THE PARADOXES OF POWER: THE UNINTENDED CONSEQUENCES OF MILITARY RULE FOR CHILEAN WORKING-CLASS MOBILIZATION


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ABSTRACT

Military governments seek to control and depoliticize labor movements, though this goal is often thwarted by the regimes' internal contradictions. These inconsistencies lead to distinct phases of labor policy, providing workers with different sets of political opportunities over time. I explore this temporal dynamic by analyzing the cycle of mobilization in a plant-level metalworkers' union during the Chilean dictatorship. By demonstrating that Chilean workers' activism evolved from clandestine organizing to open protest and later declined, I challenge the standard view that the Chilean junta evoked little workplace-based opposition. My local and historical foci also challenge scholars' excessive emphasis on national labor leaders and unemployed street protesters, showing that plant-level organizing overlapped with these more visible forms of protest. I link these findings with analyses of labor in authoritarian Spain, Brazil, and Guatemala.
INTRODUCTION

One of the principal goals of modern military regimes has been to discipline and depoliticize workers. However, the achievement of this goal is more complicated than it might appear. Military rulers' labor policies may conflict with government initiatives in other arenas, and the regime's internal divisions over labor reform may lead to legislative inertia. Labor policy is often highly sensitive, because the dictatorship must balance its desire to control labor with its need to win workers' consent if the economy is to function at all (Barrera and Valenzuela 1986, Valenzuela 1989, Drake 1996). Thus, labor policies pass through distinct phases, each with its own contradictions and (often unintended) consequences for workers. This paper shows how the timing and character of the Chilean military junta's labor policies actually promoted working-class mobilization at certain junctures, while it pacified labor at others.

The Chilean case is particularly interesting in this context because the common perception is that the junta completely eliminated labor protest. Comparative discussions argue that the Chilean junta was more effective in domesticating organized labor than any other Latin American military regime (Linz and Stepan 1996, Mainwaring, et.al. 1992, Drake 1996, Valenzuela 1989). The junta's free market experiment and market-based labor and social reforms have had enduring effects in Chile, and Latin American governments are now imitating them with the hope of increasing business efficiency and reducing labor costs (Díaz and Martínez 1996, Petras, et.al. 1994, Drake 1996, Roxborough 1992). Since the legacy of military rule has placed Chilean workers on the defensive, we would assume that the dictatorship successfully repressed union activists and dismantled unions.

This is precisely the assumption made by students of contemporary Chile. Before Chile's 1973 military coup, scholars argue, that country's unions were among the most politicized and best organized in Latin America (Angell 1972, Barría 1971, Bergquist 1986, Valenzuela 1979). This tradition was reversed on September 11, 1973, however, when the military took power and systematically attacked leftist militants and social activists. The junta not only repressed its political opponents, it also pursued radical free market policies designed to transform the economy and undermine unions' power.

The common view is that these two policies -- political repression and economic liberalization -- produced a largely quiescent labor movement. Specifically, authors claim that the repression of veteran leftist union leaders severed the links between unions and parties, left young union leaders with no political or organizational training, and sharpened ideological splits between rival labor confederations (Campero and Valenzuela 1984, Falabella 1989, Barrera and Valenzuela 1986). Additionally, the regime's labor law weakened unions by eliminating job security and the closed shop (Ruiz-Tagle 1985, 1986). Furthermore, neoliberal policies devastated traditional union strongholds (mining, industry, construction), while they fostered export industries (fruit, lumber, fisheries) which rely on seasonal labor, wielding a further blow to unions (Campero and Valenzuela 1984, Díaz and Martínez 1996).

Because of the weakness of plant-level unions, specialists argue, their protests were atomized, short-lived, and unsuccessful (Campero and Valenzuela 1984, Ruiz-Tagle 1986). Precisely because the junta defeated unions in the workplace, the Copper Miners' Confederation (CTC) and other national labor spokesmen convoked national street protests from 1983-86 which included broad strata of society and took place in neighborhoods rather than factories. These protests pressed the junta to negotiate the resumption of civilian rule in 1989 (O'Donnell, et.al. 1986, Constable and Valenzuela 1991, Garretton 1989). Social movements experts argue that because unemployed shantydwellers dominated the protests, this wave of conflict signaled the defeat of the old labor movement and a shift in the locus of popular struggle from the union hall to the streets (Schneider 1995, Oxhorn 1995). Both labor analysts
and social movements experts agree that political terror and neoliberal economic policies successfully silenced plant-level union protest, thereby creating the conditions under which national labor spokesmen would lead the regime’s most highly mobilized opponents, the urban unemployed.

To be sure, these studies accurately describe the long-term effects of political terror and economic liberalization on unions' strength, yet they overlook the micro-dynamics and temporal evolution of working class mobilization under the junta. In fact, after a period of clandestine regrouping while the military prohibited union elections, collective bargaining, and strikes (1973-1978), rank-and-file activism took hold once again during a period when the junta allowed unions to function openly (1978-1983). This occurred even though targeted repression against labor activists continued. Still, this spate of workplace radicalism died out shortly after, beginning in 1983 when an economic crisis and regressive labor reforms allowed managers to purge union activists. Even while strikes subsided, plant-level union leaders engaged in less visible efforts to revamp the labor movement’s organizational structure during the height of opposition street protests: though union members were passive, union leaders shifted their activism from union halls to movement organizations.

Why has this cycle been overlooked by scholars? What explains the appearance of worker activism during periods of repression, and its disappearance as the processes of regime liberalization and democratization unfolded? Why was there no steady pattern of increase or decrease in plant-level labor mobilization over the course of the dictatorship? In this article, I argue that Chilean labor specialists' methodological choice to focus on the aggregate effects of state policies, on the one hand, and the statements and actions of national labor leaders, on the other, has hindered their capacity to detect the nature and temporal dynamic of working-class mobilization. By focusing on the national outcomes of regime policies, analysts could only speculate about these measures’ concrete effects on workers' capacity to mobilize. Only by examining the internal dynamics of individual unions can we see how different phases of regime policy presented workers with distinct constraints and opportunities -- we cannot assume that military rule in itself caused union demobilization. Through such a micro-level analysis, we can see the unintended consequences of regime policies which favored union mobilization during some periods, even though their long-term effect was to weaken them. By viewing regime-labor relations as a series of contingent interactions, we avoid the analytical trap of confusing the regime's goals with the short-, medium-, and long-term outcomes of its policies.

A singular preoccupation with national labor leaders is equally deceptive. The dictatorship permitted unions to function throughout its rule (though under strict supervision in its initial phase), but repressed national organizations as well as leftist militants at the local and national levels. In maintaining a legitimate role for unions while attacking national organizations and political militants, the junta weakened national groups and destroyed their party-based ties to unions, effectively restricting workers' associational life to the workplace level. In this sense, the military made the workplace the only viable arena of worker action. Thus, analyses focused on national leaders cannot detect the life-cycle of workplace-based protest, nor can they explain the proximate causes for labor's decline over the long-term. Only detailed study of plant-level unions can explain both how shifting regime policies shaped the timing of working-class mobilization, and why labor activism declined in the process of democratic transition.

In this light, I examine the historical unfolding of plant-level working-class mobilization under the junta at Manufacturas de Cobre, S.A. (MADECO), Chile's (and the Southern Cone's) largest manufacturer of semi-finished copper goods. I reconstruct this micro-history through an analysis of oral testimonies, press reports, company archives, and union pamphlets. The MADECO union provides an
interesting, though inconclusive, test case for labor analysts’ central claims regarding the period. As a particularly militant and politicized union prior to the coup, the military targeted MADECO workers for severe repression. These two factors—traditional union strength and intense repression—suggest two distinct hypothetical outcomes. On the one hand, because the union was strong prior to the coup, we might expect it to more effectively withstand political terror and neoliberal policies than small, weak unions, making mobilization at MADECO hardly an indicator of union mobilization elsewhere. On the other hand, because repression was more severe at MADECO than in weaker unions, we might expect greater union mobilization in the latter. In fact, the MADECO union held one of the most combative strikes during the coup in 1983, after which union activism died down for another decade. In this respect, the case, while it is hardly a bellwether for unions as a whole, forces us to look beyond traditional explanations of labor’s decline. For if the most severe repression and neoliberal policies of the 1973-78 period did not defeat the union, these measures in themselves cannot explain the labor movement’s decline. Simultaneously, the fact that union activism did decline after 1983 compels us to reexamine not only the effects of policies per se on labor activism, but the dynamic between policy formation and labor activism over time. In this respect, while the MADECO union’s activism under the junta may have been exceptional, in demonstrating the explanatory weakness of existing discussions, the case points to the need to examine the short-term dynamics of regime policy and labor opposition in order to understand the trajectory of any union during this period.

In this case study, I argue that the character and timing of the junta’s labor policies during the 1973-1977 and 1978-1983 periods shaped the pattern of clandestinity-radicalism-demobilization noted above in the following ways. First, from 1973 to 1977, the state repressed leftist union leaders and activists, and privatized state-dominated firms, but splits within the ruling junta prevented a labor law reform. This policy combination had two consequences: a) MADECO’s managers had to informally negotiate industrial rationalization geared toward privatization with workers because the labor law restricted arbitrary layoffs (except against Marxist militants), and b) MADECO workers could use informal arenas within unions to regroup their forces. Second, from 1978-1981, labor reforms permitted public union action, but they simultaneously eliminated job security, the closed shop rule, and time-honored benefits. As a result, MADECO workers’ activism exploded, culminating in a 59-day strike in 1983, but the new labor law and a severe economic crisis armed MADECO’s owners with the ability to crush the mobilization.

Third, the mid-1980s economic boom brought with it structural changes in the Chilean economy, which, combined with the new labor law, favored employers’ use of flexible contracting methods. A high rate of worker turnover cut off ties between new workers and MADECO’s traditional working-class culture as it eroded shop floor solidarities. While managerial policies cowed the rank-and-file, the popular ferment of street protests encouraged union leaders to make the union hall a focal point for labor movement activities and opposition political events.

