Dec.	1979 Oct.- Dec.	1981 Oct.- Dec.	1982 Oct.- Nov.
Agriculture and fisheries	472.8 (16.0)	379.4 (12.7)	540.4 (17.34)	550.6 (17.2)	543.7 (15.6)	542.1 (14.6)	506.4 (14.4)
Mining	55.1 (2.0)	58.4 (2.00)	88.6 (2.8)	82.2 (2.6)	83.4 (2.4)	70.8 (1.9)	62.7 (1.8)
Manufacturing	709.8 (24.4)	775.9 (26.4)	529.0 (17.0)	522.8 (16.3)	566.9 (14.5)	585.1 (16.0)	483.6 (13.8)
Electricity, Gas and Water	18.3 (0.6)	21.0 (0.7)	25.4 (0.8)	34.2 (1.06)	28.3 (0.81)	29.9 (0.8)	29.2 (0.8)
Construction	220.8 (7.6)	249.7 (8.4)	169.5 (5.5)	135.4 (4.2)	177.3 (5.1)	228.6 (6.2)	160.9 (4.6)
Trade (1)	420.6 (14.4)	406.2 (13.6)	437.4 (14.02)	486.5 (16.0)	578.6 (16.6)	670.8 (18.0)	566.7 (16.2)
Transport and Communications (2)	214.1 (7.3)	269.9 (9.06)	200.2 (6.4)	189.7 (56.0)	223.6 (16.6)	238.6 (6.3)	211.0 (59.6)
Financial services	(-)	(-)	80.0 (2.6)	81.6 (2.6)	94.8 (2.7)	125.6 (3.4)	122.3 (3.5)
Community, social and personal services	777.1 (26.7)	786.5 (26.4)	862.4 (28.0)	982.1 (31.0)	1,032.6 (29.7)	1,096.7 (29.8)	1,209.4 (34.5)
Other activities	1.7 (0.06)	7.4 (0.25)	24.0 (0.7)	15.3 (0.5)	10.0 (0.28)	4.1 (0.1)	2.8 (0.08)
First-time job-seekers	18.9 (0.65)	25.5 (0.9)	157.8 (5.07)	118.6 (3.7)	138.2 (4.0)	95.7 (26.0)	148.9 (4.3)
TOTAL	2,909.4	2,979.9	3,114.7	3,199.0	3,477.5	3,688.0	3,503.6

NOTE: figures from the national employment survey by the National Institute of Statistics in the above-mentioned periods.

(1) Includes wholesale, retail, restaurants and hotels.

(2) Includes storage.

(-) Information not available

Employed persons by branch of economic activity
1986-1996 (in thousands and percentage)

Branch of economic activity	1986	1988	1990	1992	1994	1996
Agriculture	790.1 (20.5)	877.0 (20.5)	887.6 (19.6)	901.7 (18.5)	857.2 (16.7)	816.4 (15.4)
Mining	80.6 (2.1)	84.2 (2.0)	99.2 (2.2)	82.2 (1.7)	83.3 (1.6)	90.6 (1.7)
Manufacturing	526.9 (13.6)	670.7 (15.7)	727.1 (16.1)	828.3 (17.0)	829.3 (16.2)	859.6 (16.2)
Electricity	25.2 (0.7)	25.5 (0.6)	22.7 (0.5)	24.6 (0.5)	35.3 (0.7)	41.7 (0.8)
Construction	185.7 (4.8)	279.4 (6.5)	292.7 (6.5)	351.8 (7.2)	375.7 (7.3)	417.0 (7.9)
Trade	643.9 (16.7)	735.7 (17.2)	790.3 (17.5)	859.3 (17.6)	956.1 (18.7)	931.9 (17.6)
Transport	234.6 (6.1)	282.0 (6.6)	317.6 (7.0)	343.0 (7.0)	388.0 (7.6)	393.9 (7.4)
Financial Services	155.2 (4.0)	182.9 (4.3)	205.7 (4.5)	247.3 (5.1)	303.9 (5.9)	369.4 (7.0)
Community services	1.218 (31.6)	1.146.9 (26.8)	1.181.2 (26.1)	1.237.3 (25.4)	1.291.6 (25.2)	1.377.9 (26.0)
TOTAL	3,862.9 (100.0)	4,285.4 (100.0)	4,525.5 (100.0)	4,877.4 (100.0)	5,122.83 (100.0)	5,298.7 (100.0)

Source: ILO-ETM a from INE data (national employment survey, October-December each year, combined/new series).

2.5. Trade unionism in the nineties and its composition: organization and membership

By 1990, the structural conditions and trends (sectoral distribution, level and pattern of employment, wage structures, dynamic economic areas, etc.) which had been taking shape after the 1981-1982 crisis had been overcome, and which acquired their final shape round about 1986, had been consolidated and were to remain more or less unchanged throughout the whole period from 1990 to 1998. Thus the characteristics and composition of the social base and the socio-economic conditions in which trade unionism was to develop its activities in the period covered by this study had already been set. What caused a change in the scenarios was the political factor, with the end of the authoritarian government in March 1990 when the country's first democratic elections for seventeen years brought President Patricio Aylwin and the centre left coalition, the Concertación de Partidos por la Democracia, to power.

This political factor would be significant in creating space for various social and political players to express their views, hitherto rather restricted by the previous regime.

In the case of trade unionism, one of the significant effects was the rapid growth in trade union membership during the first three years of the democratic government, a time when unionization rose by some 25 per cent compared with the end of 1989, reaching a figure of 724,065 members in 1992 against 507,616. Subsequently, the growth in membership levelled

off or fell somewhat, with some 600,000 at the end of 1998 (12 per cent of the workforce and 17 per cent of wage-earners). Trade unions, for their part, almost doubled in number between the end of 1989 and the end of 1998, from 7,118 to some 13,000. However, although their number increased, the downward trend in average size, which had already begun under the military regime, continued. The average of 84 members in 1980 had fallen to about 67 by 1998.

