The health consequences for those who work long hours are disastrous. One worker in shipping and receiving doubled his standard output, forcing his work mates to do the same in a sort of Olympics of production. He’s suffering the consequences today: he fell into a depression and is off the job. He went so far as to say, ‘I sit in my living room and I see my boss in front of me’…The more hours you work, the more money you make, but your quality of life declines when there’s no time to spend with your family, relax, play sports, or attend cultural events.¹

MADECO, S.A., the Southern Cone’s largest copper products manufacturer, experienced spectacular growth during the Pinochet dictatorship and subsequent civilian administrations. In 1979, the junta sold the state-owned firm to the Luksic Group, one of Chile’s most prosperous family-owned business groups. After surviving the 1981-1983 crisis, when many firms folded, MADECO aggressively expanded and modernized operations by acquiring domestic and foreign competitors, issuing stock on the New York Stock Exchange (NYSE), and investing in new machinery. MADECO exemplified the “Chilean miracle.”

As the introductory epigraph suggests, however, there are two sides to every coin. In tandem with the dictatorship’s broader goals, MADECO’s managers believed they had to discipline and remold workers in order to achieve this success. Management, and in particular

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the retired military official who served as personnel manager, systematically purged Marxist militants, tried to short-circuit the powerful blue collar union, undercut workers’ shop floor solidarity, and shifted resources from workers to managers and stockholders.

I examine these processes of political repression, wage and benefit cuts, and work intensification that made MADECO's success possible. How did workers experience and respond to these assaults on their economic power, political sympathies, and collective identities? More importantly, how did MADECO's transformation affect its workers’ pre-coup solidaristic culture? MADECO's modernization, while it provoked tenacious resistance, ultimately eroded working-class solidarity. In the process, political terror and industrial rationalization reworked the relationships between production, consumption, and social identities.

MADECO is a compelling case for examining these processes because of the blue-collar union’s militant traditions. Before 1973, MADECO workers were among the highest paid industrial workers in Chile, consistently elected leftist union leaders, worked to build the labor movement, and actively supported the socialist Popular Unity government. The union held one of the most militant strikes during the dictatorship, and helped rebuild the labor movement from the grassroots. The dictatorship and subsequent civilian administrations fundamentally challenged these radical traditions.

MADECO’s recent history highlights the contradictory effects of industrial restructuring on a group of relatively privileged workers. Beginning in the mid-1970s, with the opening of the Chilean economy, MADECO’s managers rationalized production in piecemeal fashion through wage and benefit givebacks, work intensification, and promoting worker competition.
Rationalization also included massive layoffs during the 1981-83 economic crisis, and targeted dismissals of union activists. During the 1990s, the incorporation of more advanced machinery and computerized monitors extended these processes. Work intensification interacted with the growing availability of consumer credit, more sophisticated marketing, and global retailers’ entry into Chile. This interaction promoted a vicious circle of overtime work, conspicuous consumption, and debt for many workers. The new consumerism undermined work and union solidarity among many, while union activists defended collective forms of consumption and a specific model of masculinity they associated with class solidarity.

In February, 1993, workers responded to this last wave of rationalization and benefit givebacks throughout the dictatorship by holding a violent strike to maintain their right to sue management for underpayment of a share of profits. The union won its principal demand, but management had already changed the rules of the game by luring half of the white-collar staff and a few blue-collar workers into company unions. For the first time since the blue-collar union’s 1945 inception, management had broken its monopoly over blue-collar workers, raising serious questions about the union’s future.

The MADECO case encourages us to supplement existing findings regarding managerial restructuring in Chilean workplaces. Scholars note that workplace restructuring has led to work intensification and reduced real wages without significant technological upgrades, new product designs, or effective job training. This work has not explored how these managerial practices may generate significant shop floor conflicts and strikes. At MADECO, work intensification and managers’ contempt for workers’ ideas led to a blue collar revolt. This case points to the limits
of Chilean managers’ efforts to restructure workplaces without engaging in some sort of social contract with the work force.

The experiences of industrial restructuring at MADECO and other Chilean firms are part of a global story of the erosion of the post-World War II class compromise. Beginning in the 1970s, managers have experimented with new, more efficient forms of workplace organization: industrial districts composed of small flexible firms, team-based production, and the reduction of buffer inventories. Scholars debate whether these industrial changes are liberating or increasingly exploitative. However, researchers on both sides of this debate agree that global market competition drives these firm level changes. The MADECO case, in contrast, demonstrates that national political regimes and legal institutions profoundly shape industrial change.

MADECO workers’ resistance to managerial authority also challenges the view that shantytown protest eclipsed union activism under the Chilean junta. In contrast, I show that the experience of many MADECO workers in these same protests informed their resistance to managerial authority and participation in the 1993 strike. Hence, the protests influenced the character of young people’s work place resistance after they entered factories in the mid-1980s.

Finally, MADECO workers’ adaptation to and criticisms of new consumption-based lifestyles challenge the common perspective that globalization leads to the homogenization of local cultures. Others criticize this view by showing that globalization often provokes nationalist or ethnic responses. In contrast to these critiques, I found that working class Chilean men have
reacted to the entry of new consumption-based lifestyles by defending their class identity and masculinity.

The chapter traces MADECO’s transformation under the dictatorship through three distinct phases. From 1973-1978, political terror, existing labor law, and traditional management attitudes conditioned and limited managerial efforts at industrial restructuring. During the second phase, from 1979-1986, new owners adopted a different managerial vision and exploited the advantages the new labor laws offered. The third period, extending to today, witnessed the firm’s transformation into an economic group, and the partial implementation of internationally recognized flexible management techniques. This last wave of modernization has challenged workers’ traditional controls over production volume, attitudes about shop floor solidarity, consumption patterns, and gender identities. Workers responded to these challenges in the 1993 strike, whose consequences may threaten the union over the long term.

REMAKING THE FIRM AT MADECO

Since its origins in 1944, MADECO has been Chile’s largest copper manufacturer. At its Santiago location, the firm consists of two adjacent plants: a wire mill, where workers fashion copper wire and cables; and a brass mill, where they make sheets, tubes, pipes and profiles from copper and copper alloys. Each mill supplies different markets, is subject to distinct market cycles, and has different labor processes. MADECO was founded in 1944 as a family-managed firm with state support through investment and loans. In 1958, the state sold its share in the industry. Nine years later, General Cable (USA) and CEAT Int'l (Italy) came to dominate the firm through a joint venture to build a telephone cable plant in Antofagasta near the Chuquicamata
copper mine. In 1971, as part of the Allende administration’s policy of creating a social property area, the State Development Corporation (CORFO) took over management of the firm in collaboration with worker production committees, and bought 20% of its shares. Less than a year later, CORFO negotiated an option to buy 42% of the shares owned by the two foreign enterprises, and took physical possession of those shares.⁸

MADECO’s founders, the Simonetti brothers, were paternalistic managers who benefited from significant state subsidies and tariff protection. The brothers allowed workers to adopt internal subcontracting (hiring family members), and established an internal labor market permitting considerable upward mobility. In 1966, two professional managers took over the firm and began MADECO’s first effort at rationalization, provoked by the loss of key subsidies and economic stagnation. From 1966-1971, the firm’s executives sought to shift some productive functions in cables to the new plant in Antofagasta, reduce personnel in Santiago, and increase skill levels among blue-collar workers and middle management. State administration of MADECO from 1971-73 reversed these cost savings as personnel increased and work discipline declined under worker-state co-management.

Prior to the 1973 coup, the MADECO blue-collar union became one of the strongest in the metallurgical sector, and workers there earned salaries and benefits well above the average for industrial workers. The union had strong ties to leftist parties, spearheaded organizing campaigns among other unions in the San Miguel municipality where the union is located, and contributed leaders to the national metalworkers’ federation. The MADECO union hall became a center of neighborhood social and political events, and the union organized an array of services and activities
for members and their families: a school and a health clinic, sports clubs, political debates, a library, as well as consumer and housing cooperatives. In short, the MADECO union was economically and political strong, as well as a rich center of working-class and neighborhood sociability.¹⁹

Repression with a Human Face, 1973-1978

MADECO faced serious financial problems after the Popular Unity period, which, combined with monetary devaluations and the elimination of price subsidies, forced the new general manager (who had been production manager from 1966-1971) to think on his feet. MADECO’s ambiguous ownership status and its substantial debt meant that its executive had neither the decision-making authority nor the cash to invest in labor-saving machinery.¹⁰

While these economic imperatives and constraints acted as important guides to managerial policy, political terror against the left also played a crucial role. A retired army official, Jaime Deischler, served as personnel manager from 1967 until 1992, when it was discovered that one of the Pinochet intelligence service’s most brutal interrogators, Osvaldo Romo, had worked at MADECO on company salary in 1974 to identify and detain subversives. Deischler terrorized and humiliated workers, and tried to neutralize the blue-collar union, the oldest and most militant in the firm. Thus, management implemented each reform with a veiled or explicit threat of dismissal or imprisonment to back it up.

Beginning in 1973, management reduced the workforce through two mechanisms. First, Deischler fired many political militants and others he simply disliked for alleged “subversion.” Second, from 1973-1978, the personnel manager weeded out many more through “voluntary retirement,” where management offered workers increased severance payments in exchange for
their agreement to leave.\textsuperscript{11} Though the workforce declined from 2050 in 1973 to 1085 in 1978, the firm did hire new workers during the finance- and import-driven boom beginning in 1976. Management sought workers with recommendations from military officials, incorrectly assuming that this was a guarantee against troublemakers.

By requiring a high school education for new staff, preferably in trade school, management boosted workers’ educational levels, and homogenized their skills. One brass mill worker describes the older work force he found in 1976: “When I was hired, most of the guys were real country boys \textit{(bien huasitos)}. They were sort of illiterate, and they really liked to use their strength. They would pick up one twenty-five kilo copper bar in each hand and pass them to each other. I was a little skinny guy, and could barely pick up one of them.”\textsuperscript{12} Though they increased educational demands for new recruits, management maintained the internal labor market during this period, thus lending a certain continuity to the workforce.\textsuperscript{13} Finally, during the 1970s, management began to subcontract ancillary functions (carpentry, plumbing, painting, etc.) to dismissed employees from these sections.\textsuperscript{14}

Management’s adoption of new payment schemes meant tremendous losses in workers’ earning power. Because collective bargaining was illegal, the firm was unable to rescind workers’ contractually and legally guaranteed salaries and benefits. The only way to change payment schemes was to make informal agreements with management-appointed union leaders. To make it a little easier to swallow the bitter pill of wage rollbacks, management offered workers a lump sum in exchange for accepting the new payment formulae. However, placed in a broader context, a single payment could not compare to workers’ loss of a significant benefit. As a veteran leader
argues, “No one gives away something for nothing. So in order for management to take away workers’ production incentives, they had to pay them a lump sum…People accepted the payment because it helped them satisfy an immediate economic need. So it wasn’t really an exchange; it was a trick designed to take away the benefits workers had fought for and won during the preceding period.”