The examination of these processes at MADECO provides some counter-intuitive answers to the problem of why labor’s action varied so sharply during the dictatorship. First, it was not so much political terror during the junta’s first years that limited workers' ability to organize, as the regime's inertia regarding labor policy which constrained managers' ability to fire workers and reduce union affiliation. Second, the new labor law permitted workers to organize publicly, but it also gave employers the ammunition to eviscerate unions, should they choose to do so. The economic crisis and worker mobilization gave employers two excuses to fire union activists; and because massive layoffs were now legal, their attacks were no longer limited to political militants, but could now include the entire work
force. After eliminating a cohort of strike activists, employers could use targeted layoffs as periodic checks against union attempts to solidify fragile solidarities.

Third, while the labor reforms and economic crisis silenced the rank-and-file, opposition protests expanded the political space for plant-level union leaders to press for a democratic labor movement. This phenomenon challenges the standard view that national labor leaders and street protesters were the only important popular opponents to the junta because state policies had defeated plant-level unions. The dominant interpretation creates a false dichotomy between the protests and simultaneous union-based protest, and misses the important struggles between individual unions and national labor leaders over control of the labor movement. Managerial repression and massive unemployment quieted the rank-and-file and fueled the protests, but plant-level union leaders were in the forefront of grassroots opposition to the junta and the demand for a democratic labor movement.

While this paper's principal argument centers on the temporal sequence of regime policies and worker responses in Chile, it also offers insights for broader discussions of labor under dictatorship. MADECO workers' ability to organize clandestinely within authoritarian legal structures, thereby confounding the regime's goals to repress and control labor, finds its counterpart in Spain and Guatemala, suggesting that this tendency is the norm rather than the exception (Foweraker 1989, Levenson-Estrada 1994). Moreover, the MADECO workers' mobilization in reaction to industrial decline challenges the notion that large-scale industrialization is the principal stimulus to worker mobilization under authoritarian regimes (Seidman 1994, Keck [1989, 1992]). If MADECO workers mobilized during a period of industrial decline, then the tight labor markets associated with industrial expansion are not necessarily the only political opportunities available to workers under military rule. In Chile, the legalization of union elections and strikes may have played a similar role in dynamizing union activism as did industrialization in Brazil and South Africa. I explore some of these comparative issues in greater depth in the conclusion.

Because my argument focuses on the temporal sequences of state policies and worker activism, it is organized chronologically. The first two sections on the 1973-1978 and 1978-82 periods highlight the regime's surprising vulnerability to labor opposition, and workers' unusual organizational ingenuity and resourcefulness under extremely adverse conditions. I devote a separate discussion to the 1983 strike, which was simultaneously the culmination of workers' audacious challenge to employer and regime impunity, and the end of a cycle of worker protest. A final section on the 1983-89 period juxtaposes the new economic moment, which allowed employers to demobilize the rank-and-file, with the political conjuncture, which opened doors for MADECO leaders' labor movement activism. The conclusion explores the extent to which the MADECO case can be generalized in the Chilean context, and draws out similarities with other national cases.

Limited Rationalization and Clandestine Unionism, 1973-1978

During the Chilean junta's first years in power, MADECO's personnel manager (a retired military official) terrorized political militants while the general manager negotiated industrial restructuring with the workforce. Further, though the personnel chief purged seasoned leftist union activists, less-experienced union members organized clandestinely within the union. In this section, I explore how two contradictory sets of state policies shaped industrial reform and union action at MADECO during this period.
Like other dictatorships, when it took power, the Chilean junta faced the dilemma of what elements of the old order to destroy, which institutions or practices to replace, and which elements to retain. Of course, military rulers do not make these decisions once and for all. Rather, there are periods of experimentation, new policies are implemented and later withdrawn, etc. However, each step the regime takes has consequences both for its own objectives and for its opponents’ organizational and political opportunities. In making these choices, military regimes need to find policies that satisfy all factions among the ruling elites, and that strike a balance between the competing logics of control and legitimation.

Chile's military leaders struggled with precisely these problems. The first phase of military rule in Chile was marked by policies whose interaction had contradictory consequences, especially for businessmen and industrial workers. The generals' efforts to destroy the Marxist left and the old economic order were undermined by their decision to maintain existing labor law, providing space for clandestine union organizing and slowing the pace of industrial restructuring. The junta's legislative inertia regarding industrial labor relations resulted both from political divisions among the ruling generals over this policy arena, a vague sense that they could use unions to legitimate their rule with workers, and the absence of any clear blueprint for a new labor law. Thus, upon close examination, a period apparently marked by the junta's effective political terror and decisive economic policies, shows a total lack of decision on labor law which actually undermined the former policies. The MADECO case exemplifies this paradox, but can only be understood in the context of the regime's birth and early evolution, discussed below.

**Constructing a Military Government in Chile**

Beginning with the September 11, 1973 military coup, the Chilean junta began systematic attacks against leftist militants and activists in unions and other social organizations. Jailings, disappearances, tortures, and executions were widespread during the regime's first five years. Further, the junta appointed military personnel throughout government and industry. Within unions, the generals replaced leftist leaders with the oldest workers in each firm; suspended union elections, strikes, and collective bargaining; and closely monitored union meetings.

The coup itself was the response of the military and its civilian backers from the right-wing National Party (PN) and the centrist Christian Democratic Party (PDC) to President Salvador Allende's Popular Unity (UP) government, elected in 1970. The PN was a conservative alliance of landowners and industrialists, while the PDC was a multi-class reformist party inspired by the social Christian philosophy of French theologian Jacques Maritain. Eduardo Frei, a Christian Democrat, had been president immediately preceding the UP, from 1964-70. The UP was a coalition of the Communist (PC) and Socialist (PS) parties, as well as a few smaller leftist parties. The PC was founded in 1922, had historically dominated organized labor, and favored broad alliances between working and middle class parties (largely following Soviet policy prescriptions). The PS, founded in 1933, was an umbrella party which incorporated blue- and white-collar workers as well as small industrialists; and sheltered political tendencies as wide-ranging as national populism, social democracy, anarchism, Trotskyism, guevarism, titoism, etc. From 1956-73, the party eschewed alliances with non-working-class parties, and its majority wing advocated violent revolution.¹

Upon his election, Allende pledged to lead the "Chilean road to socialism" -- a peaceful transition achieved through constitutional channels. He sought to nationalize strategic and monopolistic industries, deepen agrarian reform, and expand poor peoples’ participation in the economy and
government. The center and right adamantly opposed the UP from the start, while the governing coalition and sympathetic parties were divided between moderates in the PC and one wing of the PS; and the radical wing of the PS, the smaller UP coalition partners, and the Movement of the Revolutionary Left (MIR).2

The UP's programs, while increasing wages, benefits, and participation, sparked rampant inflation and shortages. Truckers, merchants, and professionals protested these policies with national strikes; entrepreneurs divested from landholdings and industry and hoarded raw materials; and U.S. copper companies and multilateral banks achieved a partial blockade of the country's economy. As the economic situation worsened in 1973, the government's leftist critics radicalized, the center and right gave up on parliamentary solutions to the impasse, and the military stepped in to fill the void (Winn 1986, Cancino 1988, Valenzuela 1978, Faundez 1988, Sigmund 1977).

The junta was inspired by the U.S.-crafted National Security Doctrine, which identified communism as the world's greatest threat to democracy and freedom. Thus, its initial goal was to purge Chile of Marxism, focusing its early attacks on Marxist militants primarily, though not exclusively, in the labor movement. However, the generals combined these purges with a generalized assault against all political parties, because in addition to Marxism, they faulted longer-term trends of party-based clientelism and demagogic leadership for Chile's institutional crisis. In this light, the junta suspended centrist and rightist parties as well as parliament in an effort to correct the excesses of Chilean party politics. Additionally, while the junta blamed rampant inflation and shortages on the UP's economic policies, it sought to undo a pattern of state-led industrialization dating back to the 1930s. The crisis sparked by the UP led the military to attack not only the left and the labor movement, but to also dig deeper into Chile's past to correct what it saw as the root causes of its socialist episode.

In spite of these radical attacks on existing political and economic institutions, the junta left the country's legal and judicial structures intact. In fact, the junta used the courts to provide itself with a veneer of legitimacy. Exploiting a strong legalistic component within Chilean culture and judicial traditions which advocated literal interpretation of the law, the generals used the judiciary to legitimate their violations of civil, political, and human rights.

However, this legalism was a two-edged sword. Without a new constitution or legal code, regime opponents had some recourse in the law. Not until the 1978-81 period, when the junta authored a new Constitution, and reorganized public administration, public services, and industrial relations, did the regime place its definitive stamp on Chilean society. The military extended the market model to all spheres of life, and granted itself a permanent role in national politics (Constable and Valenzuela 1991, Garreton 1989 and Campero and Valenzuela 1984).

**The economic model.**

After solidifying its control over the state, the junta quickly developed an economic policy. The Pinochet regime, strongly influenced by a group of Chilean economists who had studied at the University of Chicago ("the Chicago Boys"), saw orthodox monetarist policies as a necessary response to the wave of nationalizations during the UP, and to longer-term patterns of state support for industrial development (Valdés 1995).

The Chicago Boys dominated economic policy by late 1974. At the time of the coup, this group had already developed a blueprint for the Chilean economy, and "the possible alternative sources of economic advice (that is, other non-**Unidad Popular** groups) either had no coherent program or offered...
plans that were not convincing to Pinochet and other senior generals” (Edwards and Edwards 1987, p. 94). The economists' program included freeing prices and manipulating the exchange rate to favor exports; monetary devaluations; as well as virtually eliminating import tariffs, raw materials subsidies, and price supports on consumer goods. They implemented several radical currency devaluations in 1975-76, causing a deep domestic recession. By 1979, economic policymakers reduced tariffs to a flat 10%, and eliminated most subsidies (Foxley 1983, pp. 50-51; Constable and Valenzuela 1991).