It should be noted that the recovery in membership and trade unions had already started in 1984, parallel to the recovery from the 1981 economic crisis and the political processes of 1983 onwards, a period when there was a high level of social protest against the military regime. However, the largest quantitative leap occurred, as noted above, during the first phase of the democratic government that succeeded the military government.

Despite all this, the recovery of trade unionism to 12 per cent membership of the workforce was not enough to offset the fall in membership and organizations compared with 1973, the year when the rate of unionization of the workforce was almost 32 per cent, the highest since the late twenties when trade unions were legally recognized and constituted in the country.

Furthermore, while the economic sectors in which trade unionism had traditionally developed recovered their positions in the second half of the eighties and continued to do so in the nineties, both in terms of employment and their relative weight in the economy compared with the period of most acute change (1975-1981), the recovery had two features which meant that the process did not necessarily result in the re-composition of the same type of trade union movement as had existed up to the beginning of the seventies or a reproduction of the social conditions in which it had developed.

The first of these was that although the sectors in which trade unionism had traditionally built its core had recovered, their relative importance in economic and trade union terms had changed compared with the early seventies. The most significant change was in manufacturing. In 1996 it represented 16 per cent of employment compared with 26 per cent in 1973, and in terms of unionization, by 1997, unionization in the sector was 23.8 per cent of the total, against 31 per cent in 1973. At the same time, the service and trade sectors increased their relative importance in the economy and also in the pattern of unionization, while that of mining and construction, two other key sectors in trade union organization declined.

**Total trade unions and membership at national level
(1980-1996)**

YEAR	National Total	
	Number of Trade Unions	Percentage change over previous year
1980	4,597	
1981	3,977	-13.5
1982	4,048	1.7
1983	4,401	8.7
1984	4,714	7.1
1985	4,994	5.9
1986	5,391	7.9
1987	5,883	9.1
1988	6,446	9.6
1989	7,118	10.4
1990	8,861	24.50
1991	9,858	11.3
1992	10,756	9.1
1993	11,389	5.9
1994	12,109	6.3
1995	12,715	5
1996	13,261	4.29

YEAR	National Total	
	Membership	Percentage change over previous year
1980	386,91	
1981	395,951	2.3
1982	347,47	-12.2
1983	320,903	-7.6
1984	343,329	6.9
1985	360,963	5.1
1986	386,987	7.2
1987	422,302	9.1
1988	446,194	5.7
1989	507,616	13.8
1990	606,812	19.5
1991	701,355	15.6
1992	724,065	3.2
1993	684,361	-5.5
1994	661,966	-3.3
1995	637,57	-3.6
1996	655,597	2.83

Source: Department of Labour

The sectors that increased their significance in the composition of trade unionism did so, as we have seen, against a general background of a drastic reduction in the pace of unionization. In addition, however, these are sectors that are typically more dispersed and have less of a tradition of involvement in national trade unionism and trade union federations. Thus, while there was significant growth in those sectors, it was not necessarily a factor in strengthening trade union activities in Chile at national level.

	Unionized workforces by sector		Unionization as a total of the unionized population	
	1972	1997	1972	1997
Manufacturing	342	169	293	238
Mining	1.2	0.4	8.3	5.96
Construction	13.2	9.8	3.6	6.6
Trade	22.16	9.9	10	15.17
Financial services	0.6	8.1	2	4.8
Community, social and personal services	1.4	6.16	24.7	13.8
Transport	27.4	22.8	8.2	14.6

Source: own preparation from data of Isla, Tarud (DERTO). University of Chile and Department of Labour

The second characteristic concerns the sectors where trade unionism had traditionally developed, as in most of them during the twenty or so years from 1973 to 1990 there were major changes in technology, forms of organization of labour and management of enterprise and services. Labour markets became considerably segmented and conditions of access to them varied in terms of technical and educational qualifications. Also of crucial importance was the application since 1980 of highly flexible and deregulatory labour legislation on the one hand, accompanied by many aspects that restricted trade union activity, which created a quite different institutional framework, indeed the reverse of the one in which the trade union movement had been developing hitherto. Some of the major aspects of the legislation were reformed after 1990, especially in allowing more scope for trade unions and collective bargaining, but there were still several issues that continued to restrict trade union activities and collective action by workers in general.

These two characteristics, together with entry into the international scene and the market economy, had a powerful influence in bringing about change in the social, technical and cultural conditions under which trade unionism had to operate.

CHAPTER II - TRADE UNION RESPONSES TO GLOBALIZATION IN CHILE IN THE NINETIES: DEMOCRACY AND DEVELOPMENT

As we argued in the introduction to this paper, in the case of Chile, the issue of trade union responses to the challenges and structural changes resulting from entry into a globalized economy and a world that had become politically internationalized, were strongly marked by the fact that the process had begun in the early seventies under an anti-trade union military dictatorship, a feature of which was profound and drastic structural and institutional change, indeed upheaval, on a massive scale imposed in an authoritarian manner in a relatively short period of time.

As a result, the actions and strategies of trade unionism were primarily based on political lines, designed to intervene in national life as part of the restoration of political democracy, firstly, and subsequently, from the early nineties, to consolidate and entrench their position. They thus devoted major efforts to seeking changes in the existing economic model, which, although moderated in concept, continued in many important aspects that made it appear indistinguishable from the policies pursued by the military government.

In this context, the national organization of Chilean trade unions (CUT) and the leadership generally at federation and confederation level gave priority to policies and strategies aimed at influencing global social policy issues, rather than those aimed at developing ways of restructuring their traditional organization and methods of recruitment in the face of changes in the nature of their social base. That does not mean, however, that such problems did not have a place on the trade union agenda, albeit with a lower priority, in practice at least. They, too, will be examined in this study.

1. Policies and strategies directed towards global issues

Three main focuses of trade union action can be distinguished in this area in the nineties: policies aimed at social cohesion and social alliances, policies aimed at the institutionalization of labour, labour legislation and social security and policies aimed at promoting participation and social rights in social and economic development.

1.1. Social cohesion

The National Agreements. Around April 1990, the most representative workers' organization (the CUT) and the Government decided to invite the main employers' organization to seek agreement on a joint document in which they expressed their positions on the issue of labour and its relationship with economic and social development policies, identifying areas of consensus which they were in a position to build. The proposal by the trade unions and the Government was to set out the main rules of the game, which could be accepted by the parties as the framework within which the labour issue could be discussed with the advent of the first democratic government for 17 years.