MADECO workers had negotiated one of the best union contracts in the country prior to the coup, and thus the stakes of such changes were high for both managers and workers. In September 1974, MADECO workers earned nearly double the average industrial workers’ wage. Thus, management made two efforts to attack blue collar workers’ main sources of income: production incentives and profit sharing.

In 1976, management replaced production incentives specific to individual machines or work sections and all other productivity-based payments with a uniform monthly bonus based on tonnage produced in each plant. This meant that blue collar workers who often earned more than administrative and maintenance personnel because of their productivity bonuses saw their salaries reduced, while the latter now earned a production bonus based on their higher salary scales: the relative earning power of the two groups was reversed.

The second bonanza for management concerned profit sharing. In contracts negotiated prior to the coup, blue collar union members had won 15% of the firm’s annual profits for the members (the law required firms to pay 6%), as well as vacation, Christmas, and Independence Day bonuses. In 1977, management convinced the union leaders to fuse these separate benefits into a lump sum equaling three monthly base salaries paid quarterly: “The leaders at that time wanted workers to
receive a guaranteed payment because the firm had declared losses in the preceding years. The leadership feared that [because the company was not generating profits] workers would lose their monthly profit sharing payment. “\(^{18}\)

While this decision seemed sensible at the moment, it was a serious error over the long term because the firm became profitable again by the end of the decade. Although leaders’ decision to accept this massive payment give back seems surprising, we need to remember that the junta had appointed them. They had not been elected and had few opportunities to consult with their constituents because union meetings were under military surveillance. Without rank-and-file input and pressure, appointed leaders were more susceptible to persuasion or coercion from the personnel manager.

Beyond the layoffs and payment cuts, management also began to demand worker speedups. In the wire mill, this process began in 1976:

Ricardo Ruff, who began as supervisor of the hot rolling mill department, began moving up the ladder, until he became plant superintendent. He gained management’s favor by taking two or three loyal workers and placing them in different sections: they were like his “top ten.” They would go in and work incredibly fast, report on anyone who couldn’t keep up the pace, and then they were promptly sacked. He particularly enjoyed doing this on vacation, when everyone was away. He would take a few guys and run the machines in the whole plant, showing that it could be done. When people saw what was going on, they started working faster. That’s when the race began, when Ruff destroyed workers’ natural movement of resistance, their attempt to control work rhythms. That’s how he turned one worker against another. “\(^{19}\)

Paradoxically, while these brutal wage cuts, attacks against the left, and work speedups were occurring, management solicited workers’ suggestions on how to make machines more cost efficient, offering them prizes for successful ideas and high productivity: “Management had
contests back then to see who could come up with new ideas. I still have the certificates they gave me for my inventions somewhere. You see, I’m about the most comfortable guy you’ll meet. If I can figure out a way to pick up that rock without exerting any effort, you can be sure I’ll do it. So, I came up with a lot of ideas.”

In a peculiar nod to Japanese managers’ use of workers’ suggestions to improve products and processes, MADECO managers made a virtue of necessity, as there was no money for large-scale machinery innovations. During the 1990s, executives would experiment with other Japanese-style production techniques like multi-tasking and the use of line workers in quality control. However, in the latter period, management explicitly rejected worker participation in production decisions. While the firm did not adopt Japanese concepts systematically during either period, managers seemed more interested in worker ideas during the 1970s when political terror was at its zenith, than during the 1990s, as Chile returned to civilian rule.

“Professionalism” and “Lite” Production

After considerable difficulty auctioning the state’s de facto majority interest in MADECO, in late 1979, the Luksic family bought a controlling stake in the company. The Luksics had begun in car sales and mining in the late 1950s, expanded to fisheries and coal mining in the 1960s, and sold almost all of their enterprises during the UP. The group gained a reputation for buying apparently unprofitable enterprises, cutting administrative and payroll costs, and rapidly turning the companies around. Their shrewd investment style helped them weather the 1981-83 economic crisis. By 1978, the Luksic Group was the fourth largest conglomerate in Chile, and by 1993, the
family held the third largest fortune in Latin America and ninety-seventh largest in the world, with over US $4 billion in assets.\textsuperscript{23}

With the firm’s privatization, the Luksic Group made much more serious efforts to raise productivity and harness control over hiring and firing. The Luksic family replaced Fernando Pérez with a former CEAT manager, Tiberio Dall ‘Ollio. In addition to CEAT’s recommendation of Dall ‘Ollio, we can speculate that Luksic hired the Italian executive rather than one of their own managers because of his experience in the copper manufacturing business and training with an Italian multinational. Moreover, by hiring Dall ‘Ollio, Luksic could receive technical assistance from CEAT while maintaining control over MADECO, a pattern he adopted in other partnerships with foreign corporations.\textsuperscript{24}

Dall ‘Ollio took advantage of new provisions in the labor law permitting massive layoffs for “business reasons” as a way to reduce costs and attack union leaders (elected beginning in 1979) and activists. Management’s strategy from the late 1970s, and more strongly after the 1983 strike (discussed below), was threefold: fire union activists, offer blue collar members incentives to join the white collar union (that included skilled workers and office employees), manipulate the white collar union leaders, and attempt to fire or bribe blue collar union leaders to quit (union leaders can only be fired through a court proceeding unless they relinquish their job security [\textit{fuero sindical}] out of court).\textsuperscript{25} Efficiency and union-busting went hand-in-hand.

The feasibility of massive layoffs as of 1981 interacted synergistically with another legal
innovation, employers’ ability to move workers from one machine to another, and to alter their job
descriptions: “I started working in 1981, and by the time I arrived, the helpers and quality control
inspectors on each machine had been eliminated. Each machine operator had to load his raw
material and tools, as well as focus on quality.”

In 1979, the Luksics ended the practice of hiring family members of existing staff and began
to hire food service, security, construction and cleaning staff through personnel agencies. An
even more significant change was the elimination of the internal labor market for blue collar
workers. In the past, when foreman or middle management positions were vacated, blue collar
workers were eligible to compete for these jobs. However, the elimination of upward mobility for
blue collar workers coincided with the retention of most foremen who had begun as blue collar
workers. Because blue collar workers hired after 1975 were required to have a high school
education, during the 1980s, new recruits were often better educated than their immediate
supervisors. Likewise, many foremen adopted an authoritarian style under Deischler’s leadership.
Hence, after 1979, blue collar workers resented foremen’s ham-fisted supervisory style and the fact
that they could not become foremen even though they felt more qualified than their superiors.
These tensions would later effect MADECO’s efforts at organizational change, as I explore below.

Blue collar workers faced additional obstacles to upward mobility. Though management
requires that blue collar recruits have a high school education with a specialization in machine
maintenance, very few of these newer workers ever make it off the shop floor into the machine
shop. Many who joined the firm in the 1980s had to begin work before they completed their high
school education because of economic hardship during the 1981-83 crisis. Thus, workers at
MADECO lose the opportunity to enter into higher paying jobs appropriate to their level of education. As MADECO’s only major competitor in wire production, COCESA, has an agreement with the firm not to accept former MADECO employees, the latter have few exit options from the company. One worker comments, “If you leave MADECO, you have to get into another line of work, like taking care of the kids, for example [laughs]. If I work ten years as a machine tender at MADECO, I can’t get a job outside as a mechanic because my school training is obsolete. I can’t go back to school to get my diploma because I can’t afford it and can’t schedule it because I work rotating shifts. I’m certainly not going to go work somewhere else for 100,000 pesos a month [about US $250] when I make 300,000 here. I’m stuck.”

Further fine-tuning of payment forms translated into decreasing worker compensation for rising productivity. First, in 1980, management set a cap on the productivity incentive at 50% of base salary (there had formerly been no limit on the payment), with the commitment to increase the incentive immediately should productivity exceed this level. However, they did not raise the cap to 60% of base salary until 1994. Furthermore, while production consistently went beyond the cap, the incentive itself was never recalculated: workers were hardly compensated for hefty productivity increases that have continued to today. Second, during the economic crisis of 1982, the company forced workers, under protest, to give back their quarterly profit sharing payments because the firm registered losses that year. Third, after a 59-day strike in 1983, discussed below, management lowered base salary scales for blue collar union members, a move which was only reversed in 1989.

Much of MADECO’s profit increases during this period resulted from wage cuts and work
intensification, rather than installation of labor-saving machinery. The Luksics dropped any pretenses to seeking workers’ opinions in the mid-1980s, preferring to crack the whip. This change in approach reflected management’s efforts to harden lines of occupational stratification, high unemployment rates during the 1981-83 crisis, labor law provisions making dismissals inexpensive, and the firm’s attacks against union activists who led a two month strike in 1983. Managerial attitudes and the firm’s economic and legal environment militated against forging a partnership with the work force.31


In 1986, the Luksic Group appointed Carlos Vicuña, a high-level executive at MADECO, general manager. During his tenure, he has carried out the group’s strategy of technological modernization within the firm, expansion in Chile, and acquisitions in neighboring Latin American countries. The group has taken similar actions in its beer, pasta, and aluminum operations during the same period. MADECO began to buy other enterprises and created its own new firms in the mid-1980s. After an unsuccessful joint venture in Beijing, MADECO bought smaller competitors in Chile, like the tube and coin-blank manufacturer, ARMAT.