In addition to monetary and tariff policies, a keystone of the junta's economic policy was large-scale privatization. The regime implemented this process in two phases: the first from 1973-1978, and the second from 1985-1989. In 1974, the state returned 325 firms with a net value of US $1 billion to their original owners under the condition that the latter assume debts accrued prior to the coup. From 1975-1982, firms were privatized through three mechanisms: bankruptcy, auction, or direct sale. During this period, the state sold 207 businesses with a net value of US $1.2 billion. In most of these sales, the government auctioned off a single package of stocks to a single buyer. After this phase was completed, the state had sold more than 80% of public firms. Simultaneously, powerful economic groups linked to the government emerged through their debt-financed purchase of firms from 1975-78. Investment capital to pay for these state firms came from cheap foreign loans made available because of the glut of petrodollars on the world market (Sanfuentes 1984, p. 142; Dahse 1983, pp. 73-77; Hachette and Luders, pp. 78-80).

The deregulation of financial markets, import liberalization, and rapid privatization led to a speculative boom from 1976-1981. Construction expanded, and luxury imports skyrocketed (Foxley 1983, Drake and Jaksic 1991). However, the brief boom of the late 1970s could not reverse the negative effects of the 1975-76 economic shock therapy. A few figures illustrate the extreme side effects of these policies. In 1976, industrial production dropped 23%, and 200 firms went bankrupt the following year (Constable and Valenzuela 1991, p. 203). During the 1970s, real wages dropped 40% (Constable and Valenzuela 1991, p. 229), and unemployment increased from 4.6% in 1973 to 22.2% in 1983 (Hachette and Luders 1992, pp. 28-29). Those firms that made it to the mid-1980s boom have consolidated the "lean and mean" managerial model which emerged as a survival technique during the radical liberal policies of the 1975-1982 period (Foxley 1983, Drake and Jaksic 1991).

**In search of a labor policy.**

While the junta was decisive in its attacks against the left and its adoption of orthodox stabilization measures, its labor policies were most notable through their absence. The generals issued a series of emergency decrees in the first months after the coup targeting leftist activists, suspending collective bargaining, and making strikes illegal, but the Labor Code as such was left intact.

The 1931 Labor Code and subsequent amendments afforded industrial workers in large shops a series of benefits, including the closed shop, profit-sharing, company-built housing, and job security (Morris 1966, Angell 1972, and República de Chile 1970, pp. 387-88). Industrial workers in large firms enjoyed significant organizational power: the institutional and economic resources (codified in labor law and union contracts) which protected them against unilateral employer attacks, and gave them the tools to build powerful, dynamic unions.

Workers in small shops, however, were not so fortunate. The law restricted collective bargaining to the plant-level, giving small unionized shops little organizational power. Further, unionization was
limited to firms with greater than ten workers, thereby excluding most plants: in 1972, half of Chile's industries had less than ten employees (Angell 1972, p. 55). While the Labor Code empowered workers in large, modern industries, most Chilean workers did not enjoy these advantages.

The junta had developed no consensus alternative plan to the existing law during its early years. As one sociologist comments: "Thus prior to 1978, except for the changes produced by the economic model, there was neither innovation nor new rules of the game, but only repression, dismantling, and immobility" (Garreton 1989, p. 120). The regime's inability to develop a new labor policy is evident in the shifting attitudes of successive labor officials. Nicanor Díaz Estrada, labor minister beginning in 1974, suggested the creation of tripartite boards where employers, state officials, and union leaders could discuss wages, working conditions, and benefits. He also advocated the formation of national unions to replace plant-level organizations, a move that would have substantially strengthened unions' organizational power. Through this proposal, he sought the support of Christian Democratic union leaders to improve the regime's public image abroad (because they were seen as independent from the state). Díaz's proposals underscored a political split between the air force and the army. Díaz and Gustavo Leigh (both from the air force) sought to brake the neoliberal economic model favored by Pinochet, head of the army. Pinochet compelled Díaz to resign in 1976 and forced out Leigh (a junta member and potential competitor for the presidency) in 1978. Díaz's proposals floundered (Campero and Valenzuela 1984, p. 116; Constable and Valenzuela 1991, p. 187, Barrera and Valenzuela 1986).

Sergio Fernandez took Díaz's place in 1976 and tried to build a pro-government union movement. The minister found a few active spokesmen, but state-led unionism never drew significant support (Constable and Valenzuela 1991, p. 227; Campero and Valenzuela 1981, p. 240). The administration of Vasco Costa (1978-1979) shut down seven leftist federations which were still functioning (at least formally) in late 1978. The oscillation of labor ministry policies between cooptation and repression demonstrates significant conflicts within the junta, and the inability of any policymaker to develop a coherent blueprint for a new model of industrial relations. This meant that managers could not impose industrial reform from above; they had to negotiate changes informally with personnel. Likewise, unionized workers retained certain protections in the workplace, and could still exploit informal spaces within union institutions to regroup. Further, in large firms, unions could still use their substantial economic resources to fund recreational activities (sports, summer resorts) which provided a locus for sociability and group solidarity among members. How did this constellation of policies take effect at MADECO?

**Political Terror and Negotiated Industrial Reform**

MADECO is Chile's largest producer of semi-finished copper goods. 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, copper alloys, and aluminum. Each mill supplies different markets, and is thus subject to distinct market cycles. Founded as a family-managed firm in 1944 with significant state investment and credit, and accorded both raw material and price subsidies, the firm grew substantially until 1966. Management practiced paternalist policies towards labor, while permitting the growth of a strong, independent union (Stillerman 1994). From 1966-1973, MADECO faced severe financial difficulties, and professional managers attempted to rationalize production.

The State Development Corporation (CORFO) purchased 21% of MADECO's stocks in 1971, and the UP government appointed engineers to co-manage it with the workers. In 1972, CORFO
negotiated an option to buy an additional 42% of the stocks from General Cable (U.S.A.) and CEAT International (Italy) which had developed a joint venture with MADECO in 1967 to build a telephone cable plant in Antofagasta. This meant that the state effectively held 63% of MADECO's shares by mid-1972.

The MADECO blue collar union was one of the strongest in the metallurgical sector before the coup. With higher than average wages, specialized skills, and a sympathetic management, MADECO workers created a tremendous union infrastructure (union hall, clinic, school, summer camp, etc.), built a culture of participation within the organization, and helped incipient unions get established. Union officials were predominantly PC and PS militants, while the PDC had minority representation on the directorate. Further, the union was closely linked to national labor organizations. The UP government viewed MADECO as a government showpiece, as the PC and PS dominated the union leadership, and the well-organized rank-and-file solidly backed the government.

**The Junta's iron fist.**

On September 18, 1973, Jaime Deischler, MADECO's personnel manager and a retired military official, began his twenty-year effort to dismember MADECO's powerful union and undermine its solidary culture by sending 270 MADECO workers identified with the UP government to the National Stadium where military officials interrogated, tortured, and imprisoned them. The military charged them with building "mini-tanks" (tanquetas) from the firm's motorized forklifts in a conspiracy to resist the military coup of a week before. This allegation was never confirmed, and the idea that a forklift could pose a real challenge to a real tank was preposterous. Management fired many of these workers and refused to pay their retirement benefits and severance pay. With the name "MADECO" printed on their work record, most were blacklisted in Santiago because employers feared they were terrorists, given the media blitz regarding the "tanquetas." As a result, they suffered extreme hardship and isolation under the junta.

After the post-coup "roundup," Deischler terrorized workers through ritual humiliations. For example, he forced one worker to descend into an oil tank in the brass mill to look for hidden arms. He didn't find any, but the search was successful: onlooking workers were terrified by their possible implication if arms were found; and felt powerless as they saw their coworker covered in oil and virtually asphyxiated by the fumes. Additionally, Deischler regularly threatened to send workers to the Tacna military base if they did not work hard enough, resisted managerial authority, or if he learned they were leftist militants.

Until the end of 1974, Deischler rooted out leftist activists through a spy operation led by Osvaldo Romo, one of the DINA's (National Direction of Intelligence) most notorious torturers (though selective repression continued throughout the dictatorship):

The firm hired military personnel to listen to our conversations. They all began as janitors...Romo was here, too. He was sent by Mr. Deischler to the brass mill. He was only here briefly, but he really screwed a lot of compañeros. He called the CNI [sic: National Intelligence Service, which replaced the DINA in 1977] to follow people, and afterward they disappeared for a while.

Deischler's regular threats and pressure tactics as well as the presence of intelligence personnel produced a climate of fear even among workers who had never participated in politics.
Management's velvet glove.

While Deischler carried out the junta's policy of political terror against the left, the authorities entrusted Fernando Pérez with the job of restructuring the firm in the context of radical neoliberal policies. Pérez had been MADECO's Production Manager from 1966-1971 and technical advisor during the UP. His experiences prior to the coup had little relevance to the situation he faced in 1973. The firm was heavily indebted, and over the next few years, the government eliminated guaranteed prices for its products, implemented several currency devaluations, reduced import tariffs to 10%, and ended price subsidies on exports. Furthermore, two years of co-management had disrupted traditional forms of managerial authority in the firm.  

As if the firm's precarious financial situation was not enough, the junta notified Pérez that they planned to sell the state's majority stake in MADECO. However, it was unclear who actually owned these shares: "I called CORFO to find out who owned the firm, but they didn't take responsibility...CORFO had negotiated an option to buy the package of shares from the foreign investors, but now it didn't want to buy firms; it wanted to sell them." Beyond the issue of who really owned 42% of MADECO's shares, potential buyers insisted that MADECO must secure adequate financing, modernize machinery, and radically cut personnel before they considered purchasing it.  

MADECO's indebtedness made it virtually impossible to satisfy these demands: "It was a firm that could not improve its efficiency by purchasing new machinery at that time because its debts were greater than its investment capital." The frequent currency devaluations after the coup compounded this problem because much of MADECO's debt was from U.S. banks: every devaluation made credit more expensive.  