The document, under the title of "National Tripartite Framework Agreement", signed in May 1990, was the result of that first meeting. Through the CUT, the trade unions played a significant role, since, although their positions were generally critical of what they called the

"economic model", they were ready to be open-minded in order to facilitate common ground with employers and the Government in order, in turn, to obtain, from the former especially, an open approach to labour issues and questions of social equity linked to economic growth.

The document to which the Agreement gave rise was of crucial importance, because it was unprecedented in Chilean experience. Its main value was that it served to send a signal of the readiness of the trade unions, employers and the Government to agree, at least on the main directions of social and economic development, and the will of the parties to discuss them in a framework in which they were willing to take part. This signal certainly helped to strengthen the process of transition to democracy.

It should be explained that the agreement was the result of a process of mutual concessions by the employers', trade union and government sides, so that its content can be seen as a kind of "memorandum of understanding", rather than full agreement on ideas of social and economic development. In fact, trade unions and employers continued to disagree on many subjects, but they agreed to moderate their disagreements as a gesture of readiness to engage in dialogue. The trade unions in particular moderated their positions on many points as an expression of the political will to facilitate the agreement, which they regarded as important in contributing to the success of the democratization process that was beginning in the country.

In particular, they began to look favourably on the role of private enterprise in economic growth and development, as well as the need to consider the demands of an open and competitive economy as a framework for social and labour policies. At the same time, they maintained that a necessary condition of the foregoing was special concern to protect workers during the process of change and adjustment, greater participation in the enterprises and its profits, a better balance in labour relations and recognition of the role of the trade unions at grass roots, sectoral and national level, and making workers' access to the fruits and opportunities of growth a priority goal.

The employers, for their part, acknowledged the need to improve labour relations in terms of more cooperation, the need to ensure compliance with labour and pensions legislation, they recognized workers' organizations as valid representatives and expressed their readiness to examine those aspects of institutionalized labour that needed to be improved to promote labour relations of higher quality and technical calibre. They also recognized the importance of developing policies to help workers obtain better access to the opportunities of growth.

The Framework Agreement also sought to agree the adjustment to the national minimum wage for the period 1990-1991, as well as a range of issues to be discussed in future dialogue.

The Agreement opened up a readiness to engage in tripartite discussions and helped to ensure that proposed reforms or improvements of labour legislation prepared by the Government could then be discussed in consultation with the social partners. Although the Government did not achieve full agreement with either the trade unions or the employers on their proposals, the experience of dialogue made it easier to achieve consensus in parliament when they were submitted to the Congress. In fact, it set a precedent for tackling labour issues in a climate of dialogue and the search for agreement, breaking down the employers' prejudices and opposition to the possibility of change on these issues. This influenced the readiness of Congress to discuss and approve proposals submitted by the Ministry of Labour, under the Government's labour reform programme.

Three agreements were signed in the years following (1991, 1992 and 1993), which had more practical impact than the first. The main subject was the minimum wage, especially the restoration of the linkage with average wages, and other specific issues. The agreements did not address any other major themes and in many of them it was not possible to finalize everything proposed, other than the criteria for setting the minimum wage, namely estimated future inflation and average productivity in the economy. This was a significant achievement,

since it allowed the identification of a precise formula, consistent with the objectives of growth and stability. However, despite their more practical nature, the agreements that followed the first were a focus of constant dialogue and kept alive the idea of social cooperation as a method of high political and social value. That did not, however, prevent conflicts between the parties and the Government, some of them quite serious, but the forum for dialogue was preserved as a recourse validated by the partners.

Trade unionism, led by the CUT, kept up this strategy of social cooperation for four years, even though internally it faced constant tensions concerning its validity, since some sectors thought that it was not yielding the results they had hoped for, arguing that the employers were not behaving in accordance with what had been agreed in the first "Framework Agreement". In particular, that was because the proposed reforms to the labour legislation submitted by the Government to the National Congress, under the provisions of the Programmes and subsequent tripartite and bipartite discussions, continued to be criticized by various employers' organizations.

Furthermore, those trade union sectors thought that, although as a result of previous consultations the above-mentioned government initiatives included many objectives put forward by the trade unions, they were still "inadequate" and that tripartite cooperation and the national agreements were not, as they saw it, making an effective contribution to overcoming those shortcomings. Similarly, the attempts at dialogue between the CUT and the employers, prior to and during the four national agreements, were also regarded by their critics as of little value for the same reasons.

These tensions led the CUT leadership to state on several occasions that it was paying a high social and political price to maintain the strategy of tripartite dialogue and that if it were to continue with it, the strategy would have to allow them to show more positive results, both in the area of law reform and improving the quality of labour relations at company level and fairer access to the results of economic growth.

According to some analysts at the time, while the CUT's anxieties were to some extent justified in relation to the matters of concern to them, it also seemed as if the trade union leadership was often inclined not to state its objectives clearly in the process of dialogue, preferring a defensive and even pessimistic tone, which obscured its recognized role as national negotiator, as well as the issues that it had succeeded in placing and maintaining on the government agenda.

Nevertheless, the CUT leadership kept to the framework of the social cooperation policy throughout the period 1990-1993, which showed that, despite the above, it continued to value it and regard it as a necessary focus for the consolidation of the democracy of which it felt itself to be a constituent part.

Sectoral agreements. The open framework of the national agreements also allowed the conclusion of sectoral agreements. The most important were the four in the public sector (1999, 1991, 1992 and 1993) concerning adjustments in salaries, working conditions and other employment and career issues. The CUT participated in all of them.

One of the most outstanding results of the agreements in this sector was the passing of the law allowing civil servants to belong to a trade union.

Tripartite agreements were also concluded in the port sector and bipartite agreements in the coal-mining sector.