Then, beginning in the early 1990s, the company bought analogous firms in Argentina, Peru, and Brazil. The group’s international acquisitions reflected their assessment that by expanding market share in neighboring countries and diversifying its product base, MADECO would be less dependent on a given product’s market cycles or Chile’s small domestic market. This strategy also took advantage of privatization waves in these countries, mimicking the family’s previous strategy in Chile. Currently, MADECO owns fifty enterprises, many of which are holding
companies, distributors, or consulting firms. It forms one of the key chess pieces in the Luksic empire, and towers over its former stature as a domestic monopoly industry.\textsuperscript{32} MADECO financed these acquisitions and machinery purchases through debt and stock issues (American Depository Receipts) on the NYSE and in Chile, raising over US $ 90 million in 1993.\textsuperscript{33}

In addition to these machinery upgrades and new acquisitions, management began to utilize some elements of Japanese-style management practices. This adoption of the “Japanese model,” as noted in the introduction, came in the context of global changes in the organization of enterprises. While some believe these changes increase workers’ job satisfaction,\textsuperscript{34} others emphasize cost-cutting and work intensification.\textsuperscript{35} While each of these positions anticipates relatively uniform patterns of management response to heightened competitive pressures, evidence on a variety of local cases suggests that the degree to which managers may permit worker participation in production decisions reflects the character of national collective bargaining institutions and the degree of union power in specific countries.\textsuperscript{36}

The MADECO case supports the view that the specific social and institutional contexts of countries affect how managers adapt the Japanese model. Chilean managers adapted the Japanese model within the specific legal and political context of the Pinochet dictatorship. Hence, unlike Japan (for core workers, at least), where employers compensated core workers for increased productivity and attention to quality, there was no such quid-pro-quo adopted in Chile, as legal changes facilitated layoffs and the threat of repression by military authorities always loomed behind management demands. Moreover, because the Pinochet dictatorship viewed worker co-management as one of the “errors” of the Allende administration, it was unlikely that
managers would look to increasing worker participation in management decisions via Japanese-style work teams as a viable option.\textsuperscript{37} Indeed, because class conflict was so intense under Allende, managers attempted to reassert control over workers under the dictatorship, as noted above. Hence, MADECO’s managers applied those elements of Japanese management concepts that increased productivity without threatening their control over the work force.

From 1990 to present, MADECO began to deploy Japanese-style production techniques like just-in-time and total quality management.\textsuperscript{38} The former seeks to reduce finished goods inventories in order to cut in-process costs and dead time, forcing workers to identify and correct bottlenecks on the shop floor; while the latter tries to incorporate workers’ suggestions to increase quality. Requiring workers to play a greater role in programming and quality control in itself implies an increase in work intensity, as job responsibilities expand beyond strictly productive activities. In addition, the elimination of buffer stocks places greater pressure on workers because they must fill product orders on time regardless of accidents, machine breakdowns, errors, etc. The increasing pressure on workers resulting from just-in-time has led some to describe the technique as “management through stress.”\textsuperscript{39} Moreover, just-in-time and total quality management introduce greater job rotation --often termed multi-skilling-- as production is reoriented around teams defined by product line rather than process. Management’s solicitation of workers’ ideas and criticisms to increase efficiency and quality is the cornerstone of these two techniques.\textsuperscript{40}

Like many other Chilean firms,\textsuperscript{41} MADECO has implemented these techniques in
authoritarian fashion, increasing work intensity while discouraging, ignoring, or punishing workers who offer suggestions about how to increase efficiency or quality. For management, those elements of Japanese techniques that boosted productivity and improved quality were useful. However, any technique that undermined the authority of upper or middle management was suspect.

Systematic implementation of these techniques would require extensive investment in worker training and decentralization of authority. Such policies would reverse management patterns that had been so effective during the 1980s. Greater investment in training would tie management more closely to a specific set of workers. However, executives found the threat of dismissal useful in counteracting union activism and improving work discipline. Conversely, workers who received extensive training might leave the firm to take a better job elsewhere. Furthermore, by increasing blue-collar workers’ authority on the shop floor, management would undermine foremen’s monopoly on power. However, foremen, though often undereducated, had been very useful in pressuring workers to increase productivity, as noted below. Indeed, several workers note that until 1998 (when many older foremen were given early retirement), most foremen had twenty years tenure, and were thus accustomed to the abuse of their authority that was the norm under the dictatorship -- some even had direct links with military intelligence. MADECO adopted those elements of Japanese techniques that allowed them to increase quality, reduce stocks, and move products to market more quickly without upsetting the rigid hierarchy and employment insecurity that had underwritten the firm’s rising profits over the preceding years.

Managers’ unwillingness to include workers in efforts to improve product and process has
limited these techniques’ success. One worker in shipping and receiving describes how these policies actually function: “The programming is lousy here. We fill about 35% of orders on time. A lot of times we have orders that are two months early, while others are late. The general manager meets with us every year and says, ‘we need to improve quality, cleanliness, and the timely completion of product orders,’ but that’s as far as it goes. They sent a few workers to a quality control course, but then when those workers rejected a defective order, the quality control staff that make the final decision let it go anyway. Why bother?”

While these techniques may not have led to improved coordination of production and line worker involvement in quality control, they certainly boosted worker productivity. The introduction of computerized monitors in the early 1990s is a case in point. The monitors record when a machine is down, forcing workers to account for any lost time: “Before you could fudge the data if you took a break because you wrote down a time log; now you can’t, because you punch your data in the computer when the shift begins, so it’s all recorded.” The use of computer monitors has allowed management to virtually eliminate down time in some sections: “You have to struggle to get permission to go to the bathroom.” In a sardonic cartoon in the union’s magazine, a shipping and receiving worker hopes that the union will win disposable diapers in the next contract.

Increased work rhythms and productivity demands have fostered greater competition between workers: “When a worker arrives, he is given three months probation. In order to get a permanent contract, he works like crazy. Once he has permanent status, they move him up two pay scales. However, in order to get to the highest scale on his machine, it may take two or three
years. So he produces more to try to convince management to move him up. The older worker sees him, and says to himself, ‘if I don’t speed up, this guy might steal my job.’ And there you have it, the Olympics of production.”

New recruits are particularly eager to maintain their positions at MADECO because the company still pays above average industrial wages. For example, in 1995, the national average blue-collar wage was 141,591 pesos per month, whereas most MADECO workers earned an average of 250,000 pesos/month. Older workers face a different problem: if they are dismissed, they face age discrimination in the labor market and have few marketable skills because of the limited number of firms in this sector.

New machinery has also increased job rotation: “Each of the guys in my section can operate four or five machines, so when there’s no work on one, they have to move to another.” Another worker had a more somber view of job rotation: “They want us to be polyvalent workers, so that we know how to do everything. For them, it would be best if we were robots that you could just plug in and they started working.”

In addition to these demands for time economies, management pressures workers to put in extensive overtime hours. Throughout the 1990s, a significant minority of workers toiled for 12, 14, or 16 hours per day during extended periods of time. While overtime certainly results from the firm’s increasing orders during the boom and its attempt to work with a lean “head count,” foremen sometimes “fabricate” overtime to pad their own salaries. Instead of hiring additional staff, management sets two rather than three shifts in some sections. This strategy allows the firm to increase the work day from eight to twelve hours and extend the work week to seven days during
peak periods, and reduce work hours during slack periods without the expense of maintaining a larger staff.

Until 1994, overtime was essentially obligatory, though the law prohibits employers from requiring workers to continue for more than two hours beyond their regular shift. Some of those who worked extensive overtime hours began to develop physical and psychological ailments:

I remember a few years ago I was working overtime constantly. I broke records. I used to work and all I would think about was the next order I needed to fill, not what I was doing. One day, I was taking the bus to work, and I realized I was squeezing my bus receipt between my fingers – I was suffering from what I would call ‘acute work stress.’ I’m lucky I realized, because I could have gone off the deep end. I cut back my hours, relaxed, spent more time with my family, and recovered. But some people don’t realize, and get into trouble. One time, we finished the night shift and went out for a drink. One guy was asleep, and all of a sudden, he started acting like he was soldering. My buddies looked at him, puzzled; and I said, ‘I know what’s wrong with him, he’s overworked.’ I woke him up, and he had no idea what had happened.

Throughout the early 1990s, the blue and white collar unions reported that several workers suffered physical and psychological illnesses and accidents from overwork, leading to hospitalizations, long periods of convalescence, and in some cases, dismissal.

MADECO’s technological modernization and entry into world-class status in the last decade has increased the precariousness and intensity of work in unprecedented ways. New machinery permitted managers to further break down old job demarcations, ushering in the “polyvalent” worker; and the authoritarian application of Japanese production concepts like just-in-time and total quality management has translated into greater work effort rather than higher quality production based on worker initiatives and suggestions.

*Work and Consumption*
The increase of overtime work in the late 1980s and 1990s, coinciding with Chile’s sustained economic boom, further eroded workers’ traditional efforts to control work intensity, output, and the length of the working day. Workers traditionally had implicit assumptions about acceptable levels of work effort and overtime that management gradually eroded during the dictatorship. These assumptions were linked to disdain for individuals that worked faster or longer than the group accepted.56 Today, active union members vehemently criticize work mates who join the “Olympics of production” and assimilate the dominant model of upward mobility. Likewise, they criticize themselves for acceding to management’s demands for excessive overtime. Their scorn for amarrillos (company loyalists) and self-criticism represent a multi-stranded moral and gendered discourse about work, consumption, and the relationship between the two.

The moral and gender dimensions of this discourse center around ideas about loyalty toward fellow workers, self-sufficiency, appropriate gender roles, class loyalty vs. upward mobility, and collective vs. individual models of consumption. These ideas and debates have intensified in recent years due to heightened shop floor competition and overtime work as well as shifting characteristics of Chile’s retail and consumer credit infrastructure.

We can better understand union members’ current concerns about “consumerism” by placing them in the context of the consumer behavior of previous cohorts of MADECO workers, national-level changes in retailing and credit in Chile since the late 1970s, and comparative scholarship regarding the effects of globalization on the identities and practices of local populations.

Prior to the 1973 military coup, and continuing to some degree until the early 1980s, blue
collar workers at MADECO enjoyed an array of collective forms of consumption resulting from state policies, management policies, and union demands or initiatives. Approximately 300 MADECO workers and their families rented and later purchased town homes in a housing bloc constructed by management as per a 1943 law requiring large employers to invest 5% of profits in worker housing. Moreover, hundreds of MADECO workers formed and managed several housing cooperatives. Management purchased large stretches of land and workers received mortgages through a government program to purchase individual plots and construct their own homes there.

Until the early 1980s, union members ran a consumer cooperative in the third floor of the union hall. They could purchase household appliances at wholesale prices through the coop from MADECO’s sister firm, MADEMSA, and pay for them in installments. The union also ran a medical and dental clinic for members. Additionally, the union organized an array of sports, cultural and political activities for union and community members at the union hall. Finally, in the mid 1960s, the organization built a summer resort on the coast that members and families visited during summer vacations.57

Notwithstanding the strongly “collectivist” character of these phenomena, during the 1960s, as MADECO were among the highest wages industrial workers in the country, they also set consumption trends in comparison to other workers in their southern Santiago community. As one veteran leader recalls of the 1960s: “When color TV first came to Chile around 1960, if you looked at the roofs of the town homes in the MADECO housing bloc, they all had antennas. If you observed the MADEMSA houses down the road, not all of them had antennas.”58

Some families were also able to maintain two homes – one in the MADECO housing bloc
and the other either in the housing cooperatives or elsewhere: “I lived in the MADECO housing bloc until 1971. Since I was a white collar worker, I had applied for a mortgage through the white collar workers’ pension fund (Caja de Empleados Particulares). Even though I was purchasing my place [in the MADECO bloc] the fund gave me an apartment in Providencia [a middle class area in eastern Santiago], so I moved, and some of my kids stayed here at the housing bloc. Thanks to Jehová there are a lot of us – we have eleven children.”

