

# Chilean President revives labour reforms in bid to win votes

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On December 1, just days before presidential elections in Chile, the Senate rejected a suddenly-revived labour reform bill. President Eduardo Frei ostensibly advanced the legislation to remove labour laws introduced by former dictator Augusto Pinochet following his military coup in 1973.

The bill would have extended collective bargaining rights to some four million workers, allowed the formation of multi-industry unions, and prohibited employers from using scab labour during strikes and firing workers for union involvement. It would also have obliged employers to provide unions with policy and financial statements, as well as company objectives, projections and planned technological or organisational changes.

Currently less than 500,000 workers, or 10 percent of Chile's workforce, are under collective employment contracts. Most workers are employed in small or medium-sized industry or as temporary or casual labour. Many are barred from taking industrial action, making legal claims for unfair dismissal, and in some cases do not even have pension security. Migrant labourers, some 55,000, are in a worse situation. They have no rights and receive a monthly minimum wage of \$US178—below the poverty line.

Frei—from the Socialist Party-Party for Democracy (PS-PPD)/Christian Democrat (PDC) Concertacion coalition—resurrected the labour reform bill only last month. It had lain dormant in Congress for years. According to Senator Beltran Urenda "the very government... didn't like this project at all. Preferring not to legislate, it was kept frozen in the Senate for two years by decision of the president of the republic, until he received a fright from the upcoming presidential elections..."

Frei classified the bill as urgent, requiring "immediate discussion"—knowing that it would be rejected outright in a Senate dominated by the rightwing National Renovation (RN), the Independent Democratic Union (UDI) and designated Senators.

In Frei's own words, he sought to demonstrate "which (political party) is for changes to improve working conditions and which is opposed to them". *El Diario* commented more accurately: "During the week it was suggested that the labour reforms were a political manoeuvre to take advantage of the elections."

The bill was meant to arrest the growing support for the Concertacion coalition's main opponent in the presidential elections, Joaquín Lavín. He is a member of the UDI, a party closely associated with the former military junta and the country's main business groups, which are adamantly opposed to any changes to labour laws.

In these elections Lavín has distanced himself from the UDI and waged a populist campaign to attract sections of the working class and rural workers. Last June he said: "All the recent strikes, such as the port workers and students, happened because... social problems exist and the [Concertacion] has done nothing to resolve them."

The Concertacion government is anxious to win back some of its voters for the December 12 elections. Its candidate, Ricardo Lagos, a PS-PPD leader, is predicted to win the elections only after runoffs in mid-January.

Flagging support and disaffection with the Concertacion government over the last six years worsened in 1998 with the onset of the first recession in 20 years. Unemployment nearly doubled and tens of thousands of workers, youths and students have demonstrated against the devastating consequences of the economic crisis.

But the government revived the bill not just to stop the collapse in its electoral base. It was also prompted by concerns over a steady decline in union support and membership. A Senate paper entitled, *Labour Reforms with a Long History*, reports that in 1996 a Senate Commission drew up a proposal to "broaden collective bargaining... as a means of arresting, what the government regards, as the fall of union affiliation.

"[The government] considers it abnormal that only 10 percent of the labour force has the right to negotiate, and unhealthy for harmonious labour relations [to have] an extremely fragile union structure."

Between 1989 and 1992 unionised workers covered by contracts increased from 11.6 percent to 15 percent of the workforce. Yet by 1996 the number of contract-covered workers had declined to 11.8 percent. The rate of affiliation showed a similar pattern. In 1989 the rate of union membership was 11.5 percent. In 1991 it grew to 14.4 percent. By 1996 it fell to 12.4 percent.

The unions in Chile are directly connected to the political establishment. The leaders and organisers of the largest union confederation, the Central Workers Union (CUT) are either Concertacion leaders or from the Stalinist Chilean Communist Party.

Before the 1973 coup the trade unions, led by the same political parties, had some 34 percent coverage. Whereas the "left" unions opposed workers mobilising against the military, the PDC-led unions openly supported the coup and worked as labour organisers under Pinochet's junta—at least until Pinochet disbanded them and

all political parties not long after seizing power.