Other examples of cooperation in the period 1990-1993. In the area of vocational education and training, the CUT agreed with the Government on the formation of National Tripartite Council to advise the Ministry of Labour on policies in that area. In the area of control, there was also a tripartite agreement to implement a broad programme of publicizing labour laws and encourage compliance. The CUT also agreed with the Government to establish

a National Trade Union Training Fund to finance trade union projects for training of trade unionists.

Crisis in the policy of cohesion. Following the above-mentioned experiments, from 1994 onwards, the policy of national agreements was to end. Both the trade unions and the employers said that the policy had not brought them the hoped-for benefits. In particular, the trade unions thought that they had not been sufficiently included in important decisions, despite their efforts to achieve agreements. That did not mean that unionists at national and federation level did not remain open to reviving the cohesion policy, but in the event that did not happen except in very specific cases. One such, and a very significant one, was the bipartite agreement between the CUT and the Government in 1998 that adjusted the legal minimum wage for three years. Another was the sectoral agreement between trade unions in the forestry sector and the employers to develop and disseminate, with ILO support, a national Code of Conduct on safety and health at work.

1.2. Policies aimed at institutionalizing labour and social security

In the labour field, trade unions had focussed since the beginning of 1990 on drafting proposals to reform existing labour legislation. From their point of view, the legislation in the Labour Code, which had been substantially amended since 1979 during the military government, was the expression of an extreme neo-liberal concept, designed to turn workers into a cheap labour force to help employers to enter the global "transnationalized" economy.

In social security, their policy sought to protect their members by better regulation of the private pension scheme, which had also been set up during the military government about 1980. While the system had worked well during the first sixteen years, in 1997-98, it began to show signs of lack of profitability, and it was also heavily concentrated in the hand of economic groups. This all reinforced the trade union view of the need for greater government and social control of the scheme.

On both issues, the trade unions did not reach sufficient agreement with the Government, which was in favour of substantive reforms, but at a slower pace than demanded by the unions.

1.3. Policies aimed at participation and promotion of social rights in economic and social development

In this area, the trade unions, with the Government, sought to form a body to allow dialogue between different social sectors on economic and social development policies. This gave rise to the Productive Development Forum, a tripartite body formed around 1994, which developed a major programme of work on a wide range of issues related to the public and private agenda for economic and social development.

To some extent, this body replaced the policy of agreements pursued during 1990-1993, although its purpose was very different, since it was not a decision-making body. The Forum was initially a great catalyst, since it gave rise to debates and meetings at national with high representation of all constituents. However, by 1998 it had declined in importance for reasons similar to those that had caused the demise of national agreements. The trade unions were not satisfied with the results since they thought that participation at that level was not reflected at intermediate and grass-roots levels and, moreover, that the employers were blocking the issues of most interest to the workers. Nevertheless, the CUT and trade union federations continued to express interest in the Forum provided that the above-mentioned limitations could be resolved.

1.4. Balance of global policies

The three lines of action making up trade union strategy in Chile relating to global issues were in some ways their most substantial programme of action, designed to tackle, in the existing climate of political democracy, the new conditions created in the country since the beginning of the decade of the seventies under authoritarian policies.

As a corollary to this, it can be said that those policies had allowed trade unionism to be seen by public opinion as a player with clear positions on matters of national interest. It was thus able to overcome the weakness forced on it by the military government since 1973. Its recovery of national presence really began in 1983, when it led the social protests against the authoritarian regime.

However, the representative role achieved by trade unionism in its policies on agreements and the other areas described do not seem to have enabled it to strengthen its capacity to act at its grass-roots level. In fact, the CUT continued to lose members, even though it had over 350,000 members, i.e. almost 60 per cent of total union membership. However, at the beginning of the democratic government, it had almost 75 per cent. Moreover, much of its membership came from the public sector and it was not growing in the private sector.

According to some analysts, that was because although the CUT and the federations had taken on the major national issues related to macro-economic and social processes, they had not been so involved in issues and problems arising at the grass roots relating to changes in the composition of the workforce, technological change and in general all the aspects covered at length in the previous chapter of this study, which changed the face of that social base in many ways. In a way, national trade unionism had taken on a global social and political role, true to its historical tradition, but it had not moved on to identify new areas and forms of action and organization, necessary to interpret and represent a multiplicity of diverse and disparate interests which now appear a feature of the labour force in the context of Chile's part in globalization, both as a society and as an economy.

2. Policies at company union level

2.1. Policy of strategic agreements in companies in key sectors

Another of the lines of action pursued by trade unionism was the negotiation of long-term agreements in companies with a high economic and social strategic value. The policy was at the initiative of trade unions in those companies rather than a deliberate policy at national level (CUT), but it generally had its support. The purpose of the agreements was to establish a kind of compromise by the company and the workers' organization to ensure the economic performance of the company and a satisfactory level of labour relations. In this way, companies undertook to ensure that improvements in productivity and efficiency would be reflected in workers' pay, that there was adequate information and participation and that there was strict compliance with labour legislation and collective agreements. The workers, for their part, undertook to maintain industrial peace if the company fulfilled its part of the bargain, to participate actively in all efforts to improve quality, productivity and efficiency and generally to encourage cooperative behaviour.

The policy of participation and cooperation sought to show the employers' side that workers could be partners in the enterprise if employers were prepared to treat them as such. The initiative sought to combat specific expressions of employers' attitudes that assumed that any form of workers' participation only led to inefficiency and ultimately to higher costs. The trade unions were also trying to show that in a globalized economy, companies could only

compete successfully if they faced that competition together and if the workers felt that they were being adequately rewarded.

This strategy was most importantly illustrated by two major state companies¹ and two in the private sector. The first three were in the copper mining industry and the last national and international telephony.

In the public sector, the companies concerned were CODELCO, the country's largest copper producer and one of the largest in the world with 18,000 workers and ENAMI (national mining company) responsible for promoting and supporting the development of small and medium-sized mining companies in the country, with a workforce of 2,000. The private sector companies were Disputada de las Condes, with 1800 workers and the Spanish-owned Compañía de Teléfonos de Chile with 8,750 workers.