Many workers were able to purchase cars prior to the coup. Finally, MADECO workers had a reputation for being particularly well-dressed.

Prior to the 1973 coup, then, MADECO workers were status conscious and enjoyed a higher than average standard of living for industrial workers. However, their prosperity resulted from contractual guarantees as well as cooperative institutions and coexisted with workers’ enforcement of strong informal collective controls on work pace and intensity. After the 1973 coup, management’s erosion of those controls, wage and benefit reductions, massive layoffs and promotion of rate-busting (individual efforts to produce more than one’s co-workers) radically limited workers’ ability to achieve a satisfying standard of living without competing amongst themselves and contracting high interest debt.

The changes on the shop floor during the 1990s coincided with shifts in Chile’s retail and credit infrastructure with origins in the late 1970s. Trade liberalization in the 1978-1983 period facilitated increasing consumption of imported consumer durables. This was so because the relative prices of imported electronics and autos had decreased in relation to food and social services. Purchase of these goods was facilitated by the expansion of consumer credit.
Moreover, the emergence of large supermarkets and malls followed a longer tradition of nationally-owned department stores.

In the 1990s, the reemergence of the debt-financed consumption of imported prestige goods among broad portions of the population became a topic of popular and scholarly debate. While consumption levels declined during the 1981-1983 recession, from 1985-1995, purchases of consumer durables increased faster than non-durables or services for all social classes, but for largely the same reasons as they had a decade before. The chief difference during the 1990s is that increasing luxury consumption reflected, in part, growing wages across all social classes (though they did not return to their 1974 level until 1992).

These trends have coincided with growing use of department store credit cards. During the mid-1990s, the most indebted groups were the middle and upper-middle class, while the working class had the fastest growth in indebtedness. Moreover, shopping malls and big box supermarkets have expanded throughout Santiago’s periphery during the 1980s and 1990s, reducing sales in corner stores and traditional shopping districts.64

These broader changes in Chile’s retailing infrastructure are emblematic of global shifts in commodity flows, retailing and credit most commonly associated with the international diffusion of U.S. consumer lifestyles via fast food franchises, shopping malls, popular music and media images. While some accounts view this phenomenon as a process of “Americanization” or cultural imperialism, locally-based empirical studies take a more complex view of the consumer behaviors and identities of specific populations. Some observe nationalist reactions to perceived “attacks” on local culture, others examine how consumers integrate foreign commodities and retail forms into
local cultural contexts, while a third group examines how global commodities and images become the raw material through which ethnic diasporas or local populations develop transnational identities (either viewing themselves as part of international subcultures or re-imagining “lost” national cultures).  

My examination, while indebted to the latter focus on local understandings and uses of global goods and services, focuses on how MADECO union activists seek to defend a masculine and class based identity against what they perceive as new models of individualism ushered in by Chile’s changing retail infrastructure. They counterpose class-specific communal forms of consumption to the individualism they view as inappropriate for workers. Hence, analogous to responses to global retailing that focus on national or ethnic identity, MADECO union activists have reacted in class terms, albeit with some ambivalence, to Chile’s new retail infrastructure. This reaction reflects the continued (if transformed) salience of class identities in Chile, and the fact that these responses emanate from work and union contexts.

This class-based critique of consumerism is manifest most clearly in relation to the rising availability of formal credit. Workers’ increasing use of credit cards has provoked significant debate and concern among union activists. Lower-income Chileans have traditionally accumulated debts, particularly to local grocery stores. However, in the 1990s, as department store credit cards were made increasingly available to lower income groups, workers quickly became credit junkies. Union leaders have found that indebted workers feel compelled to work extensive overtime on a regular basis in order to satisfy credit payments. This makes them more beholden to employers, gives them less time to participate in union activities, and makes them less willing to threaten their
good relations with the boss. Credit card salespeople sometimes offer free cards to MADECO workers at the plant’s entrance. One MADECO worker commented, “I think 95% of the workers in my section have debt problems.”

Union members have developed a complicated set of ideas and behaviors in response to work intensification and new forms of debt-financed consumption, all of which valorize autonomy, class loyalty, and a particular form of masculinity. These ideas emerge from their critiques of fellow workers who succumb to management’s prerogatives. For example, management successfully purged union activists in the telephone cable section during the 1980s, and the workers there are known for always working overtime and accepting management authority. Union activists comment that workers in the section “bow down their heads,” “put up with anything,” “are the foremen’s favorites (regalones),” and “run around snitching on workers who don’t work at top speed.” Describing workers as “regalones” conjures the image of the spoiled child who has gained the parent’s favor. This image of currying individual favor with superiors through obedience is diametrically opposed to the image of strong, masculine workers who resist management.

Ideas regarding trust are related to the preceding resistance/passivity dichotomy. Many union activists complained that both new recruits and older workers were untrustworthy. One older worker, hired during the 1960s, complained: “In my section, one guy produces 1,500 tons per month and another makes 1,300 in order to earn production bonuses, while we had previously agreed to limit output to 1,000. I told them that we all need to produce 1,000 so we don't give more power to the owners, but they don't listen because they're fags (maricones). The only thing
they care about is living it up.”

Another worker, hired during the mid-1980s, comments that, “I can’t talk about union stuff on the job. All of the people in my section are fags (maricones) – they’re worthless. Management fired all of the good people in 1987-88. The new people will only participate in the union if they have friends there or to get material benefits.” Finally, a third worker hired during the late 1980s comments,

There are four older guys in my section. One is ok -- he does his job, doesn't complain about anyone. The other three stink -- they're always too eager to work. The three have been working for twenty years; the other guy has been here for 30. The foreman has their home phone so he can call them on Sundays if he needs someone, and then they show up. I'll never give my foreman my telephone! He has no business calling someone at home. These guys have no life outside the factory. We went out on strike [see below] and I was still working because I wasn't on vacation yet [the strike ended at the beginning of the summer vacation season]. Because of the strike, there was a lot of work, so management called up twenty guys and they had the entire plant running! They called Catalan from my section, and I saw him when I arrived at work. It really hurt me because we had just been on strike. So the bosses have them all set up: they work overtime when they feel like it, they work on good machines that always have orders, etc.

All of these quotes depict company loyalists as untrustworthy. The first testimony's use of the term *maricon*, common in many other discussions on this theme, is revealing. While this slang term literally means “fag,” Chileans often use the term to criticize dishonest and disloyal individuals. By using the term in this context, MADECO workers suggest that those who violate the collective trust of their co-workers and accede to management's demands are simultaneously anti-union and not “real men.” Being a “real man” means standing up to management and remaining loyal to work mates. Only “weak” men, whose sexuality is thus suspect, would betray
their work mates by acceding to management demands.

In addition to the sexual connotations in these criticisms, they point to union activists' notions about appropriate levels of work effort, the value of reciprocity in the work place, and workers’ need for autonomy from employers. These related issues take on an ethical tone in some testimonies: “When new people arrived with a gung ho attitude about work, we began to lose the spirit of trade unionism. These people who --by their own free will or because of management pressure-- start to take on new tasks or multiple jobs have no moral values.”

Thus, respecting appropriate limits to work reflects union activists' sense of class loyalty, masculinity, and ethical standards.

Union activists link many workers’ more individualistic behavior in the work place (rate busting, extensive overtime, accession to managerial authority) to their consumption patterns. Thus, in their view, company loyalists’ penchant for overtime work finds its counterpart in an imbalance between work and appropriate forms of consumption. Activists’ critique of “consumerism” focuses on three dimensions: its corrosive effects on work place and union solidarity, its superficiality, and its indication of excessive ambition.

Union activists see overtime work, debt, and consumerism as connected. Thus, their criticisms of those who work excessive overtime are not only comments about their behavior at work; they also focus on many workers’ adoption of individualistic models of consumption. Many company loyalists (particularly younger workers) put in extensive overtime hours to purchase and/or service debt for flashy consumer items: “They need to make sure their house looks beautiful outside, but they don’t even have a place to die. They need to have the latest model
car, so all they think about is getting to work early to find a parking space.” The implications of this work-consumption pattern for class solidarity are obvious: “The union complained a while back about compulsory overtime, but a group of people wrote letters to management saying that they didn't care what the union said, they wanted to work twelve-hour days, that their families would starve to death if they couldn't work seven days, and the company needs them to work overtime. I talked with one of these guys once and all he talked about was his cable TV, his car, etc.”

Thus, many union activists observe new patterns of conspicuous consumption that depend upon both the easy availability of credit and overtime work. These interrelated phenomena all undermine work place solidarity by breaking down collective controls over the work process and rejecting collective efforts to improve living standards.

Activists not only criticize company loyalists’ seduction by debt and ostentation, they criticize themselves for developing similar problems. Many active union participants have also fallen under the spell of credit. Some employ a discourse of vice to describe their debts: “It’s a vice that we Chileans have. We like to spend more than we have.” They see profligate spending as an addiction that could be overcome through self-control. Activists also have ambiguous attitudes regarding overtime. Many want to have the right to say no to overtime work without risk of reprisal: “I have to work on Saturdays because my boss decided there’s no overtime in my section, and I need the extra money to pay my bills.” Those who use the discourse of vice also criticize union members who consistently work overtime: “Guido says he needs to work overtime, but that just helps the firm. Juan moonlights as a home repairman if he needs extra money. That way he
doesn’t depend so much on management.”

The issues of credit, overtime, and dependence on management are also bound up with male workers' conceptions of gender roles. MADECO workers almost exclusively maintain their households with one income. This phenomenon contrasts with national trends of increasing female workforce participation during the 1980s and 1990s. The endurance of the male breadwinner model is due to the fact that MADECO still offers far higher than average industrial wages. Even though they could supplement their wages with their spouses' income, and many wives have training as schoolteachers or in other professions, husbands work extra hours to make sure that their wives don’t work. Why? “I want my wife to stay home and take care of the kids because otherwise her relationship with them might be too distant. Besides, the kids might be molested at a daycare center;” “Being poor, we kind of look down on ourselves. We assume that the women we marry are poor like us and don’t have a great educational background. What options does that give them? Working as a waitress, in a topless bar, at a massage parlor, or as a maid.” Union activists articulate several rationalizations for resisting their wives' entry into the workforce.