In response to MADECO's crisis, Pérez reduced the work force from 2050 in 1973 to 1185 in 1978 by offering workers economic incentives to retire, as the firm would risk expensive court battles by firing workers without due cause because of the Labor Code's job security clause. Technically, these retirements were voluntary (workers were not fired outright), but in many cases, Deischler pressured them to leave. As the union's lawyer noted, "If management tells you they want you out, they're implicitly saying you're fired." In fact, many workers who voluntarily retired have requested increased severance pay under a recent law passed by the civilian government which compensates individuals fired for political reasons during the junta. Several contend that Deischler pressured them to sign a voluntary retirement agreement, which meant that they relinquished any legal recourse against the firm.  

While it is unclear what percentage of these cases were truly "voluntary," the essential point is that management could not simply fire non-leftist activists with impunity. Managers calculated that by offering a better than average severance package, they would still pay less than the 200% severance pay the courts awarded dismissed workers who sued management. Though workers' ability to sue their employers for severance pay may appear bizarre in the context of political terror, it fit the junta's legalistic ideology, and resulted from the regime's paralysis regarding the labor law. Additionally, employers needed bi-ministerial approval to fire more than ten workers per month (República de Chile 1971), making massive layoffs subject to legal punishment. In short, workers could negotiate the terms of their dismissal.  

In addition, Pérez paid workers a lump sum to change the payment formula from one in which production incentives were different for each machine (which gave individual workers bargaining leverage over pay scales) to a flat monthly bonus paid to all staff as a percentage of the firm's net
production. Management also eliminated ad-hoc systems of payment by work task (tratos and tareas) offering overtime payment for the completion of individual tasks (which often could be done in a single shift). Further, he exchanged the profit sharing agreement with workers for a quarterly bonus system, shifting a portion of profits from workers to stockholders.

In all of these cases, Deischler pressured workers to accept the new payment system, or solicited agreement from the union leaders he appointed who had little trade union experience and no accountability to the rank-and-file. It was certainly not a level playing field, but because management had to fulfill existing contracts, the only way to reduce payment and benefits was to pay workers in exchange for their acceptance of the new arrangement. Management could not get something for nothing.

Pérez also eliminated unprofitable product lines and expanded exports to non-traditional markets (primarily the Middle East) in response to the 1975-76 contraction of the domestic market. In addition, he experimented with informal work teams based on his readings of popular management textbooks published by the U.S.-based Hamilton Institute. Finally, he gradually introduced new machinery and reorganized the layout in several work sections (particularly in the brass mill), though much of the new acquisitions had been purchased prior to the UP. Pérez's cost-cutting techniques bore fruit for the firm. From 1974-1978, productivity increased from 6.5 to 10.3 kg. per man-hour. Despite a loss during the 1975 recession, profits shot up from 13.1 million escudos in 1976 to 117.8 million in 1979. MADECO also received several awards for its success in exports. Debt service peaked at U.S. $2.1 million in 1977 and management estimated its decline in upcoming years.

While MADECO suffered a severe crisis, it survived the regime's stabilization policies, unlike many other metallurgical firms which went bankrupt during the period (Vector 1981: 43). Scholars suggest that copper semi-manufacturers were not hit as hard as other metallurgical industries because they were able to rapidly expand exports in the late 1970s by shifting to product lines with simple production processes which were more amenable to cost-cutting (Vector 1981, Díaz 1989).

By 1977, the government began to auction off the firm. After no buyers showed interest during the first two auctions, the Luksic business group, which had owned shares in MADECO since 1958, bought a majority interest in the firm with credit. As noted above, this phase of privatization witnessed the ascendance of new economic groups through their purchase of state-owned firms with debt financing. With the firm in private hands, the first phase of rationalization was complete. What had transpired in the union while the firm underwent these significant productive changes?

**Informal Union Organizing**

While MADECO's personnel manager ruthlessly attacked presumed or real leftist militants, he left the union intact, though it could only serve as a refuge for clandestine activities. Police surveillance made union meetings a farce, but after the immediate trauma of the coup blew over, younger members found spaces within the union to reorganize outside management's gaze, and independently from the official union leadership. Thus, targeted repression did not kill the spirit of trade unionism; ironically, it fostered the emergence of a new cohort of activists.
After the coup, while management spread fear in the workplace and the union hall, it left a few crucial centers of sociability intact: the union organization, summer resorts, sports teams, and the daycare center for the children of female white collar employees. These were the areas where a sense of community and the building blocks of resistance emerged.

The union, while it met rarely, was not annihilated, and could be reactivated after the junta permitted public union activities in 1978. Union affiliation remained obligatory. Even the government-appointed union leaders had had some experience as leaders prior to the coup, and made some efforts to protect workers. René Gutierrez, the union president, and a Christian Democrat, invited Nicanor Díaz Estrada to meet with personnel to ask for a halt to layoffs in October 1974, and subsequently hired a lawyer to defend dismissed workers. The lawyer won many cases against the firm, and noted that even during the peak of terror in 1974, dismissed workers wanted to fight the firm in court to defend their severance pay. He saw this attitude as demonstrating the persistence of MADECO workers' militant union culture.34

Shop stewards still met informally with the union leaders and discussed ongoing problems. The stewards both gained valuable experience through their participation, and became obvious candidates for union office after 1978. As the 1978 president-elect commented, "I had the good luck of being a shop steward until the government called union elections."35 Likewise, the summer resort provided a space to commune and maintain social ties, and its elected administrators gained visibility which later helped them get elected to union office: "The people at MADECO really supported me because I had worked two years on the San Sebastián [summer resort] commission as treasurer. They even wanted to elect me for a third term."36

The firm hired new recruits beginning in 1976 after the negative effects of the 1975-76 devaluation had subsided, and new orders for exports permitted the firm's short-term expansion. Management only hired those with recommendations from military officials, mistakenly assuming that military experience guaranteed a conservative outlook. Thus, a new breed of workers entered, not having been traumatized by the political witch hunt in MADECO of 1973-74. In fact, several of these new workers had experiences as union and student activists during the UP. They would later come to work closely with more senior MADECO workers. At first, however, older workers who had experienced Romo's spy operation suspected that these new recruits were intelligence or military personnel.37

Sports games were arenas where younger workers tried to overcome this mistrust. Héctor Velásquez, one of the new recruits, used his impressive sports talents (he had studied physical education in college) to win popularity among older workers, and to feel out their political and trade union sensibilities in firm-sponsored sports events: "I tried to participate in all of the sports activities available. That's how I got to know people...That's how we started to form a current of opinion -- which was about all you could do back then."38 He also received a position as custodian of the daycare center in 1977: "I held meetings in the daycare center since it was close to work. Five or six of us would get together there to propose ideas and try to influence the organization. In fact, we led the winning insurgent slate in 1981 which changed the union's direction. By then, we had another group in the brass mill."39

In these informal settings, the new recruits found that the older workers they encountered had extensive political experience, and while they were quite fearful, favored resuscitating an independent trade union: "All of the union members had lived through the political struggles of 1970-73. They were conscious people; they knew what had happened...They had all been militants or sympathizers with the PC, PS, or PDC, and they all had a great fondness for the union."40 Thus, building on both the union
traditions in MADECO, and their employer's maintenance of key centers of sociability, younger and older workers created the seeds of the new unionism. Management had decimated the union's political structures, but the roots of class identification remained, ironically nurtured by management.

Unlike standard discussions of the junta's early years, this discussion demonstrates both the limits and contradictions of military initiatives. The junta's policy choices demonstrated its internal conflicts and indecision over labor policy. Nicanor Díaz's tenure as Labor Minister highlighted splits between the army and air force, and the Pinochet loyalists who replaced him had no clear plan. Underneath this morass of conflicting policies was the regime's implicit desire to legitimate itself via appointed plant-level union leaders who would act as intermediaries in the implementation of managerial reforms. This combination of indecision and the goal of legitimating policies via loyal labor leaders had paradoxical outcomes for management and labor.

Managers sought to adapt to a new economic setting where all traditional state supports had vanished, but labor law remained the same. The regime could impose free market policies on firms, but the latter could not do the same to personnel. Workers, on the other hand, navigated through the regime's institutional terrain to their own advantage, where possible. They exploited existing legal provisions over job security to force managers to pay the price for their dismissal. Further, workers used whatever means available within union institutions to regroup their forces. The regime would apparently resolve these contradictions by passing a new labor law, but this only created another set of problems.


With the left parties dismantled, the economy booming with the implementation of free market policies, and Pinochet's competitors marginalized from the junta, the regime seemed to have consolidated its control over the state. However, a 1978 AFL-CIO boycott threat would now force the junta to permit union elections and collective bargaining. The regime designed the new labor laws, collectively known as the *Plan Laboral*, to demobilize and depoliticize unions. The opposite occurred. Unions bitterly fought with management over layoffs and wage/benefit rollbacks permitted under the new laws, and used the political opening to begin rebuilding the labor movement. The 1981-83 economic crisis catalyzed the labor movement, while it threatened businesses with bankruptcy. In short, the Plan Laboral gave workers and employers new political opportunities, producing bitter conflicts which weakened the regime in the short term, rather than strengthening it.

A New Concept of Freedom: The Labor Law

In October 1978, the government called union elections in response to an AFL-CIO boycott threat because of systematic violations of labor rights in Chile. Simultaneously, the junta appointed José Piñera labor minister. The Harvard-trained economist penned a new labor code, the *Plan Laboral* decreed in 1979. The law was the first of "Seven Modernizations" designed to privatize or decentralize government services (healthcare, social security, education, the judiciary, agriculture, and local government) and foster a consumerist mentality among the population. These measures followed the 1980 Constitution, and together, they replaced the pre-1973 legal and administrative framework (Constable and Valenzuela 1991, p. 190; Foxley 1983, Edwards and Edwards 1987).