In the case of CODELCO², the company's workers' federation entered into a strategic alliance with the management in 1995. Its objective was to identify together the major challenges to the country's largest producer in the future, including expansion policies, technological innovation and human resources. On the basis of those agreements, they succeeded in reaching consensus on decisions to reduce the workforce in situations of adjustment, and training of workers in transferable skills and labour mobility within the company, which operates five huge copper deposits in the country. Collective bargaining offered appropriate occasions to improve the basis and forms of application of the strategic alliance.

In the case of ENAMI³, the agreement was called the strategic alliance and began in October 1997. It was a tripartite agreement, since the Government participated as signatory, together with the company management and its trade unions. The agreement involved commitments on a wide range of issues covered in the document signed by the parties: the company's aims concerning the mining economy, technical and economic objectives, optimization of management, technological innovation, environmental policy, occupational safety, labour relations with emphasis on participation schemes, communication and information, investment policy and ownership.

From the evidence of interviews and other sources of information, the agreement has had a positive impact and has been widely followed in many trade union sectors throughout the country. That does not mean, however, that there have been no difficulties in the almost 18 months since it was signed. Indeed, there were problems in collective bargaining, especially concerning how to set productivity incentives, or issues such as application of the concept of "multi-skilling" and its relationship to job stability or procedures to ensure workers are better informed. However, the issues were satisfactorily resolved and the agreement has succeeded in gaining the trust of workers and management.

In the case of the Disputada de las Condes, the management and the trade unions sign a Collective Covenant in 1998, also called the Strategic Alliance, which established targets to be achieved and results for workers for a period of six years. The content is similar to that of ENAMI's, although covering a rather more limited range of issues.

This experiment has also been widely publicized as a new way of meeting the challenges of an exporting economy, especially in the case of a company with a high degree of modern technology and a major position in the domestic and international minerals market.

In the case of the Compañía de Teléfonos, the so-called Basic Trust Agreement was signed in 1994, with the objective of establishing fully "participatory" arrangements in the area of human resources, technological innovation, working conditions and others, while at the same time modernizing collective bargaining. The agreement has lasted up to the present, although in

¹ In Chile, state productive companies are governed by the same economic and labour laws as the private sector.

² See statement of the Copper Workers' Federation, 13 September 1995.

³ See ENAMI document, Strategic Alliance, 6 October 1997.

this case too there have been various disputes over the application of the agreement and in 1998, some trade unions in the company proposed that it should be revised. However, the Basic Trust Agreement has certainly been a useful tool in modernizing labour relations in a company that controls a very large part of Chile's domestic and international telephone business.

The significance of these four cases was that, in a context where it was hard for trade unions to come up with innovative, wide-ranging proposals on issues that were not just macro-level but addressing very specific aspects of working life in companies, the unions in Codelco, Enami, Disputada and CTC succeeded in showing that in large companies of major importance to the country's economic life, this type of initiative can give positive results and open up new opportunities for trade union action.

If so far there have been no other specific experiences of the kind mentioned above, this approach to trade union action has been increasingly publicized. Indeed, through the national tripartite body, the Productive Development Forum, which includes the CUT (United Workers' Centre), the CPC (Employers' Confederation) and the Government, a number of events to publicize these experiences have been held since 1998, and there have been many cases reported of companies considering putting similar agreements into practice. This is thus a line of trade union activity, which will probably be developed in the future.

2.2. Policy on productivity agreements at company level

Of more limited scope than the above, company trade unions have also made serious efforts to incorporate new issues in collective agreements. In particular, there have been many initiatives to have company managements negotiate policies to increase productivity with the trade unions and to consider benefits for the workers when they achieve positive results.

According to a recent study⁴, at 30 March 1997 of a total of 2,674 collective agreements in force at national level (collective contracts and agreements), 1,415 contained productivity-wage clauses. 42.8 per cent of these agreements concerned large companies (over 200 workers), 33.7 per cent medium-sized companies (50-199 workers) and 23.3 per cent, small enterprises (less than 50 workers).

The study selected a sample of 46 collective instruments from the above population of 1415 and carried out an in-depth study into the selected cases. Of these instruments, 46 per cent had been concluded for periods over two years, which is the minimum term permitted under Chilean law. 32 different formulae for calculating productivity were found. The variables most commonly used to measure productivity in those collective contracts and agreements were volume of production, cost of production and company profits. In 62.5 per cent of cases, the agreement set targets for future productivity, linked to a result in terms of pay. In the remaining 37.5 per cent, the criterion was the profits achieved by the company in a given year compared with the previous one.

The majority of collective contracts and agreements preferred to draw up their terms on the basis of collective results, i.e. for all the company's workers and not on an individual basis. Normally, therefore, average productivity was measured and not that of each worker. An intermediate formula consisted of measuring productivity by work teams within the company and award differential benefits to each team.

This way of negotiating productivity clauses linked to wages, while still not a very widespread trade union policy, since although 60 per cent of collective instruments by 1997 contained such clauses, according to the author of the above-mentioned study, only 25 per cent could be considered cases in which it had been the subject of detailed negotiation. All the

⁴ Mónica Vergara: "Incremento de remuneraciones asociados a aumento de productividad" (productivity-linked wage rises). Series: Aportes al Debate Laboral. Department of Labour. Research Department. September 1998, Santiago, Chile.

same, it is clear that the issue of productivity, quality and its relation to pay and career is becoming a matter for trade union action at company level and this will undoubtedly develop in the future. The reason for this is that at company level, trade unions are becoming aware that considering the variables of productivity, quality and efficiency when negotiating wages, conditions and work patterns allows them to achieve better results and gives them more opportunity to participate in and influence company decisions. Under the conditions of strong domestic and international competition in which most of them operate and in an open market system, company trade unions are coming to understand that knowledge and management of these variables in collective bargaining at company level strengthens their hand vis-à-vis management and allows them to present options in the context of collective bargaining suited to modern realities.

2.3. *Policy of agreements on vocational education and training*

Another novel approach that has recently been emerging in company trade unions concerns the establishment in companies of bipartite committees (management-unions) to draw up company training plans, to be financed by the tax reliefs granted to companies by the State for that purpose. These committees were set up under a new law passed at the end of 1997, and so far (May 1999) 435 companies have set up such committees. Trade unions are still slow to push these initiatives and employers have not shown any particular enthusiasm for them. However, it is estimated that this alternative form of participation in an area of such importance will probably spread, especially as the State offers a financial incentive in the form of tax reliefs to companies that have this type of bipartite committee.