Ironically, while union activists do not want their wives to work, and may work extensive overtime hours to keep them at home, they often blame their wives for pressuring them to earn greater income to buy consumer goods or non-essentials: “Workers’ wives and kids watch TV, they talk to their neighbors, and become jealous if they don’t have the same things. Then the kid says, ‘Daddy, I want some Reebok or Nike shoes.’ ”

Marital tensions surrounding women’s entry into the labor force and the alleged effects of
TV advertising and peer pressure on family members are compounded by union activists' group consumption rituals. Union activists, in contrast to amarrillos, have developed rituals of group sociability, centered in the union hall. For most special events --holidays, sports games, and farewells-- workers assemble at the union hall for barbecues. Additionally, small groups gather informally to watch soccer games or relax at the end of the week with food and drink. In addition to being fun, activists use these events to recruit new adherents. As one activist comments, “Since many workers are reluctant to go to the union hall, you need to prepare some food and drinks to get them to participate.” Finally, these events allow workers to escape from work and family commitments in an all-male environment: “The other day, I was working the graveyard shift and after getting off, we went to the union to prepare seafood stew. We were there until late, and my wife went to the clinic looking for me. Velásquez screwed me over when he told her I was there. He shouldn't have done that. I went straight home.”

Union activists reaffirm their masculinity both by socializing with other men and by showing their work mates that they are independent from their wives. When workers' spouses call them or come to look for them at the union, their work mates jeer at them, calling out, “she’s controlling you.” Thus, in criticizing conspicuous consumption, union activists are also defending a collective model of consumption that simultaneously reinforces informal group solidarity, masculinity, and autonomy. Interestingly, a foreman from the brass mill gained notoriety by holding barbecues every time workers in the section broke production records. While ostensibly similar to union activists' gatherings, this activity has a different function: to cement worker loyalty.
to management.

The contrast between collective and individual models of consumption points to attitudes regarding status aspirations. Union activists criticize rate busting, overtime, and debt because they undermine work place and union solidarity. They also value their male-centered rituals of consumption over models of conspicuous consumption. These views point to ideas about consumption practices as markers of social class. Many expressed disdain for amarrillos’ status competition with neighbors: “This guy bought this expensive dog. It’s like a rich person’s dog. He’s become bourgeois (embrogesado). He wants to live like a rich man, but he’s a worker.”  

Another activist comments, "If you keep a tight budget, you don’t need to work overtime. That’s why I say the human quality of MADECO workers isn't what it used to be. Guido works overtime because his wife wants to have a higher standard of living that isn’t appropriate for a worker."  

Union activists draw a sharp line between appropriate levels and types of working-class consumption and those that belong to other, higher social classes. They point to a more general problem regarding class-specific lifestyles. By seeking the badges of middle and upper-class identity through individual strategies of upward mobility, workers may cease to identify with their own social class, eroding the ties of trust and solidarity that go along with specific forms of work place and leisure time behavior. Thus, activists adopt what Pierre Bourdieu calls, “a taste for the necessary” while they watch their work mates try to emulate middle and upper class lifestyles. His observations about French workers are relevant in Chile today: “the dominated only have two options: loyalty to self and the group…or the individual effort to assimilate the dominant ideal
which is the antithesis of the very ambition of collectively regaining control over social identity.”

Union activists’ struggles to retain a class identity in the domains of work, union, and leisure are riddled with contradictions. As noted above, many workers who criticize others’ upwardly mobile goals themselves participate in Chile’s new retail and credit infrastructure to varying degrees. As workers are inevitably exposed to retailers’ and creditors’ promotion of conspicuous consumption, it would be unrealistic to expect them to totally reject new products and lifestyles. Moreover, as their regular salaries no longer allow them to live as prosperously as previous cohorts of workers, overtime or moonlighting are the only ways to supplement their base income.

Given these structural factors, it is significant that union members struggle to maintain what they view as an appropriate balance between work and leisure as well as class-based forms of consumption. This finding supports scholarship that finds locally specific reactions to and uses of imported commodities and lifestyles, rather than supporting conceptions of Americanization or cultural imperialism. In the Chilean context, these findings qualify the popular view that Chilean workers have fully succumbed to the lure of creditors and marketers. While MADECO activists are ambivalent about their relationship to the new credit and retail infrastructures, their ideas and practices point to the stubborn persistence of working-class lifestyles and identities.

The greater availability of consumer credit, imported consumer goods, and aggressive marketing has interacted with changes in the work place to promote challenges to traditional notions about the relationship between work, consumption, and gender. While workers hired since the late 1980s adopt individualistic strategies of upward mobility in the work place and engage in
conspicuous consumption, union activists seek to retain collective controls over work pace and group consumption rituals. Activists’ critique of upwardly mobile workers is simultaneously a defense of class solidarity and specific forms of masculinity cultivated through trust relationships in the workplace and male-centered group leisure activities. These challenges to old forms of workplace organization and group association would provoke open resistance during the early 1990s.

**UNION ACTIVISM AND EMPLOYER RESPONSES: THE END OF AN ERA?**

The detailed discussion of industrial rationalization at MADECO above is deceptive insofar as it does not incorporate workers’ considerable shop floor and union resistance to these two decades of labor intensification and salary declines. MADECO workers conducted a 59-day strike in 1983 in response to massive layoffs and non-payment of gratificaciones (profit sharing). The strike followed several years of clandestine union organizing. It gained national attention because it occurred during the 1981-1983 crisis and pro-democracy activists viewed it as a challenge to the Plan Laboral. While the strike was defeated and management purged over one hundred strike activists, MADECO leaders became prominent activists in the Santiago labor movement during the 1980s. Though management ran roughshod over the union during the 1970s and 1980s, the union became a symbol of resistance to management and the dictatorship for many Santiago activists.89

A decade later, in 1993, pay reductions negotiated in the mid-1970s and the work intensification of the late 1980s and 1990s fueled a violent strike. In order to understand how and why open resistance emerged, it is first necessary to discuss the consequences of managerial repression against the union after the 1983 strike, and the political experiences of workers hired
After the 1983 strike, management fired over 100 strike activists, and continued targeted attacks against wire mill activists throughout the 1980s. Why did they target the wire mill rather than the brass mill? First, they sought to remove Héctor Velásquez, a wire mill worker who served as president during the period. As noted above, the law stipulates that union leaders can only be fired through a court proceeding. Though Deischler tried this, and even tried to frame Velásquez in 1984 by planting a bomb outside the firm and then calling in the police to arrest, interrogate, and torture him, he was unable to build a defensible case against the leader. Given that they could not fire him, management dismissed his coworkers: “Personally, this produced a very difficult situation for me. I had to isolate myself at work, because anyone who talked to me got burned.”

Another reason why management targeted wire mill union members was that it had a larger pool of activists than the brass mill: “There are always more people willing to collaborate with the union in the wire mill. They’re predisposed to do the methodical work on committees, and to run for office. The guys in the brass mill are more combative, more ready to fight, but they don’t produce as many leaders.” Yet another possible explanation for these distinct managerial strategies in the two plants is their different markets. The wire mill produces almost exclusively for the domestic market, and faces two local competitors. The brass mill, by contrast, has a monopoly on the local market and exports to over thirty countries. Thus, the brass mill is less vulnerable to local business downturns, and thus workers’ jobs are more secure there. Additionally, work in the brass mill is more physically taxing and pays less than in the wire mill and workers there toil in teams in several sections rather than on individual machines. Teamwork gives brass mill workers
more power at the point of production, and makes increases in individual job responsibilities more difficult to impose. It is thus likely that because wire mill workers were more dispensable and had fewer tools for shop floor protest, they recognized that their only protection was through union activism. In contrast, brass mill workers have greater options and face less risks for resistance on the shop floor and thus see sustained union activism as less essential.

Given that the wire mill hosted the prime pool of activists, and management did everything in its power to eliminate this group, the union faced a chronic shortage of viable leadership candidates. While Velásquez has continued until now, and Guillermo Gómez, another 1983 strike activist from the brass mill, served until 1989, the leadership was plagued by a series of bad apples beginning in the late 1980s. In 1988, Mario Muñoz, a wire mill worker and the union’s secretary, was fired when guards caught him stealing from the firm. In 1991, José Oviedo, a brass mill worker and union director, stole union funds and negotiated his retirement without advising the other union leaders. Petty corruption was the order of the day. The ongoing purges of union activists after the 1983 strike made it risky for workers to become union leaders. Many who participate in committee work to gain experience risk dismissal. Moreover, union leaders who were not continually reelected would likely be fired – the law does not protect them from dismissal after they leave office. The corrosive effects of ongoing repression demobilized activists, and thus the few who did decide to run for office were inexperienced, largely unaccountable to an inactive membership base, and not necessarily committed to the union. These conditions facilitated the increase in corruption.

The leadership crisis did not place a damper on union activism, however, as rank-and-file
members became increasingly restive. Workers hired during the 1980s had a set of social and political experiences that made them prone to react to the firm’s most recent modernization. Though they were often new to trade unionism, some had parents who had been union leaders and leftist militants. Others had been political militants and activists in the shantytown protests of 1983-1986. A wire mill activist comments, “I participated in the protests during the mid-1980s. I was a kid. I wasn’t married, so I didn’t have any major responsibilities...We used to risk everything. We used to get in a van and pass out pamphlets promoting the party line.” An activist from the brass mill reinforces the link between the protests and the strike: “We liked to go out and protest in the streets. Then, when we came to work at MADECO, they would force you to do overtime, and you couldn’t say ‘I don’t want to.’ We weren’t used to being bossed around like that.” Another wire mill activist recalls his exposure to extreme poverty during the mid-1980s: “[In 1985-1986] there were a lot of people that didn’t have any food to throw in the pot. I was working as an assistant for a truck driver that delivered processed meat and sausage to Pudahuel [one of Santiago’s poorest municipalities]. I saw homes without bathrooms and people cooking with wood. I was only 19 then. I stole sausage from the truck and gave bags of it to people – they were so thankful. You need to live through those kind of things to really feel them. I realized that there were people much worse off than myself.” MADECO workers hired during the 1980s had become politicized during the protests. They learned direct action tactics, became sensitized to the intense social inequalities brought about by the 1981-1983 economic crisis, and they valued the freedom and power they felt in the streets. These styles of mobilization, social values, and principles conflicted with the rigid hierarchy of MADECO. The conflict between
workers’ political experience and values and the firm’s authority crystallized in the 1993 strike.