In the early 1980s Pinochet lifted bans on the unions. One of the first initiatives of the Concertacion government, after coming to office in 1990, was to form a pact between the CUT and the largest business body, the Confederation of Trade and Production (CPC). Under their accord, wage and political demands had to be subordinated to the needs of the economy and CUT leaders had to ensure that union policy was in line with government policy.

The significance of the agreement was spelt out during the economic crisis over the past year. The unions in the copper industry, the backbone of the Chilean economy, enforced a wage freeze, which was to last until after 2,000 and came on top of almost 10,000 layoffs and the loss of wages due to production cuts.

Then the unions intervened when workers in the Free Trade Zones in Arica and Iquique, northern Chile, went on strike for pay increases. Temporary workers earned no more than a base rate of \$20 a day. While 300 workers, who struck for 34 days, demanded an increase from \$20 to \$40, the unions agreed to negotiate from a base of \$27 a day.

The unions played a similar role when government workers, as well as doctors and teachers in the public sector, went on strike to demand increased salaries and funding to the public system.

The average earnings of a doctor in a public hospital are \$800 a month, barely enough for everyday expenses. Some 8,000 public doctors treat 70 percent of the population. Santiago's main clinic, the Posta Central, has only one nurse for every 84 patients on weekends and patients are treated in the halls in which cadavers wait to be carted to the morgue.

The doctors sought a minimum wage of \$2,200, an increase of almost 200 percent. The union lowered their requests repeatedly throughout the two-week strike and accepted an 18 percent increase.

Teachers in public schools or subsidised private schools earn no more than \$770 a month for a 44-hour working week. They work in a system where 49 percent of the schools lack tables and chairs or have furniture in poor condition, 15 percent do not have cafeterias and 35 percent do not even have sufficient restrooms. Chronic funding shortages caused the school community debt to blow out to \$1.3 billion by 1997.

The teachers demanded \$129 million in funding increases. The unions accepted the government's offer of \$96 million.

These union agreements can only be understood in the light of the budget cutbacks imposed since last year. In July 1998 Frei signed a decree cutting government spending by \$212 million—\$19 million in health care spending, \$27 million in housing and \$22 million in education.

This was on top of postponing \$400 million in special government projects and a \$100 million budget cut in April 1998. In total, \$700 million was slashed—more than 3 percent of the budget.

In May and July this year, union leaders threatened national strike action but ended with mere protests and calls for support for Ricardo Lagos, as well as Gladys Marin, the Communist Party's presidential candidate.

The greatest indictment of the unions is their role in maintaining the deplorable conditions imposed on temporary or seasonal

workers, the most exploited in the country.

By late 1980s seasonal workers made up two-thirds of the country's rural labour force but only a tiny fraction have been unionised. At least 200,000 work in the labour-intensive and export-oriented fruit industry. Many have no contract and at least 66 percent are not enrolled in the social security system and will not receive a retirement pension. Because they are in a primary export industry, the labour laws prohibit them from striking.

The fruit companies mainly employ women for only three to six months of the year. The women are paid no more than 15 cents per box of fruit they pick. As a result some take home as little as \$4 a day.

Many work for 10 to 14 hours, sometimes starting their day at two in the afternoon and working until dawn. "Couples and families disintegrate because of the work schedule," Erika Munoz, a seasonal worker said. "There's no relation between family members' schedules; one is coming from home while the other is leaving. Sometimes you never see each other."

Serious health problems are also common, due to the effects of toxic pesticides used in orchards and farms. On December 7 an article in the *Santiago Times* reported that this year 20 people had died and 282 had been seriously poisoned.

Frei's labour reform bill will now be reconsidered in one year's time, probably by a Lagos-headed Concertacion administration.

The CUT complained to the International Labor Organisation and threatened to organise a boycott of Chilean exports if the country did not introduce international labor law standards. "If it is necessary to organise an international boycott of Chilean export products, then we will have to do it," said Arturo Martinez, vice president of the CUT.

But the CUT leaders will not go too far. Most have pledged their support for Lagos' candidacy. Lagos in turn told a gathering of 100 Concertacion union leaders that he supported "strong and powerful unions" that should be fit to participate equally with other sectors in a "council of dialogue on social issues".

In other words, the unions will become even more incorporated into the official establishment and will further impose the program of domestic and international markets. And their support will predictably continue to decline.



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