2.4. *Summary of company level policies*

The experiences described in the preceding sections show that a new realism is emerging in trade union actions and strategies in the face of changes and new conditions in the economy and society in the framework of globalization. Indeed, these experiences concentrate on issues that are interest to both workers and employers. In this way, even when there is a natural degree of confrontation between them, this type of agenda for collective bargaining seems to be a positive help in getting both sides to reach formal agreement on some of the more complex challenges of economic globalization, such as raising productivity, quality, efficiency and upgrading occupational skills. In addition, given that these approaches are part of the collective bargaining process, they also help to moderate the tendency of companies to impose terms on the above-mentioned matters in individual contracts, without any opportunity for the worker to negotiate them and link them to pay and other benefits.

What seems important is how trade unionists succeed in linking their global policies appropriately and in a co-ordinated way with those at company level. Up to now, there has been no conflict in theory but, in practice, they have not always proved easy to reconcile, giving the impression of a national leadership operating at macro level, based on a grass-roots trade unionism which is developing its own action strategies.

3. *An overview of labour relations*

To conclude this chapter, we would like to quote a survey carried out by the Department of Labour, the agency responsible for enforcing labour laws in Chile. This study, carried out in 1998, gives us an interesting overview of labour relations on the basis of a

representative national survey, allowing us to have a better understanding of the current background to trade union policies and actions

In the chapter on "Labour relations: the players' view", we wish to quote the conclusion of the investigation concludes that:

"Both players, employers and workers, mostly agree that their relations are cooperative. In a wide range of questions, both employers and workers are very consistent in that view. Data on disputes (legal or de facto strikes or stoppages) confirm the impression that there is a good labour climate in companies and that open disputes do not occur. These assessments contradict both the leading employers' claims (manifestly anti-trade union) and the constant claims by the CUT of persecution, obstruction and hostility to the unions. This perception opens up an important field for analysis of the real scope for development of institutional relations involving "mutual recognition", as we have called them to define a paradigm of modern labour relations...."

A simplistic interpretation might question the "veracity of the collected opinion" and thus close the chapter on it. However, situated as they are in a setting of building relationships, it seems more responsible, in our view, to examine these opinions of actual players who (unlike the more political players) are engaged in the day-to-day reality of production, and thus more nuanced and complex than those reflected in postures of a political and ideological nature which have their own logic, rationale and even a certain legitimacy, if you like, in the political arena.

What the labour survey reflects (as well as the other studies on trade unionism carried out by the Department of Labour) is that even against a background of employers' shortcomings, non-compliance with legislation, conflicts of interests, unsatisfied demands and others, there is scope for collaboration (which does not invalidate the conflict of interests) where the players can agree and establish a framework of dialogue. The reason is that there is no escaping the need in a social organization (such as a company) to maintain certain bonds in order to attain the goals or fulfil the functions for which it exists: workers to obtain remuneration for their work, employers to produce the goods or services and make a profit. The true mark of success in a modern company is to reconcile profit and fair reward for labour, because in these modern times, both the productive economy and "civilization" demand quality, competitiveness and intelligence. And that means greater involvement of workers in "contributing" to the attainment of goals.

Trade unionism is a reality that exists mainly in the largest, strongest and most modern companies, and it there acts as a valid counterpart to the employer. Thus, the biggest challenge for trade union action seen against that background is for both employers and workers in smaller companies to understand that there are advantages in institutional relations and that achieving them adds to the modernization of their operations.

There is also a challenge for the leading players, both employers and workers. Social cohesion policies are viable if a more pragmatic view is taken of the unresolved issues and employers' traditional posture of unilaterally imposing the conditions of power. There is an enormous range of urgent and vital issues that need to be addressed to improve the working and living conditions of the majority of the country's workers. There is a process of modernization in progress, which needs to be encouraged and completed if Chile is not once again to become a "case of frustrated development" as a brilliant intellectual once prophesied in the seventies.

CHAPTER III - CONCLUSIONS

1. *The new directions of social and economic development: impact on the traditional model of trade union action*

The hypothesis formulated in this part concerns the fact that the conflicts and challenges facing trade unionism, while reflecting in the short and medium term the situations facing them in the context of the social and political processes during the country's transition period since 1990, have deeper roots in the complex challenges for this social player of finding a place in the type of society that is arising in Chile, as in other countries, as a result of the structural changes of an economic, social and institutional nature emerging globally since the seventies. A new order which, by its nature involves changes both to its traditional social constituency (especially in industry, and the expansion of the trade and services sectors, and those concerned with export of commodities, and changes giving rise to more transitory forms of contracting and the spread of decentralization of the old large enterprise through subcontracting and specialization, to mention just some of the new realities), and the spread of new concepts of the role of trade unionism in this new environment.

All of this means that its traditional action "model" is under review and that trade unionism, at international level, is engaged in a complex pursuit of new ideas and strategies. This naturally generates tensions and uncertainties, which, in part at least, explain the difficult and uncertain times we are passing through today. We shall examine this process below.

2. *Tensions from changes in the traditional model of trade union action*

The process of shifting from one type of trade union action to another, like any process of change, creates tensions in adjusting to the new facts of life. In a world of rapid economic, technological and political change, the social organization of workers has faced enormous challenges in keeping up with such change. It has meant not only developing new forms of representation but also tackling the complex task of re-examining social, economic and political ideas deeply-rooted in the trade union world, and which were the basis of labour culture for over a century.

Unlike intellectuals, specialists and to some extent politicians, who ultimately have less barriers in the way of absorbing the signs of change more quickly, social movements need longer, because identifying, evaluating and adopting new social, political and cultural approaches and finding new forms of organization and collective action involves an arduous process of consultation with its grass roots. It also means carefully collecting the objective and subjective views arising among the grass roots in the face of change and identify the costs and opportunities always involved in such change. Social movements and trade unions especially are representative players and, thus, they have to fully express the views of those they represent. Faced with change, therefore, social movements have traditionally suffered periods of acute tensions.