System Breakdown

In the context of the rapid changes in the labor process, a crisis in union leadership, and the coming of age of a new cohort of workers, conflicts over the firm’s overall model of authoritarian modernization crystallized over two issues: overtime payment and profit sharing. In 1991, with their lawyer’s assistance, the union learned that management had systematically underpaid workers for overtime, excluding the production incentive, higher hourly rate for the night shift, and other contractual obligations from payment. In other words, workers were not even paid the fixed incentive set in 1980 that in itself did not compensate them adequately for radical production increases. The union sued management for repayment of lost hours in 1994, and accepted an out-of-court settlement in 1995.101

However, both the union and management were unable to compromise over the issue of quarterly payments based on profits. As noted above, in 1977, management eliminated workers’ contractual guarantee to 15% of the firm’s net profits and holiday bonuses, replacing them with quarterly bonuses (gratificaciones). Since the 1931 labor law, workers had been guaranteed 6% of their employers’ profits, though MADECO workers had negotiated a higher sum. Even after the replacement of profit-sharing with quarterly bonuses, the union found that the firm was only paying part of the 30% of net profits it owed the workers under the 1977 pact.

In mid-1992, the union filed two suits against MADECO for underpayment of quarterly bonuses based on the firm’s profits from 1989-1991. Significantly, the historically more conservative supervisors’ union initially suggested the lawsuit; the white- and blue-collar unions
quickly joined them in the endeavor. With contract negotiations pending for the end of the year, management refused to negotiate salary issues unless the union dropped the suit and agreed to rewrite the section in their contract on quarterly bonuses, thereby eliminating the legal grounds for their suit.

As the battle lines were drawn in mid-1992, overtime work became a flashpoint for intra- and inter-class conflict. In June, union members voted to halt overtime to prepare for the strike, sparking sharp criticism from management. Union activists may have initially felt emboldened to take this step when they learned that the firm’s notorious personnel director would retire the following month. After two weeks passed, some union members questioned the decision to suspend overtime. While some argued that the union had halted overtime too early (since the contract negotiations would not begin until December), others contended that union members should not become too dependent on overtime, and that the union would appear weak if they resumed overtime work. The internal fissures over work effort and consumption became intertwined with debates over union strategy.102

As tensions increased between management and the blue-collar union, the supervisors’ union dropped the suit and negotiated a contract. When management offered a vacation bonus to those who would sign away rights to pursue the suit and join newly created non-union negotiating groups, half of the white-collar union (all of its office staff) left their organization. Many who fled did not realize that a smaller severance payment and more excuses for dismissal were hidden in the fine print of their new contracts. The blue-collar union stood firm and refused to accede to
management’s ploy.  

Ironically, the firm did not attempt to challenge the blue-collar unions’ monopoly over the workforce until the return of civilian rule. They had had the legal right to set up parallel unions since 1979, but up until 1992, management had not gone that far. As noted above, the personnel manager had used other means to intimidate and neutralize union members short of organizing company unions. This new strategy was far more dangerous to the unions, as it promised to institutionalize informal divisions between union activists and company loyalists.

Why did management make this drastic decision in 1992? Labor reforms after the democratic transition had created new legal opportunities for workers unavailable during the junta, including the right to sue for non-payment of profits. Workers’ legal rights did not fundamentally threaten management before 1990. With the lawsuit, MADECO could lose about US $10 million. Perhaps more important, the company and their peers likely feared that the suit could serve as a precedent. Two years later, when the Supreme Court ruled in the union’s favor, William Thayer, a conservative Senator designated by Pinochet, argued that “the ruling could have devastating social and economic consequences.” These fears were born out when the union at ALUSA, a MADECO subsidiary, sued MADECO for underpayment of gratificaciones. Though US $10 million might not represent a huge loss for MADECO, the potential losses in other suits for both MADECO and other enterprises could be substantial.

As the strike loomed on the horizon, management fired two workers who spoke up at union
meetings. These acts of intimidation added to union activists’ broader sense of injustice. First, they were suspicious of management’s unwillingness to simply fight the case out in court: “If they thought they were right, why didn’t they just settle in court? Because they tried to block the suit, it looked like they were hiding something, and that made us more certain that we were right.” Union members reasoned that if management was trying to hide something by avoiding a court battle, they had probably cheated on the quarterly bonus as well.

At a deeper level, members were disgusted that after all of their sacrifices to adapt to increasing work demands in the last years, they had been cheated out of a share of the profits, while management and stock holders received handsome rewards: “You see the firm become more and more profitable, and we’re stuck in the same place, without any kind of compensation or gratitude for all the extra responsibilities we’ve assumed and the resulting productivity increases.”

While strikers were certainly willing to take on the firm, many younger workers feared the financial consequences of a long strike. One participant comments, “During the first few days, the strike was no problem. Later, people started feeling uncertainty and desperation…We were really down by the second week. Everyone wanted to go on summer vacation – we thought the strike would only last a week.” Likely because of many workers’ debts, activists were enthusiastic about the strike, but also unwilling to carry it out to its “final consequences,” unlike the two month strike of a decade before. Prior to contract negotiations four years later, one worker commented, “Increasing consumerism is the reason why everyone wants to have early contract negotiations this
year. They’re afraid to go on strike because of the financial hardships it implies.” Workers were “fired up,” but consumer debts limited their staying power.

Activists adopted the visual style and ethos of the 1983-1986 protests. They tooted on cornets, banged on garbage cans, pelted vans transporting strikebreakers with rocks, and fought with the police. The union’s leadership, older leaders, and management had not anticipated the level of violence and bravado witnessed during the strike. One veteran of the 1983 strike commented, “I never imagined younger workers would go on strike. I thought they were more anti-union, but they were really committed.” Union leaders were equally out of sorts: “We knew that a peaceful strike wouldn’t work, so our goal was to intimidate management…We had a group that got together at night and cut the electricity, flattened truck tires in the warehouse, and blocked strikebreakers’ entry to the firm. Most of the leaders had no idea about this. We had a sort of parallel organization of rank-and-file workers from both plants that organized these sabotage actions.” The executives were indeed intimidated: “Management never imagined that the strike would be so violent. They were shocked.” The strike’s violence sparked the memories of the handful of workers who hailed from the 1950s: “During the strike, the older guys told us about the 1960 strike when they threw flour on strikebreakers to identify them, and then followed them onto buses and beat them up.”

The conflict itself only lasted ten days. Strikers astutely planned a march to the presidential palace just when American and European investors were visiting the firm, housed in the Hotel Carrera across the street (also owned by the Luksic Group): “The most important event was when we marched at La Moneda. Since investors were staying across the street, management agreed
that afternoon to drop its demand that we withdraw the lawsuit. We met with a staff person at the Ministry of Interior. Our wives and kids marched there with us. At first, we thought the police wouldn’t let us march, so we arrived in small groups. The police surrounded us, spoke with our lawyer, and allowed us to continue if we weren’t violent or disrespectful. All the press covered the march."115

The strikers had found the firm’s Achilles heel: if they could threaten the stock offering in the U.S. (presumably the issue discussed with the investors), then they could twist management’s arm. While this action was obviously a strategic success, it must be placed in a broader context. Just as strikers used their repertoire of action developed during the 1983-1986 pro-democracy protests, the symbolic power of actually marching in front of the presidential palace after seventeen years of dictatorship should not be underestimated. As one young striker characterized the conflict as a whole, “Boy, people really fought in that strike. It was like saying, ‘now we’re in democracy!’ It served as an example for the youth.”116 Schooled in the cauldron of anti-dictatorial protest, this strike’s younger protagonists displayed their particular conception of democracy during this brief conflict.

With the strike’s successful conclusion, union members won their right to continue the case, and two years later, the Supreme Court ruled in their favor. However, the firm used dilatory appeals to avoid payment until 2002. The strike did have immediate reverberations in the work place. A week after the strike, a protest in both plants won a dismissed worker’s reinstatement.117

When management offered non-strikers a 100,000 peso bonus, brass mill workers who were
emboldened by the preceding protest overturned their lunch trays in a *viandazo*.\textsuperscript{118}

Management responded decisively to the cafeteria protest: “Management thought, ‘If we don’t reestablish discipline now, it will cost us more later.’ So, they organized a military operation with ambulances, detectives, two busloads of police, and vans to prevent any conflict.”\textsuperscript{119} The company fired more than forty workers after the protest. Leadership was again caught off-guard by the rank-and-file’s initiatives. While an inexperienced union leader noted that he had casually mentioned to other workers on the street that maybe they should protest the bonus, he acknowledged that he should have raised the issue in a union assembly. The other leaders were equally befuddled.

Union members who recall the incident blame the leaders for not anticipating and defusing the event. The forty who were sacked had to agree to retire voluntarily in order to be eligible to receive severance payments and avoid facing criminal charges for property damage.\textsuperscript{120} The firm, still reeling from the strike, hired a psychologist to study the reasons for the bad “labor climate.” He found that workers were unhappy at the firm, saw no opportunities for training, and felt there was no communication between workers and management. In response, the general manager began Monday morning breakfast chats with workers in different work sections, but most were afraid to speak because their immediate supervisor was present: they anticipated they would be fired if they complained.\textsuperscript{121}

After the strike, management continued targeted layoffs against union activists in the wire
mill. In 1995, the company eliminated sixty workers from the brass mill’s aluminum section and relocated approximately ten more to other work sections. In mid-1998, MADECO also moved the brass mill casting shop’s 40 workers to a new plant located a few miles south of MADECO’s headquarters. The elimination of an entire product line substantially reduced the number of union members, while movement of part of the work force to a more distant location promises to further fragment workplace based solidarities by reducing the day–to-day interactions between casting shop workers and their other brass and wire mill counterparts.\textsuperscript{122}

Though the loss of union members and separation of work sections have diminished the union’s power, the creation of company unions did not noticeably affect the blue-collar union. The blue-collar union’s losses to the blue-collar company union were very small. After losing 60 workers from the aluminum section, the union only lost 20 members to the blue-collar company group, leaving them with 340 members in 1996. The union later lured some of these workers and new hires into their organization, boosting their membership to 358 in 1998. Over the long term, the blue-collar union had lost more members because, beginning in 1983, management successfully lured skilled workers into the white-collar union.