The law eliminated the closed shop, reduced the penalties for firing workers without due cause, permitted employers to move workers from one job to another, limited strikes to 59 days, and allowed businesses to hire strikebreakers if a conflict went beyond thirty days. In 1981, amendments allowed
employers to freeze wages and benefits (salaries had previously been automatically indexed to inflation), eliminated obligatory profit-sharing, and permitted mass layoffs (Ruiz-Tagle 1985, Campero and Valenzuela 1984). Thus, after flirting first with corporatist labor legislation, then government control of the union movement, the regime settled on a market model of labor control.

During this period, the Chilean junta pioneered policies which would reverberate far beyond that country. Today, these measures represent the consensus position of the International Monetary Fund/World Bank and Latin American governments. The former prescribe similar measures, while the latter view Chilean labor law and social service privatizations as policy blueprints (Roxborough 1992, Gustafson 1994, Canak 1989).

The Economic Crisis

The 1981 bankruptcy of the state-owned sugar company (IANSA) was the first sign that the 1970s boom would soon end. This event demonstrated that the first phase of privatization had concentrated enormous wealth in a few hands, and these new economic groups were overexposed to foreign debt. That same year, the combined effects of the 1979 oil shock, declining copper prices, and the U.S. Federal Reserve's decision to raise interest rates sparked Chile's worst economic crisis since the Great Depression (Hachette and Luders 1992, Constable and Valenzuela 1991).

In August, 1982, the junta scrambled to respond to the crisis by appointing 'Chicago Boy' Rolf Luders "superminister" of Economy and Finance. Luders placed four failed banks worth U.S. $300 million into receivership, and took over 150 bankrupt firms linked to those banks. The profligacy of the first wave of privatizations backfired: the state now owned many of the firms it had sold a few years before. Luders also devaluated the peso and implemented an across-the-board wage cut in March, 1982. The synergistic interactions between the new labor law and the economic crisis would prove an explosive combination for the MADECO union.

Privatization and a New Managerial Mentality

Given Pérez's considerable success in placing the industry on firmer footing, it is not surprising that the Luksic Group (today one of Chile's five largest business conglomerates) purchased a majority interest in MADECO in late 1979. The group emerged in the 1950s, became one of the most financially solid conglomerates in the late 1970s, and by 1993 held the third largest fortune in Latin America. The family gained a reputation for purchasing troubled firms at bargain basement prices and rapidly turning them around through administrative shakeups and radical labor force reductions.

In addition to the concentration of wealth spawned by the privatization process, many economic groups employed new business techniques by replacing traditional self-taught managers with college-trained engineers (Edwards and Edwards 1987: 98). Indeed, the Luksics would bring a new managerial style to the firm, replacing MADECO's traditional paternalist policies (echoed in Pérez's leadership) with management governed by strictly economic criteria. The Luksics had owned shares in MADECO since the late 1950s, and while they sold all but 5% of their holdings during the UP, they maintained representation on the Board of Directors. After gaining control over the firm in late 1979, the group both completed a process begun by the previous administration, and embarked on new areas of restructuring.
The group's efforts to rationalize MADECO resulted as much from its managerial philosophy as from the 1981-83 economic crisis. The company's domestic and export markets collapsed during the recession, and the Chilean Telephone Company reduced its contracts with the firm. The virtual elimination of import tariffs and price subsidies by 1979 likely exacerbated the effects of the world recession on the firm by reducing its ability to compete at home and abroad (I. Valenzuela 1990: 413). In 1982, at the depth of the crisis, wire and brass mill sales dropped 35% and 45%, respectively, and the firm suffered a 500 million peso loss.

In the context of the crisis, the Group deployed managerial techniques which intensified employer control over the shop floor and hiring policies, much like their Chilean counterparts (Díaz and Martínez 1996). First, they began to hire subcontractors for security, cleaning, and construction activities. Second, they moved workers from one machine to another, a policy which the firm's magazine euphemistically dubbed "enriching job descriptions." Third, they eliminated the internal labor market, hardening occupational stratification in the firm. Fourth, they ended the traditional practice of hiring family members, breaking one source of inter-generational continuity in the firm. Fifth, in 1982, the owners moved operations from MADECO's telephone cable plant in northern Chile to the wire mill in Santiago. Most importantly, the firm began massive layoffs amidst the economic crisis of 1981-83. This last policy would have the most profound effect on workers' attitudes, as discussed below. Thanks to these continued efforts at streamlining, MADECO was ranked the fifteenth most profitable business in Chile in 1980; and after losses during the financial crisis, profits have consistently risen since.

The Luksic Group's unilateral imposition of managerial policies without resort to negotiation or compromise embodied a profound break with their predecessors' managerial style. Workers experienced this change not only as a smaller paycheck, but also in more hierarchical relations within the company. However, while the state had freed managers to take these unfettered actions, workers could now openly defend themselves. A much more confrontational dynamic in labor-management relations ensued.

**From Clandestine Organizing to Open Resistance**

By permitting union elections, the new law served as a vehicle through which workers could channel their experiences in clandestinity into public union action. However, just as unions began to regroup, they found that under the new law, they lost many of the benefits they had held in the previous period! Unions fought sometimes desperate battles to defend their wages benefits, and jobs, even though the new law was designed to insure their failure. MADECO workers waged one the most significant of these battles.

The junta called union elections in October, 1978 with three days' warning. Former or active political militants and workers with less than four years' experience could not run for office. Though they were taken by surprise, MADECO activists used the contacts they developed over the previous few years to propose a candidate -- the clandestine organizing paid off: "I led a current of opinion which sought to elect people who satisfied those criteria, but also might help reactivate the union...In conversations with several people, we decided to vote for Garibaldi."

The insurgent candidate, a shop steward in the wire mill, was elected president. He was accompanied by Luis Banda and José Candia, both of whom ran their own campaigns. Garibaldi had joined MADECO in 1964, while José Candia entered in 1960, and Luis Banda in 1945 -- all had considerable experience as union members. The president focused on getting the union up and running again. First, he sought to recover control over the union hall, school, and clinic from management, who
held de facto control over the space until 1978. Second, the president reinforced the system of shop stewards to prepare for the 1980 contract proposal.

Prior to the Plan Laboral, the union met approximately once per year. Meetings were poorly attended, only the union president spoke, and police were present to verify that no one discussed collective bargaining or political issues. After the 1978 elections, however, rank-and-file workers began to speak up in meetings. In addition to criticizing management, members demanded that union leaders take a stand to counteract layoffs. In a meeting held in preparation for the first contract bargaining sessions in 1979, a majority voted to freeze overtime hours until management agreed to stop the layoffs, even though the leaders cautioned against this tactic. Management acceded to the union’s demand a few weeks later in exchange for workers’ acceptance of the firm’s contract proposal and agreement to resume overtime work.

On Good Friday, 1981, another conflict ensued. Jose Candia and workers on the day shift in the brass mill left work early, as was customary on holiday weekends. However, management suspended the walkout participants and fired Candia for illegal abandonment of work. His dismissal, and a recent law calling for unions with more than 250 members to have five leaders, led to new union elections. In this round, Velásquez, Fuentes, and others worked to elect a majority of the leaders from both the wire and brass mills. Fuentes, who had previously been treasurer at the summer camp and shop steward, was fired and rehired in 1980. Because he lacked sufficient seniority, he was legally barred from running for union office, but he used his popularity to campaign for Carlos Vargas, a former summer camp administrator in the brass mill. Velásquez and Vargas were elected along with Garibaldi. Mario Zúñiga and Eliodoro Salazar, who ran their own campaigns, were also elected. Vargas, Velásquez, and Garibaldi worked together to build a more combative union, while the other two were largely inconspicuous.

Upon their election, the new leaders were shocked by an amendment to the Plan Laboral permitting mass layoffs: “that very month when we were elected, over 100 workers were fired, and the layoffs didn’t end.” The MADECO union leadership took a twofold approach in this context. Sparked by the new managerial attack, and eager to develop a more dynamic union, Velásquez and Vargas began to organize the counterattack. Inside the union, they published a newsletter, held regular assemblies, formed cultural and sports committees. Outside the union, they made public statements, and developed links with other unions.

Late that year, the leadership complained to the press and public authorities about the layoffs, and published the first issue of its newsletter. The union published an editorial in the bulletin which criticized management and the government for the layoffs. The piece made a splash as workers read it secretly imagining that the newsletter was clandestine, and management stepped up attacks against the union after its publication. A new phase of open confrontation with management had begun.

Union leaders’ next step was to develop links with other unions. In 1982, they held a May Day conference at the union hall attended by over 300. At the conference, plant-level unions were represented by two territorial federations from Santiago’s largest industrial boulevards [Federation of Unions of Maipú (FESIMA), linked to the MAPU party; and Solidaridad, of Vicuña Mackenna], and unions from Santa Rosa Boulevard (near MADECO). The speakers from each group protested mass layoffs, and called for rank-and-file organizing campaigns. Additionally, Emilio Torres, President of the Copper Miners’ Confederation (CTC) and a regime opponent, sent a letter of support. The attendees drafted a letter backing Torres against attacks by a pro-Pinochet CTC leader.
After this successful event, MADECO leaders proposed the organization of a grassroots labor seminar, dubbed the Metropolitan Inter-Union Conference (CIM), arguing that plant-level union leaders had had few opportunities to discuss the new labor law and their concrete problems. Participants scheduled the conference for the following May, and held several preparatory meetings in the intervening months at the MADECO union hall. The event’s participants saw the CIM as an opportunity to develop an alternative strategy for the labor movement which focused on rebuilding plant-level unions to increase the movement’s capacity for mass mobilization.

Indeed, much labor opposition since the coup had been the purview of national level union leaders from the previous period who had either operated in clandestinity (Marxists), or led federations with little or no internal life (PDC and pro-Pinochet union leaders) [Albuquerque and Zúñiga 1987, Hurtado-Beca 1981, Campero and Valenzuela 1984]. Moreover, each group was aligned with specific political parties, sparking ideological feuds between the different groups which divided their potential constituencies along party lines. Additionally, these groups focused their energies on public declarations against the regime rather than rebuilding the union movement from the bottom up (Barrera and Valenzuela 1986, Campero and Valenzuela 1984).