Many analysts, perhaps prematurely, then tend to conclude that these movements and, at present trade unionism in particular, have entered a period of crisis and a crisis that might

even be terminal. Some thus conclude a kind of dissolution of the role of trade unions in our societies.

In my opinion, this conclusion is mistaken, because it focuses on the transitional state, but does not consider the long-term view required of such processes.

While it is true that evidence at the international level, as well as in Chile, suggests that membership and collective bargaining are tending to decline and that there are difficulties in representing the new classes of workers emerging from the changes in the economic structure and the pattern of employment as well as technological change, and that the influence of the trade union movement appears less decisive in major social, political and economic decisions, what is important, in my view, is to look at the factors which explain these situations and the way in which they are generating or forcing change in the rationale of trade union action, before declaring a state of crisis.

Today, just as at the time when the industrialist model of the economy and society arose, replacing the pre-existing model based on professional offices and smaller markets, changes are taking place in the old forms of organized labour, the way labour markets are structured and operate, the use of technology, the role of labour players and institutionalization of labour.

The above is due, as stated above, to the introduction during recent decades of a new development model, which is changing the industrialist model.

The transition to this new situation involves processes of adjustment and restructuring, sometimes drastic, with severe effects on the old way the economy functioned, resulting in reorganization of many sectors depending on their capacity to adapt to the new conditions of competition in changing markets and to absorb rapid technological change.

Thus, the entire culture of labour, company management and labour relations that had grown up, especially during the thirties, is being affected.

This process of material and cultural change sets challenges that are completely new to trade unionism, as they are to many other forms of social representation, but it does not eliminate them. To accept that their disappearance is inevitable would be to accept that society had been absorbed by the market or by the State and had completely lost its ability to act collectively. That hypothesis, in my opinion, has no historical or sociological basis.

Our hypothesis, on the contrary, is that we are in the presence of a progressive replacement of one type of collective trade union action with another type of action and representation that is seeking a place in the new social, economic, technological and institutional conditions. This change is a complex process, involving major cultural changes. The feeling of uncertainty is thus persistent. The certainties of the past still often feel safer to many trade unionists. It is an understandable reaction in a world where the basis of an entire social history is being so dramatically overturned.

The fact is, however, that despite this period of fundamental change, there is no evidence that trade union action has been replaced by a preference for individual action, as suggested by some analyses. Nor is there any evidence of the emergence of other forms of representation apart from trade unions in companies or services, and in general where workers are in a position to act collectively.

Trade unions are undoubtedly facing challenges to their traditional model of action, but they have not been overtaken, where the conditions for collective action exist, by other forms of representation or the individual option.

Quite the contrary, trade unionism has survived the fierce attacks unleashed against it by orthodox neo-liberalism, which defined it simply as an obstacle to the free operation of the market and sought to eliminate it wherever the opportunity arose. That first victory was no commonplace. What it did was to demonstrate the historical, sociological and political validity that society cannot exist without players and thus without negotiation of interests. And it is not

an inconsequential fact, since it shows the potential of collective action and its cultural permanence in the world of labour.

Trade unionism, although weakened in many areas, under tension, seeking new options, is operating as a player in the process. The above-mentioned victory is a mark of that.

Although its action in many areas is still defensive and its ability to put forward proposals often limited, this too shows that it continues to be an active partner. The recent example of the European countries, South Korea and other cases, as here in Chile, where trade unions have successfully taken part in social and economic debate confirm the above.

For this reason, it is a player that cannot be from the pursuit of a new consensus in the world of labour. Without collective representation of workers' interests, however much the neo-liberal technocrats think otherwise, it will be difficult to achieve and maintain such consensus.

Chilean trade unionism is not immune to the situation discussed above. Its crises certainly include local components, but their underlying causes cannot be understood unless they are placed in the context of the contemporary changes we have outlined above. Such a view does not mean that we can ignore the issues of leadership and direction nowadays faced by its top leaders, but entitle us, we believe, to take a broad view of this social and cultural phenomenon, and not confine our understanding to a limited economic perception.

3. Prospects and challenges for the construction of a new model of action

We shall examine here the emerging international trends which, to some extent, can also be found in an analysis of trade unionism in Chile, albeit in incipient form and naturally with differences and features specific to national circumstances. We will highlight emerging approaches, since they seem to us to be an appropriate basis for identifying the lines of action, which will influence the strategic development, and social policy of Chilean trade unionism in the future.

- i. Firstly, the trade union debate shows the beginning of a process of reflection aimed at identifying a proposed new form of trade union action, designed to absorb change without abandoning its identity as a movement which represents a social class: the workers. The debate that is beginning concerns how to identify and define this social class in contemporary terms and how to represent its interests, without abandoning the traditional nature of social representation, yet accepting that the sociological concept of the workers has lost any specific meaning. This core idea, that trade union action means representation of a social class, is extremely valuable in countering the argument, advanced by orthodox neo-liberalism and so-called post-modernist cultures, that modern society is defined by individualism and absence of differentiation, and denial of the existence of class interests. If trade unionism, as a result of this reflection, manages to absorb the new economic, technical and political facts of life, take up the gauntlet of change, but at the same time can reassert its traditional role of involvement in controlling and guiding that change, representing workers' interests in them, it will probably succeed in solving the issue of reconciling its traditions with the challenges of the future. This seems important to us, because in its defence of the social class it represents there is an adversarial dimension to trade unionism which society needs to preserve as a counterweight to economic power and State power. That is why, just as it is necessary for all society's forces to be represented in the political system in order to ensure pluralism and act as a safeguard, the same capacity must be ensured in labour relations.