In contrast to the blue-collar union, the white collar and supervisory unions lost 307 members, virtually gutting their organizations. We should keep in mind, however, that the white collar and supervisory unions have historically been weak organizations that management often used against the blue-collar union. Therefore, the white-collar and supervisory company union may not be as much of a threat against the blue-collar union as it first appears.\textsuperscript{123}

Since office workers were the main white-collar group that left their union in 1992, the
remaining members of the white-collar union are skilled manual workers who could potentially be classified as blue-collar. Because most of the blue-collar union’s losses in membership have been to the white-collar union, they have adopted two strategies. First, as noted above, they have called on blue-collar workers in the company union to return to the blue-collar union, with modest success. Second, they have officially proposed to merge the blue and white-collar unions in an effort to prevent management efforts to split the two unions in contract negotiations. Thus, while the blue collar union activists do not anticipate being able to reverse the mass exodus of office and supervisory workers from their unions, they believe the unification of blue and white-collar workers in one organization could potentially reverse management’s counterattack against their organization in response to the lawsuit on gratificaciones.124

In addition to a declining work force and divisions between organizations, leadership corruption continued after the strike. In 1994, four of five leaders were caught defrauding the union’s medical insurer. One of the three was not reelected, and negotiated a handsome severance package with the firm in exchange for relinquishing his job security protection (fuero). Surprisingly, members reelected the three brass mill leaders found guilty in this scandal. Two of them subsequently retired, gaining substantial severance packages. The remaining perpetrator stepped down a few years later. Finally, in 1998, the treasurer elected after the 1994 scandal was caught having embezzled a large sum from the union. He resigned after the union sued him for theft. In subsequent elections, Velásquez, the only veteran leader who has not succumbed to corruption, assumed the treasurer position and now produces monthly reports on the union’s
budget.\footnote{125}

We can understand this rise of union corruption as an acceleration and intensification of the above-noted processes begun in the late 1980s and as a result of management’s attacks against the union in the context of the 1993 strike. The reelection of corrupt officials (all from the brass mill) seems to respond to increased hostility between brass and wire mill workers since the strike, as there are a greater number of blue-collar company union members in the wire mill.\footnote{126} Brass mill workers, who outnumber their counterparts in the blue-collar union, may have placed both workplace and personal loyalties above ethical concerns. In contrast, leadership corruption provoked distrust and demoralization among many wire mill activists. Some express great disappointment in their leadership.\footnote{127} The rise in corruption reflects the gradual erosion of work–based and union solidarity since the 1993 strike, and is part of a thirty-year process of working-class transformation in which the state and managers effectively undermined leftist parties, union organizations, and a working-class culture with roots at the turn of the 20th Century. Corruption is one symptom of a cultural, ideological, and organizational crisis among working people.\footnote{128}

Post-Boom MADECO

Until the end of 1998, management continued its authoritarian model of work organization. The union complained that while Deischler had retired in 1992, the foremen who had loyally worked as his lieutenants over the past two decades maintained their authoritarian style.\footnote{129} By mid-1997, management still insisted on an explicit policy of firing rather than relocating workers who contracted illnesses or suffered injuries on the job.\footnote{130} While we might imagine that the new plant would provide better working conditions, this was not the case: workers in the new casting shop
complained about labor intensity, contamination, illnesses, and contractual violations through inadequate payment.\textsuperscript{131}

The tide did seem to turn in May, 1998, when Tomas Jiménez, Deischler’s right-hand man, retired as Chief of Industrial Relations. By the end of the year, the company had changed the legal status of MADECO’s headquarters. It became an affiliate of the MADECO group, and its top executives moved up to manage the group as a whole. With the organizational shakeup, management fired almost all of the old foremen, and workers immediately noticed a change in atmosphere, particularly less persecution toward union activists.\textsuperscript{132} As part of this management reorganization, MADECO hired Albert Cussen, a former executive from Chile’s state-owned copper mines, as CEO of MADECO, to replace Carlos Vicuña, who became a board member on a large energy company.\textsuperscript{133}

The dismissal of foremen appears to form part of upper management’s strategy to streamline middle- and upper management, while integrating Chile’s MADECO plant with the firm’s growing multi-national empire. However, company records do not identify the rationale behind the move. These changes coincided with the Asian crisis so that as orders declined, many anticipated layoffs at year’s end. The end of the boom coincided with the apparent end of MADECO’s old style of management.

The management shakeup could not protect MADECO from the effects of the Asian crisis, the gradual economic meltdown of the Argentine economy, financial weakness in Brazil, and the blue-collar union’s persistence in demanding their court settlement. From 1999 to present, MADECO has had a series of financial problems. In 1999, the firm lost U.S. $ 100 million and the
following year, it lost $29 million.134 In 2000, the firm closed some of the Argentine plants it had purchased a few years prior in order to offset the previous year’s losses.135 By the end of 2001, MADECO had hired a New York investment bank, Salomon Smith Barney, to restructure its debts of U.S. $ 325 million. In this context, the firm’s shares on the New York Stock Exchange (American Depository Receipts, ADRs) had fallen in value to U.S. $.75 per share. According to an NYSE rule, firms whose shares fall below one dollar for more than 30 days can no longer be traded on the exchange. To respond to both the debt and low share price, in July 2002, MADECO issued U.S. $ 90 million in equity. However, by late September 2002, except for the Luksic group, few other shareholders bought additional stock, forcing the firm to enter new negotiations with creditors and placing it in a very precarious financial position.136 During this juncture, Cussen left the firm, and Tiberio Dall ‘Olio returned to steer the ship. As Héctor Velásquez assessed the situation in September 2002, “Now the whole possibility of shutting down the Santiago plant will be discussed once again. It’s a very grim situation”.137

The final resolution of the union’s class action suit occurred in the context of the firm’s severe financial problems. While the company effectively evaded paying the settlement through several legal appeals, by August 2001, the union had finally received a court order to seize firm assets if it did not pay the settlement. In response, management argued that paying the settlement would leave them with insufficient funds to pay August salaries and the quarterly share of profits to all MADECO employees. As many union members were hired after the 1989-91 period covered by the lawsuit, they stood to suffer economically even though they would not benefit from any settlement. In contrast, many workers who had resigned or had been fired were still part of the suit
and thus had a stake in receiving the settlement regardless of the firm’s economic situation.

Because of pressure from union members who were not part of the suit and feared for their jobs, the union called for the removal of the order to seize MADECO’s assets and began negotiating a settlement. Dissatisfied with the firm’s offers, all of the participants in the suit rejected them. In November, management struck back, firing all participants in the suit from the white-collar union (which, through the union’s attorney’s efforts, were reincorporated into the suit), and threatening to fire all of the participants in the blue-collar union.

After joint protests in front of the firm, management reopened negotiations, and rehired the dismissed workers. As a consequence, the union agreed to a formula in which the firm would pay 60% of the money it owed in four annual installments, only to workers who leave or have left the firm. Hence, management was effectively able to convert the settlement into a supplemental severance payment, thereby spreading its costs over time. While the blue-collar union had succeeded in unifying blue collar, white collar, and dismissed workers, the ultimate settlement favored management.138

The pattern of conspicuous consumption among some workers declined as the Chilean economy slowed down. By 1999, more costly purchases such as a car or home, as well as use of department store credit cards were only possible while overtime work was plentiful. Families were much more pragmatic in their purchases (adjusting aspirations downward with real purchasing power declines) and consumption decisions shaped by negotiations between men and women over purchasing priorities as much as by peer pressure or advertising and marketing.139

The 1993 strike demonstrated hidden tensions in Chile’s “miracle.” Younger workers held
cultural and political resources from the previous decade they deployed in a guerrilla war against the firm in response to systematic underpayment and ever-heightened work pressures. However, this strike also represented a crisis of unionism on a deeper level. The disjuncture between union leaders and the rank-and-file and employers’ ability to continue layoffs without a response resulted from the union’s leadership crisis. A shortage of committed leaders and a legacy of petty corruption delegitimized most current leaders. These shifts forced inexperienced union activists to take matters into their own hands with problematic results for the organization and its members. The firm’s precarious position after the boom forced the union to accept a smaller legal settlement and led workers to take a more pragmatic approach to consumer behavior.

**CONCLUSIONS**

MADECO managers subjected workers to successive wage cuts, benefit rollbacks, as well as increased job responsibilities and work effort over the last three decades. These measures undermined work place solidarities in two ways: they promoted shop floor competition, and interacted with the rise of formal credit, advertising and foreign retailers to encourage a new model of debt-financed conspicuous consumption (even if this model was contested by some and only economically feasible during the boom). A new cohort of workers who had participated in the 1983-86 protests reacted to systematic underpayment and management’s efforts to extend work effort to its physical limits by holding a violent strike whose reverberations echoed throughout the following year. Workers hired in the mid-1980s developed their own strategies and repertoires of action during and after the strike because of their distance from a leadership plagued by petty corruption scandals. In addition to purging strike activists after a cafeteria protest, management
took an unprecedented step against the union by creating parallel non-union organizations, but with little success.

Through this analysis of industrial innovation and worker resistance, I have focused on the interrelations between work, consumption, and identity. In contrast to most discussions of industrial restructuring focused exclusively on managerial initiatives, I argue that MADECO workers both resisted the managerial offensive through the 1993 strike, and accommodated the new model of production by enduring speedups and overtime. Union activists were complicit in these managerial offensives by working overtime in order to prevent their wives’ entry into the work force. Worker responses reshaped managerial strategy, most notably in the 1998 dismissal of veteran foremen. While management may have had its own reasons for sacking the foremen, the strike and subsequent resistance likely indicated to them that retaining this cohort of supervisors would only generate further conflicts and thereby undermine firm efficiency and stability.

The findings also support arguments emphasizing the influence of political and institutional factors in shaping the character of managerial action. Unlike Japan or Northern Europe, where corporatist institutions at the firm or national level promoted worker participation in decision-making, Chile’s experience of dictatorship and radical free market labor reforms militated against the creation of a new “social contract” between management and labor. The ease with which employers could dismiss workers and managers’ fear that worker initiative would bring a return of worker co-management under Allende discouraged managers from providing workers with an active role in fine-tuning production as in Japanese or Northern European factories.

My analysis of new consumption practices and the moral debates that surround them builds
upon recent discussions of consumption in global context. First, it finds that, in addition to national and ethnic identities, class and gender can also function as bases of resistance to perceived cultural homogenization associated with new retail and credit infrastructures. MADECO workers counterposed their communal and masculine forms of consumption to the increasingly individualistic model of consumption they observed among co-workers and lurking within themselves.