CIM participants criticized the national groups for focusing more on party politics than grassroots organizing, and for not incorporating plant-level unions into their decision-making structure. While these critiques of the national groups’ oligarchic tendencies were rooted in CIM activists’ democratic principles, they also reflected their pragmatism. MADECO workers were haunted by memories of post-coup repression, and had been bombarded by regime propaganda demonizing political parties. Many thought that the left’s "errors" during the UP helped provoke the coup. This suspicion toward and rejection of parties is summed up in one militant strike activist’s comment that, "One good thing about this union is that no one talks about politics." Even the leaders elected in 1978 shared this attitude toward parties. Further, apart from a handful of political activists who were not industrial workers, the union leaders from outside MADECO who participated in the CIM also feared being identified with parties. Thus, CIM activists developed a style of “apolitical” labor activism in tune with both their vision for the labor movement and their constituents’ attitudes. The CIM would play an important role in the MADECO strike by providing a cadre of activists to support and publicize the conflict, and would serve as a precedent for MADECO leaders’ organizing initiatives in the labor movement during the 1980s.

José Piñera’s Plan Laboral created new political opportunities for MADECO workers. Designed to fragment, neutralize and depoliticize plant-level unions, the labor reforms actually placed workers’ grievances in the public spotlight. By maintaining existing labor law intact prior to 1978, the junta had provided the space for clandestine organizing within unions. When the junta legalized elections and strikes, workers could channel those preexisting efforts and networks into public contestation.

Indeed, workers had a great deal to complain about. They were enraged by the Luksic Group’s unilateral imposition of wage and benefit rollbacks and changes in the labor process, on the one hand; and the state’s elimination of time-worn legal guarantees, on the other. The 1981-83 economic crisis further politicized workers as the "economic miracle" ended in disaster. The Plan Laboral and the economic crisis had ironically sparked union opposition and politicized workers’ grievances.

Moreover, the Plan Laboral had the unintended consequence of democratizing unions. Workers developed forms of direct democracy within the junta’s legal framework through union elections, shop floor actions, and publications, fueling their opposition to the regime. This was equally true of
MADECO’s forays into the labor movement. The CIM leaders’ vision of grassroots democracy was in one sense an extension of what MADECO workers had achieved in their own union. In another sense, it offered a trenchant critique of national labor leaders’ anti-democratic practices. These two arenas of public contestation and democratic practice converged with the 1983 strike, the climax of the process of union mobilization begun in the mid-1970s.

Turning Point: The 1983 Strike

The economic crisis and the way the junta managed it placed the MADECO union and management on a collision course. The recession led MADECO’s managers to continue the wave of layoffs, while the regime’s decision to devalue the currency, mandate a wage freeze, and permit new benefit rollbacks allowed the company’s executives to further chip away at wages and benefits. The ensuing conflicts ended in a 59-day strike, the culmination of the blue-collar union's organizing efforts over the previous seven years. In the strike, MADECO workers integrated workplace-based and inter-union mobilization, and tested the limits of the Plan Laboral's provisions on behalf of unions. The strike's outcome would end a cycle of union mobilization, and shape the parameters for union action over the long term. It is only in this cycle's completion that can we see the pattern of labor demobilization described in the literature as characteristic of the entire dictatorship.

Prelude to the Strike

In late May, management asked MADECO workers to renounce their quarterly bonus based on the firm's profits (gratificaciones) for the year because, they argued, the company could not afford it. This request followed a labor law change permitting firms to renegotiate hitherto obligatory gratificación payments (Ruiz-Tagle 1985). The union leadership refused, and management tried to force workers to sign away the benefit individually under threat of dismissal. With the union standing firm, management fired twenty-nine workers. Members then agreed to relinquish the benefit if dismissed workers were reinstated. Management accepted this compromise, and then reneged after all union members had given up the benefit. While the battle was lost, the ongoing meetings in the union hall during the face-off evidenced an important psychological shift among union members:

Though the conflict had a negative outcome for the workers...we need to emphasize the great mobilization of our members...arriving at its climax Thursday the 10th when the workers overcame their fear of speaking, and, one by one, firmly rejected the firm's maneuvers. In addition, there was a standing ovation for the leaders, which helped strengthen our organization. 66

Union members knew that if individuals spoke up in the meeting, they would immediately be fired, so this small gesture of speaking to defend one another's jobs formed a powerful component in the increasing confidence and trust among union members. 57 Moreover, management’s willingness to run roughshod over benefits and then renege on its agreement heightened workers’ anger and militancy.

After this conflict, three factors pushed workers closer to their 1983 strike decision. The first was the government's response to the increase in interest rates in the U.S., and the ensuing banking crisis in Chile. As noted above, in June, the regime decided to devalue the currency and cut wages in order to counteract the crisis. 68 Because of the change in wage policy, employers were not obliged to index salaries to inflation, and thus MADECO workers could expect that management would offer a wage cut in the upcoming negotiations. The second factor was the ferment among white collar workers. An
insurgent president was elected in the white collar union who pledged to work alongside the blue collar union. With the white collar union on board, the blue collar leadership sensed that a strike would not be completely suicidal, even in the context of a severe recession. A third factor was increasing union activism outside MADECO. Prior to the contract negotiations, the CIM held its second preparatory meeting at the MADECO union hall, where thirty-seven unions attended and agreed to organize the conference the following May. This core of students, union leaders, and political activists created a critical mass in the union hall, and would provide moral and material aid during the strike.

Additionally, in late November, one of the most important strikes of this period began. 1500 non-unionized construction workers building the Colbun-Machicura hydroelectric dam in southern Linares went on an illegal strike. While strikers initially won bargaining rights, management fired the entire work force in January. A solidarity campaign continued for a few months. In interviews with MADECO leaders which appeared in the labor press during the strike, they commented that while the Colbun strike was defeated, they saw it as an important example of how to mobilize the rank-and-file and build solidarity. Additionally, sympathetic observers viewed both strikes as challenges to the Plan Laboral: the Colbun conflict questioned the exclusion of temporary construction workers from collective bargaining, while the MADECO strike challenged the June, 1982 wage freeze. Finally, during the solidarity campaign, Colbun activists used the MADECO hall as their center of operations. For these reasons, both MADECO strikers and observers at the time saw the two strikes as a single movement.

**Striking Against the Odds**

During the December contract negotiations management complained of a 500 million peso loss in 1982, and offered a wage freeze. In fact, on December 31, the junta added another amendment to the Plan Laboral permitting all contract negotiations to begin at zero: employers could pay wages which were lower than the 1979 level set in the previous June's wage decision. The union asked for a 4.9% wage increase above inflation, arguing that the firm could cover the increase with revenue from growing exports. The stalemate ensued until the January 31 strike vote when 331 of the blue collar union's 357 members (93.1%) voted to strike, and 60 of 70 (87.5%) of white collar union members supported the walkout. Ironically, from the strike's beginning, workers sensed that it had little chance of success: 'We all knew it was a strike with no future, but you learned how to get to know people during the conflict.' If the strike offered less-experienced activists a chance to explore new social relationships, it had a moral and political dimension which could not be measured by its economic success: 'The whole country was watching the strike. Some saw it as a source of hope, others thought it was crazy. If we hadn't had hope, we wouldn't have democracy today.' In other words, participants were not just concerned with their own economic situation, but sought to contribute to the broader campaign to bring down the junta.

Several factors lowered strikers' morale during the first weeks of the walkout. First, police parked in front of the union hall beginning a few days after the conflict began, effectively confining strikers inside. Further, the unions' economist convinced Vargas and two white collar leaders to reduce their demands during the first week of the conflict. This rapid surrender seemed to confirm management's claim that the strike would collapse after its first month. Finally, management's initial public statements sought to demoralize strikers. They depicted the strike as politically manipulated by the CIM; reminded strikers that the law permitted the use of strikebreakers after the conflict passed the thirty-day mark; and predicted that most strikers would return to work after the 30-day mark, when replacements were hired and strikers could negotiate contracts individually.
During the strike, the union organized a negotiating team, a soup kitchen, a commission to seek economic and moral support, and an entertainment committee. About fifteen wives of strikers organized a women's committee which ran the soup kitchen, sought economic aid, and publicized the strike in the press and on the radio. Many musicians and actors performed at the union hall, and strikers held soccer tournaments. Participation in the commissions and activities helped strikers keep up their morale and to feel they had a stake in the conflict. In addition, union leaders, political activists, students, and Canadian journalists visited the union hall as a show of support.

The first test for the strikers came after about two weeks when the firm advertised for replacement workers. After reading the advertisement, about 200 strikers marched in the early morning to a nearby MADECO affiliate where an estimated 5-7000 job applicants lined up. Strikers passed out pamphlets to applicants explaining the reasons for the conflict, asserting that the firm was using the applicants to break the strike, and arguing that if they were hired, they would be fired at the strike's conclusion.

Police surrounded strikers as they marched back to the union hall, arresting eighty union members and three leaders. Prison authorities only held union members in custody until the evening, but they interrogated the leaders: "[The leaders] state that some of them were harassed, insulted and punched. Héctor Velásquez was interrogated while 'blindfolded' about 'the reasons for the strike and its "political" character' and was told that 'it was just like Colbun Machicura."

The next test came on the strike's thirtieth day. Early that morning, the union leaders waited by the factory gates to see how many strikers would return to work. Police held them back, and arrested Garibaldi, the union's treasurer, charging him under the Internal Security Law with carrying pamphlets and miguelitos [twisted nails used to cause flat tires]. On the same day, hundreds of pamphlets signed by a "Committee of Non-Strikers" accusing the union leadership of being communists and gangsters were dropped in front of the union hall. In a rebuttal to the accusations, the leaders suggested that the pamphlet was another of Deischler's maneuvers as it repeated many of his public comments on the strike verbatim. A few days later, three wives of strikers held a fast and prayer vigil to dramatize Garibaldi's imprisonment. After a week in custody, police dropped charges against the treasurer and released him.