- ii. Secondly, the younger leadership especially values the development of a vision more consistent with relations between the economy and social results. This, too, is significant, since the characteristic that in the past marked not only the trade union view but also the political and intellectual views of the so-called progressive sectors, was the emphasis on the distribution of the fruits of development and an aspiration to egalitarianism. But that vision, although unquestioned from the point of view of inequalities and the need for social integration, overlooked or paid less attention to the need for growth and the requirement for regulation to achieve the necessary balances in a healthy economy within a legal framework. Thus, for example, the growth in wages and stable employment were often approached as variables which were relatively independent of other factors such as productive investment, labour productivity and the need to adjust the economy, including labour, to market cycles. Increasing wages and ensuring stable jobs for the employed seemed more linked to the political will to achieve it than the capacity to generate sustained growth to achieve those results. This one-dimensional view has its counterpart in that other, neo-liberal, one-dimensional view, that growth alone provides access to opportunities for progress and quality of life. It is thus encouraging to see that trade union thinking is moving towards a multi-dimensional vision which combines the idea of growth with integration and distribution, i.e. with fairness. Development is thus viewed at the same time as a step in the direction of sustained growth and as active policies for generating greater opportunities for better quality of life for all. This multi-dimensional view is also expressed in the design of a labour policy towards which the new trade union view appears to be moving steadily closer. Under the old approach, labour policy often tends to be seen as the "social" part of economic policy. A kind of counterweight. If the former imposed limits and restrictions, the latter should provide protection against them. Under the new approach, trade unionism is trying to combine growth policy with labour policy, seeking to ensure that both follow the same path in creating sustained growth and distribution of the results, but sharing restrictions and possibilities.
- iii. Thirdly, and quite clearly, the idea that achieving a greater share of trade union power and participation, clearly a strategic issue was in itself a sufficient instrument to produce decisions favourable to development proposals that included workers' interests is being questioned. From that point of view, and this is new, restrictions on the functioning of the economy tended to be seen as variables relatively dependent on power and political will, i.e. manageable by these factors. Experience of trade union action seems to have shown that political will is not enough in itself to manage these restrictions and that it is also necessary to accept reasonable criteria for setting objective limits to regulate the economy, which may act as a counterweight to political will. The goals of controlling inflation and linking incomes to productivity, two of today's key themes, demonstrate this. It can also be seen that trade union thinking considers that such regulation cannot be effective unless it is the result of decisions based on fundamental consensus between the players concerned: workers, employers, consumers and various political representatives. The view is thus emerging that political will must be subject to the holding of negotiations in order to secure stable support for economic decisions.
- iv. Fourthly, as shown by the seminars organized by the Productive Development Forum in 1987, a new culture in relationships within the company can be seen to be emerging. In the seminars, designed to present successful examples of labour relations in real companies, it was noteworthy that the company was identified, if not as the only, but certainly the favoured level to deal with technological change, changes in organization of work and the

new forms of competitiveness and quality affecting working life. In the present-day circumstances of international competition and rapid technological change, it is companies that experience first and at first hand the changes that later appear as more general phenomena. The role of collective agreements and new management methods in companies is coming to be appreciated as an important area for trade union action in developing new labour relations, as a basis for more general debate, at branch or national level, on critical issues such as flexibility, deregulation and other issues which are becoming daily more widely known. The above does not mean that the sectoral or national level will not continue to be considered as an important strategic level on many matters, but it shows that trade unionism is placing greater value on action at company level as an area of great importance.

- v. Fifthly, the trade union debate shows special concern to develop forms of representation consistent with the new economic, technical and social conditions. It is a subject that has been discussed in many events with federations and trade unions organized in the last two years, by the Ebert Foundation, among others. The meetings highlighted analyses suggesting the value of reviewing the structure of representation peculiar to the industrialist model. The review coincides with the search for a new enterprise culture, which gives a greater role to this level, seeking to link it more closely with the branch and national levels. But other areas of innovation seem to be emerging. These include concern for greater democratization of the methods of choosing leaders. This is because the leadership crisis currently facing trade unionism in Chile has shown that it is becoming more and more urgent to identify the type of representatives suited to the new classes of workers emerging from the technical and organizational change

The above considerations are leading many national trade union leaders to suggest that greater attention should be paid to leadership within companies, strengthening the trade union career path from the bottom up. It is hoped in this way to strengthen the link between middle and higher management. It is also sought to create a type of representative firmly linked to the new processes of change and capable of meeting their demands.

In addition, in the regions and major federations, the idea is emerging that it is necessary to try greater decentralization, so that the local and regional levels of branch federations acquire greater ability to establish horizontal links between unions within and between branches, and with public and private authorities at that level. If this can mature into a new trend, it may in many cases allow a better examination of labour markets and other issues linked to access to services in health, housing, pre-school care, training and other matters. The organization of trade union solidarity, one of the major tasks of trade unionism, may find new areas to work in. Another subject that emerged in the trade union and specialist seminars was how to strengthen trade unionism in a manner consistent with the new types of contracting. What is sought is to pay more attention to the requirements and specific characteristics of casual, migrant, piece and subcontract workers, which differ from the traditional permanent company union representation. Given that the trade union base may constantly have to change with this type of worker, the value of strengthening their capacity of representation within the federation and national level is a crucial element. Moreover, it is precisely in these new sectors that anti-trade union behaviour by many employers is most prevalent, which underlines the need to strengthen the workers' organization in them.

In general, decentralizing and diversifying the trade union structure, while maintaining the links between the three traditional levels (grass roots, branch and national) seems to be an important criterion emerging from the new debate.

All the above probably requires the design of appropriate bodies at federation and national level to coordinate and develop the new forms of decentralization and diversification.

But at this level, perhaps the biggest challenge is to consolidate a stable institutional framework that combines adjustment to the new forms of representation described above with growing technical expertise to support federation and grass-roots activities, especially in collective bargaining, as well as being able to make proposals concerning major national issues. The national level can thus be a key area for the formulation of global strategies, to guide trade union action implemented through a more decentralized and diversified structure. The national trade union leadership must play a role that is more about strategic policy and national coordination, supported by an increasingly better developed structure at federation and company level. Monitoring of technical and economic change will no longer just be a macro issue, but increasingly the result of individual observation at the very face of productive activity and services. Such observation will allow the elaboration of new conceptual approaches, identification of the demands of the emerging classes of workers and construct a pattern of representation suited to the challenges of a changing society.

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