Second, this chapter represents one effort to identify the links between the spheres of production and consumption, parting from the tendency in much scholarship to view consumption as increasingly divorced from work-centered identities and practices. In the MADECO case, work intensification and the declining authority of informal work groups over individual behavior (itself due to the weakening of the unions) laid the groundwork for new consumer behavior. Hence, changes in retail and consumer credit as well as shifts in work organization reinforced one another, rather than being entirely separate processes.

While the “Chilean miracle” engendered the collective belief that Chile would soon rival the Asian “tigers,” the 1998 Asian Crisis and 2001 unraveling of the Argentine economy represented wake up calls. As unemployment mounted in their wake, workers’ debt-driven fantasies of upward mobility succumbed to pragmatic attitudes regarding consumption. The end of the boom placed MADECO in a precarious situation, forcing the firm to unload many of the assets acquired during the 1980s and 1990s, and placing its future solvency in doubt. If the boom had only intensified work while offering few rewards, what would the recession bring?

Notes
1 “Los peligros de la productividad,” *Crisol* 14, 10 (September, 1996), 3-4.


3 I review these debates in some detail below.


6 MADECO diversified into aluminum processing in the late 1950s, and purchased a number of related copper processing industries beginning in the late 1980s: Manufacturas de Cobre (MADECO), *Memoria Anual* (Santiago, Chile: 1945-1997).

7. The wire mill is more dependent on infrastructural development tied to state investments (telecommunications, electrification, and high-tension wires for mining), while the brass mill supplies the construction industry: Raskill


11 I discuss this phenomenon in great detail in Joel Stillerman, “The Paradoxes of Power: The Unintended Consequences of Military Rule for Chilean Working-class Mobilization,” Political Power and Social Theory 12 (1998), 97-139. It was less expensive for MADECO to offer employees a “buyout” than to fire them, because the law stipulated that the firm must pay double severance pay if it fired workers without due cause (unless management could demonstrate that the worker was a Marxist militant). Employers also could not fire more than ten workers per month without bi-ministerial approval prior to the Plan Laboral.

12 Interview with Angel, November 17, 1996.

13 Group discussion with wire mill workers, November 8, 1996.

14 Some of those laid off formed cooperatives and continued to work for the firm as outside contractors. There is little additional information available on this group, though it appears they were a small, highly skilled segment of the work force. It is unlikely their dismissal had a significant effect on union affiliation, especially compared to the massive work force decline due to disissals of political militants and voluntary retirements, as noted above. Management may have rehired these workers as subcontractors to take advantage of their skills without paying them the same benefits as unionized workers. Interview with Oscar Quezada, June 12, 1994.


17 Santiago, Chile, Segundo Juzgado de Letras del Trabajo, “Demanda laboral por reliquidación de pagos
de horas extraordinarias,” (May 16, 1994); interview with Angel, op cit.; Stillerman, “Paradoxes”; “Los peligros.”


19 Interview with Héctor Velásquez and Chico Castro, November 7, 1996. The firm seems not to have pursued this strategy until much more recently in the brass mill: interviews with Tonio, November 13, 1996, and Arturo, November 21, 1996. I discuss the reasons for this difference below.

20 Interview with Angel, op cit.; interviews with Fernando Pérez, op cit., and Tonio, ibid.; “MADECO continua premiando a sus obreros,” MADECO Informa (December 1979), 10.


22 MADECO, Memoria Anual (1980).


26 Interview with Luís Muñoz, November 6, 1996. Velásquez, Tonio, and the wire mill workers (cited above), made the same point.

27 Ibid.


29 Interview with Manuel, November 14, 1996. This view was expressed universally by informants hired after 1984.

30 “Gratificaciones;” “Los peligros,” op.cit.

31 Stillerman, “Paradoxes.”

32 MADECO, Memorias (1986-1997); “MADECO expects to increase income by 42%,” CHIP News (January 14, 1997); “La Saga,” op cit.


Interview with Enrique Tassara, *op cit.*

Baring Securities, *op.cit.*, notes the reduction of inventories in several product lines. Vicuña told union leaders the firm sought to adopt total quality management in early 1994 in order to satisfy the demands of European customers for defect-free products: Sindicato #1 MADECO, “Asamblea General de Socios” (March 13, 1994). In many conversations, union members noted the implementation of these two models.


For discussions of the authoritarian adoption of Japanese management techniques in Chilean firms, see works cited in note 2 above.

Interview with Tomás Jimenez, former Industrial Relations Manager, April 7, 1994. Jimenez intimated that he was concerned that excessive training might lead workers to resign by stating, “If a mechanic asks me to pay for an accounting class, I won’t accept it.” While an absurd example, it points to management’s reluctance to offer training beyond the bare minimum. Many blue collar workers complained that management refused to send them to training courses. See interview with Humberto, January 7, 1994.


Interview with Chico Castro, *op cit.* Echeverría and Herrera, "Innovaciones," and Castillo, et al., "Reorganziación," note that in Chilean firms, the use of work teams or quality circles seldom extends
below middle managers.

45 Group discussion with brass mill workers, op cit. Wire mill workers made similar observations.

46 Ibid.

47 Crísol 14,10 (September 1996), 5.

48 Interview with Velásquez and Castro, op cit.

49 Chile. Instituto Nacional de Estadísticas, Compendio Estadístico 1995 (Santiago, 1995); interviews with Velásquez and Castro, brass mill workers, and Manuel, op.cit.

50 Both quotes from a discussion with wire mill workers, op.cit.


52 “Los peligros,” op cit.

53 República de Chile, Código del Trabajo (Santiago: Editora Jurídica Publigráfica, 1992), 17-18; interview with José Pérez Concha, white collar union leader, June 3, 1994. Many informants echoed this observation.

54 Interview with Carlos and Samuel, October 29, 1996.


57 Stillerman, From Solidarity to Survival, Ch. 2.

58 Interview with Marcos Medina, 15 July 1999.

59 Interview with Mario Ariarrán, December 22, 1993. Residents at the MADECO housing bloc were renters until 1969 when the union made an agreement with management permitting workers to purchase the homes. See: Stillerman, From Solidarity to Survival, Ch. 2.

60 Interview with Medina, 15 July 1999. During fieldwork from 1993-1995 and subsequent one- or two-month visits to Chile, I also observed many retirees arriving to meetings in cars.

61 Interview with J. R. Valenzuela, 29 December 1993. Valenzuela is a life-long resident of San Miguel, the southern Santiago neighborhood where MADECO is located. Valenzuela worked briefly in
MADEMSA, and has published two novels concerning the community.


63 See Stillerman, *From Solidarity to Survival*, Ch. 6.


66 Union leaders at the Huachipato steelworks make a similar observation in Errazuriz et al., *Huachipato*, as does Moulián, *Chile Hoy*.

67 Interviews with Manuel and Tonio, *op.cit.*

68 Interview with Castro, *op.cit.*

69 Interview with Carlos and Samuel, *op cit.*; interview with Velásquez, January 6, 1999.

70 Interview with Daniel, February 5, 1994.

71 Interview with Manuel, *op cit.*

72 Interview with Carlos and Samuel, *op cit.*

73 Interview with Arturo, November 21, 1996.

74 Both quotes from interview with Carlos and Samuel, *op cit.*

75 Discussion with wire mill workers, *op cit.*


77 Interview with Cicero, *op.cit.*

78 Martínez Díaz, *Chile*, 105.

79 Cicero, *op.cit.*

80 Discussion with brass mill workers, *op.cit.*

81 Interview with Manuel, *op.cit.*

82 Interview with Cicero, November 10, 1996.

83 Interview with Carlos and Samuel, *op cit.*

84 “Peligros de la productividad,” 3.

85 Interview with Carlos and Samuel, *op cit.*
Interview with Cicero, November 9, 1996.


See Moulián, *Chile: Anatomía de un Mito* and *El Consumo me Consume*.

Stillerman, “Paradoxes.”

Interview with Velásquez, November 24, 1996.


Interviews with Carlos and Samuel and brass mill workers, *op cit.*

Sindicato #1 MADECO, “Asamblea General de Socios” (January 14, 1988).


Interview with Leonardo, a former union employee and activist, March 23, 1995.

Interview with Arturo, discussion with brass mill workers, *op cit.*

Interview with Manuel, *op.cit.*

Discussion with brass mill workers, *op cit.* All workers hired during this time remembered participating in the protests.

Interview with Velásquez and Castro, *op cit.*

Interview with Cicero, November 9, 1996.

Sindicato #1 MADECO, Asamblea General de Socios (June 6 and June 16, 1992).


Field notes, July 15, 1999.

Interview with Arturo, op cit.

Interview with Tonio, op cit.

Interview with Castro, op cit.

Interview with Tonio, November 13, 1996.

Interview with Luís Muñoz, op cit.

Interview with Arturo, op cit.

Interview with Tonio, op cit.

Interview with Tonio, January 26, 1995.

Interview with Angel, November 9, 1993.

Discussion with brass mill workers, op.cit.

Interview with Héctor Velásquez, January 6, 1999.

A form of protest that copper miners in the Chuquicamata mine made famous in one of the first public labor protests under the dictatorship in 1977. See Falabella (1989).

Interview with Velásquez, op cit.

Sindicato #1 MADECO, “Asamblea” (April 8 and 16, 1993); interviews with Manuel and Arturo, op.cit.

“Psicólogo y psicosis: Apareció el resultado de la encuesta de los psicologos de la U.C.,” Crisol 12,5 (July 1994),13-14; interview with Angel, November 17, 1996.

Sindicato #1 MADECO, “Asamblea General de Socios” (January 5, 1995 and September 25, 1998); field notes, February 1, 1995.


125 Interview with Velásquez, January 6, 1999; Sindicato #1 MADECO, “Asamblea General de Socios” (August 7 and September 25, 1998).

126 Interview with Arturo, op cit.

127 Interview with Carlos and Samuel, op cit. Others express similar sentiments.

128 Stillerman, From Solidarity to Survival; Moulián, El Consumo me consume.


130 Sindicato #1 MADECO, “Asamblea General de Socios” (July 24, 1997).

131 “Asamblea” (September 25, 1998).

132 Interview with Samuel and Velásquez, January 6, 1999.

133 “Cussen to Leave CODELCO for MADECO, Santiago Times, 10 June 1999 (www.santiagotimes.cl).


137 Phone communication, 30 September 2002.

138 Ibid.

139 Joel Stillerman, “Media Seduction or Family Dynamics?: Gender, Class and Consumption in Contemporary Chile” (unpublished manuscript, 28 pp.).

140 While this is a general trend, exceptions include: Bourdieu, Distinction; Ben Fine and Ellen Leopold, The World of Consumption (London: Routledge, 1993); and Moulián, El Consumo me Consume.