By the time Garibaldi returned to the union hall, a considerable number of strikers had returned to work: "everyone went back in the wire mill; we were more hard core in the brass mill." In fact, about 50 strikers returned to work after 30 days, mostly from the white collar union. A few more abandoned the strike over the next month. Because the firm had recently moved its Antofagasta telephone cable operations to Santiago, strikers from the wire mill could hear the machines running -- they feared management would permanently replace them. Further, after the 30-day mark, in addition to new recruits, the firm rehired former MADECO workers to break the strike. Unemployment rates estimated at between 22% and 30% certainly added to strikers' and replacement workers' sense of desperation.

As the numbers of strikers who returned to work increased, and the remaining holdouts began to lose hope, the union held a final meeting on the 47th day to decide on whether they should continue the strike until the legal limit (59 days), or return to work. After a combative speech by Fuentes beseeching workers to fight to the end, 80% voted to continue the strike. When the conflict reached its legal limit, strikers returned to work empty-handed. However, during the last day, they celebrated the movement with a seafood stew (curanto) dinner in an atmosphere of great camaraderie: "One of the best experiences
of my life was singing the national anthem together with the remaining strikers on the last day of the strike. I've never heard it sung so beautifully!" In the end, strikers found consolation in their analysis that "The firm didn't defeat us, the labor law did." 

   Indeed, the most important lesson MADECO union leaders drew from the strike was that the Plan Laboral gave employers inordinate powers to break strikes, making work stoppages futile. As Carlos Vargas, the union's president, commented after the strike's first month, "We have the weapon of the strike, but it isn't loaded." At a May Day celebration after the strike, Velásquez amplified this observation: "The strike's defeat shows that the Plan Laboral is a fraud against the workers. The Plan Laboral must be liquidated by the labor unions!"

   MADECO's 1983 strike had tested the Plan Laboral's limits, and its outcome led workers to see this set of laws as a "fraud." If the laws had initially served as a vehicle for workers' public expression, why did they now seem to only serve management? The financial crisis provided a favorable conjuncture for the consolidation of both the law and managerial authority. Given the gravity of the crisis, employers could exploit any excuse to fire workers. In this context, unions' radicalism met with a management response far more powerful than spies, machine guns, and disappearances: the pink slip. Thus, the explosion of grassroots activity died out as quickly as it began. Although the Plan Laboral now appeared to resolve the contradictions in regime policy toward plant-level unions, the economic crisis would force the junta to reconfigure its economic policy and respond to the explosion of popular opposition. The success of the regime's first efforts at crisis management after the AFL-CIO boycott threat ushered in another challenge which would shake the junta's very foundations.

   **The Strike's Legacies, 1983-88**

   The strike's defeat coincided with a national political crisis. On the one hand, the junta responded to the recession and protests from small and medium businesses by adopting a more pragmatic economic policy, leading to an economic boom beginning in 1985. On the other hand, the explosion of pro-democracy street protests called by the Copper Miners' Confederation in May, 1983 led the generals to begin negotiations with the opposition, setting the course for the resumption of civilian rule in 1989. The economic crisis shattered the junta's smug self-confidence, and led to its ultimate demise.

   While economic transformation and political upheaval reshaped state policies, they simultaneously transformed workers' status. The Plan Laboral's consolidation amidst the economic boom facilitated the emergence of new managerial practices which sealed labor's subordination and disarticulation in the workplace. However, the political ferment in the streets, and the high visibility of national union leaders expanded the political space for labor movement activism.

   **The Economic Boom and Structural Change**

   After briefly incorporating traditional business leaders into the cabinet, the junta returned control over economic policy to the technocrats. Hernan Buchi, named Finance Minister in 1985, adopted more pragmatic policies on public spending, tariffs, and regulation, including counter-cyclical public infrastructural investments, moderately increased import tariffs, greater regulation of the privatization process, and stiff bank regulations (Constable and Valenzuela 1991, Drake and Jaksic 1991, Hachette and Luders 1992).

   By 1985, the economy had recovered, and was heading for a decade-long economic boom. This rebound was evident in declining unemployment, which sank to 9.8% by 1989; and rising growth rates,
which reached a stunning 10% during the same year (Hachette and Luders 1992, pp. 28-29). During this period, non-traditional exports (fisheries, lumber, fruit) and services (mutual funds, private health insurance) became the most dynamic economic sectors. Throughout the economy, managers began to apply flexible contracting methods like subcontracting and outsourcing which further undermined unions’ organizational power (Constable and Valenzuela 1991, p. 215; Díaz and Martínez 1996; Drake 1996).

The Protests and the Democratic Transition

In May, 1983, scarcely two months after the strike ended, the Copper Workers' Confederation (CTC) called national protests against the regime. Women, students and the unemployed predominated among protesters; industrial workers participated in the evenings in their neighborhoods, but rarely did so in the workplace (Albuquerque and Zúñiga 1987, p. 52, Constable and Valenzuela 1991, pp. 242-43). The protests both legitimized the CTC and the other national labor groups as the rightful leaders of opposition to the junta, and these groups privileged protest demonstrations, public statements, and negotiations with the regime over grassroots organizing (Ruiz-Tagle 1986, Falabella 1989, Schneider 1995, Oxhorn 1995).

The 1983-86 protests increased the bargaining strength of moderate political parties (the PDC, the moderate wing of the PS, and regime soft-liners) who sought a negotiated exit from authoritarian rule, while they created greater political space for the more radical PC and MIR who increased their recruiting among shantydwellers and hoped the protests could spark a revolutionary crisis. The moderate line won out as the protests died down in 1986, and Chileans geared up for their successful electoral defeat of Pinochet in the 1988 plebiscite on his rule and 1989 presidential elections (Constable and Valenzuela 1991, Schneider 1995, Oxhorn 1995, Garreton 1989).

Saving a Sinking Ship: Union Activity and Workers' Culture after the Strike

Immediately following the strike's conclusion, the firm deployed tactics designed to reduce blue collar union affiliation until the organization collapsed. The personnel manager offered members loans in exchange for switching to the white collar union; hired loyal workers to write graffiti in the bathrooms condemning Vargas, Velásquez, and Garibaldi; management lowered strikers' wage scales; and continued targeted firings against activists. However, even when faced with these incentives and pressures, only fifty members switched to the white collar union. In elections held in August, 1983, Velásquez was the only leader reelected. The strikers punished the remaining leaders for getting cold feet during the conflict, and for alleged unfair distribution of strike support funds received from abroad.

By the time elections were held, the firm had fired 78 strike activists, eliminating the most dedicated participants in the conflict. This purge also reduced union membership to under 250 members, meaning the union could only elect three leaders. While Velásquez was elected president, Guillermo Gomez, a prominent young strike activist, became the union's treasurer. Finally, Rafael Quezada, an older worker who had urged strikers to cross the picket line and admitted after the election that management had sponsored his candidacy, was elected secretary. The results were ambiguous: two strike activists were counterbalanced by a candidate who represented strikebreakers and management.

Assessing the fragility of the situation, Velásquez proposed that union members wage a campaign to both forgive strikebreakers and reincorporate them into union life. With this strategy, he
sought to co-opt Quezada's following, and to prevent the union from being reduced to a refuge for a minority of hard core activists:

There was a lot of debate over the idea of closing ranks against the strikebreakers and scabs. The majority in the union wanted to kick them out. Velásquez worked to convince members that we needed to include them, and after eight or nine months, they accepted this argument, and many former strikebreakers rejoined the union.\textsuperscript{101}

In spite of this initial success, the union had to withstand ongoing repression, particularly against its president. On several occasions, Deischler sought to get the courts to relinquish Velásquez's job security protection as a trade union leader (\textit{fuero}) by claiming he had been absent without permission for more than two days. In 1984, he was arrested and tortured over trumped-up charges. Periodically, management would fire workers who spoke to him on the job. Finally, management unsuccessfully tried to bribe him to step down from office on several occasions.\textsuperscript{102}

In spite of this ongoing repression, the leaders sought to reopen dialogue with management on contract issues. The union could only hope to maintain its following by creating a climate of relative peace with management and winning concrete benefits, now that the closed shop rule had been stricken from the labor law. Aided by the economic boom beginning in 1985, and perhaps by management's desire to avoid another strike, the union successfully negotiated favorable contracts for the rest of the decade.\textsuperscript{103}

Although the successfully navigated through this difficult period, the wave of layoffs since 1981 had introduced profound cultural changes within the work force, foreboding a long-term decline in worker militancy. The leadership quickly recognized the negative implications of this phenomenon: “We are conscious of the fact that our organization is not the same as it was in years past. The endless layoffs, especially of older workers, have debilitated us by cutting the umbilical cord that united our union's tradition of struggle with the new workers who now form its majority.”\textsuperscript{104} The union would have to reconstruct the solidary culture built over decades virtually from scratch. The massive personnel turnover largely resulted from the firm's consistent expansion during the economic boom, and its capacity to weed out union activists. MADECO employed 460 people at the strike's beginning. Management fired many of these after the strike, replacing them with strikebreakers. By 1984, the work force began to increase, reaching a peak of 1,100 a decade later.\textsuperscript{105}

Workers hired in the 1980s are better educated than their predecessors. Many of MADECO's original personnel were illiterate, but the firm began to demand a high school education for all new blue collar hires beginning in the mid-1970s. Management claims that this policy change resulted from the incorporation of computerized equipment, making literacy essential.\textsuperscript{106} However, a more likely explanation is that the massive reductions of older, skilled workers beginning after the coup gave management the opportunity to homogenize skill levels among new recruits, allowing for a more standardized work process, and more dispensable workers. Likewise, management's decision to end a traditional policy of hiring workers' family members has undermined cross-generational continuities and solidarities among workers.

One consequence of this demographic shift is the breakdown in workers' ability to set production quotas by work section. One older worker comments:
In my section, one guy produces 1,500 tons per month and another 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 traitors. The only thing they care about is living it up.\textsuperscript{107}

While older workers still attempt to maintain collective controls over work rhythms, new recruits entered the firm after the system of production bonuses had been changed in the mid-70s. Under the new system, the only way to increase take-home pay is by working overtime: there is no obvious economic incentive for limiting production levels.

The emergence of a demographically distinct cohort of workers, a high rate of personnel turnover, and increasing work demands have made it difficult for the union to elicit participation among the current workforce. Compounding this problem, post-83 recruits arrived with little or no union experience, though many participated in the national protests and come from union families.\textsuperscript{108} Moreover, because of constant managerial repression, union activism was once again forced underground after the 1983 strike: "We participated a lot during the dictatorship with all the more reason than we do now [in 1996]. We had to meet outside the union hall, though, because if you spoke up at union meetings you'd be fired."\textsuperscript{109} While consistent managerial attacks against union leaders and activists, flexible hiring patterns, and changes in shop floor solidarities undermined union participation during this period, was the same true of union leaders' activism?

**MADECO and the Labor Movement, 1983-1989**

While the union leadership at MADECO supported the first protest of May, 1983, they argued that the inability of national labor groups to mobilize to oppose the massive dismissal of copper miners after their illegal work stoppage demonstrated that the groups had little following among plant-level unions.\textsuperscript{110} MADECO's union leadership maintained this critical attitude -- both toward the national labor groups and the protests they led -- throughout the dictatorship. They argued that the strategy of calling protests had never been discussed democratically among plant-level unions; and at MADECO, active participation in the protests ran the risk of destroying the organizing project they had begun inside and outside the union:

[The workers felt that] With the repression in the firm, you had to try to keep your job, because there wasn't any work out there. We, as union leaders...went to all of the meetings, fronts, etc...and protests. All of the political groups there started to pressure us to hold a work stoppage at MADECO during the protests. We didn't accept that type of pressure -- we always made these decisions in consultation with the entire union assembly. We didn't embark on any adventure. Many unions lost their leadership [by striking during the protests]. To try and build a new leadership cadre again costs the world!\textsuperscript{111}

Thus, MADECO's leaders saw clearly the risks involved in pulling the union into the protests and decided to prioritize the task of rebuilding the grassroots labor movement. Further, they rejected the political parties' presumption of leadership of the shantytown and labor movements after the first protests. The parties had assumed control over the movements without prior election by the base organizations they claimed to represent.
MADECO leaders chose not to involve the union directly in the protests because they disagreed with the national groups over what the most effective means of fighting the dictatorship were, but shared the ultimate goal of installing democratic rule. In the strike's aftermath, the union was too weak to risk police repression by its active participation in the protests. Furthermore, the union leadership believed that street protests in themselves would do nothing to increase unions' organizational power. A slow, painstaking process of rebuilding unions, they argued, was the only avenue for changing the labor law, increasing workers' share of national income, and achieving a democratic transition.

While the union leadership privileged grassroots organizing, it supported the political opposition indirectly. One way the union contributed to this effort was to allow the national groups and opposition parties to hold meetings and congresses in their union hall:

MADECO played a very important role during the dictatorship. Beginning in 1980, its hall has been of great importance to the national labor movement. There were always meetings there. The other halls were more politically defined. CONSTRAMET [a metallurgical federation] was identified with the PC. On the north side of Santiago, you had to meet in the church. MADECO was one of the few politically neutral spaces.\textsuperscript{112}

While MADECO workers tended not to participate in these events, they consistently ratified opposition groups' use of the union hall. Additionally, even though MADECO leaders criticized the strategies pursued by the national labor groups and parties, they still gave them concrete support.\textsuperscript{113} In this sense, MADECO leaders maintained a critical dialogue with the national groups.

After the strike, MADECO continued to lead plant-level unions in San Miguel. First, the CIM held its final meeting shortly after the first national protest. While attendance was lower than its organizers had hoped because people were captivated by the protests, it was the first of several organizations led by MADECO during the 1980s. After the CIM's demise, Velásquez served as Secretary General of the Metropolitan Workers Command, an affiliate of the CNT, which sought to make the latter more inclusive of existing unions, and to give unions more say in the planning of the protests.\textsuperscript{114}

After the CMT faded away, MADECO became the home of the Workers' Command of San Miguel/Southern Santiago, a grouping of local unions which would take an active role in the debate over the reconstruction of the National Workers' Central (CUT). The Command disputed the closed-door process through which national labor/political leaders set the criteria for admission to the CUT. In the final rules, only unions with more than 300 members or which belonged to federations and confederations could affiliate. The Command argued that unions had an average size of 80 members nationally, and that 65% of unions were not affiliated to federations. Therefore, the organization which sought to unify the labor movement would actually exclude the majority of its members.\textsuperscript{115} The Command insisted that all existing unions be allowed to affiliate to the CUT, and they pressed for this goal until the congress itself.

The Congress's presiders blocked this demand as well as independent and communist union leaders' call to insert the concept of "class struggle" into the CUT's Declaration of Principles. However, Velásquez forced his way to the microphone stand at the Congress, and shouting over the moderator, declared, "the class struggle is as real as the law of gravity."\textsuperscript{116} The union movement had been reduced to a skeleton crew of political leaders, but there was still a voice calling for union democracy. Not surprisingly, that voice came from MADECO.
The 1983 strike's demise forced union members to beat a quick retreat. Now that the union and its leaders had taken an oppositional stance against management, the latter had no qualms about eliminating strike activists wholesale. The economic crisis provided employers with a favorable conjuncture for deploying a model of flexible labor use which overlapped with repression against union militants. These two interconnected policies made MADECO workers' jobs precarious, and eroded the generational continuities in their shop floor and union culture. After seven years of rebuilding the union, activism was once again forced underground, and their daring experiment at union democracy was placed on the defensive for the indefinite future.

While employer repression and the firm's restructuring during the economic boom undermined workplace-based union action, the political ferment of the protests actually opened opportunities for MADECO's union leaders to participate in the labor movement. While the union's efforts to democratize the labor movement were unsuccessful, the grouping of unions around MADECO represented a grassroots alternative to the national labor leadership's party-based elite pacts.

CONCLUSION

MADECO workers' activism demonstrates that the Chilean military did not crush plant-level unions in a single blitzkrieg. Rather, working-class action began in clandestinity, evolved into open opposition, and only declined after the combined effects of labor market deregulation and an economic crisis took hold. The timing of labor reforms and their interaction with the policies of political terror and economic liberalization shaped this trajectory. From 1973-1978, the regime protected unions while it attacked leftist militants, proscribed public union action, and liberalized the economy. After the 1978 labor law reform, the junta permitted unions' independent expression, but simultaneously destroyed the basis for the old model of solidary unionism. Thus, the emergence of a new form of industrial relations both catalyzed union radicalism, and repressed that same mobilization. After the 1981-83 economic crisis, businessmen's adoption of flexible management techniques solidified this new model by eroding the cultural links between older and younger workers, and fragmenting traditional workplace- and union-based solidarities.

Though rank-and-file activism virtually disappeared after the strike's defeat, the onset of opposition street protests beginning in May, 1983 actually increased the political space for MADECO union leaders' participation in the labor movement. This grassroots labor activism calls into question the standard view that shantytown protest replaced union-based action in the 1980s, on the one hand; and that the national labor leaders were the only labor activists of consequence during the 1980s, on the other. The transformation of the MADECO union hall into a focal point for opposition activity demonstrates that grassroots labor activism actually overlapped with the pro-democracy protests -- the two movements were not mutually exclusive. Furthermore, the union's criticism of national party/labor leaders' strategic focus on street protests and their preference for political pacts over democratic decision-making shows that the national labor groups were not the only labor movement actors; grassroots groups competed with the labor elites to define the heart and soul of the movement. This elite-grassroots competition mirrors similar tensions between political parties and shantytown organizations observed for the same period (Schneider 1995, Oxhorn 1995). The MADECO experience thus raises a pivotal question: what are the long-term costs for workers of labor movements' failure to develop democratic structures or practices?
The consequences of these strategies are apparent in contemporary Chile. Since 1990, the two elected civilian governments have made no significant changes in the labor law, failing to redress unions' losses under the junta. This tragic outcome is due, in part, to national labor leaders' reliance on political pacts as their principal strategy for building the labor movement (Petras, et.al. 1994, Drake 1996, Díaz and Martínez 1996). Without a mass base, union leaders had no capacity to pressure the civilian governments to remove the legal straightjacket the dictatorship had tied around the labor movement.

While the experience at MADECO forces us to question existing understandings of labor under the Chilean dictatorship, it still raises a more complex question: how typical was this case? As one study notes: "The `savage strike,' characteristic of traditional union struggle, appears in most cases as the exception rather than the rule. Examples of this type of strike are PANAL, MADECO, and Colbun-Machicura, all of which are characterized by rebellion and rupture with the legal framework" (Albuquerque and Zúñiga 1987, p. 23).

If MADECO was merely an exceptional case, what can it tell us about Chilean labor as a whole, as well as labor under dictatorship more generally? First, MADECO workers suffered the same processes as all industrial workers: political terror, industrial rationalization, privatization, and labor market deregulation. This union's trajectory suggests how much a strong union could resist, and the limits to that resistance. MADECO workers' exemplary mobilization may be explained, in part, by the firm's ability to rapidly streamline product lines and expand exports during the domestic market contractions of the 1970s and 1980s, saving MADECO from bankruptcy. This capacity may have shielded the MADECO union from total shipwreck, and made labor activism more feasible than in firms which were captive to the domestic market. Exploring different industries' specific market situations may help clarify why some unions mobilized under the junta while others did not, and further reinforce my central claim that repression and free market policies in themselves cannot explain working-class passivity or resistance.

Second, MADECO leaders' alternative vision of how to rebuild the labor movement, hitherto unacknowledged in the literature, suggests the possibility that other unions may have developed different organizing models. Two other case studies (Winn and Ibañez 1990, Falabella 1993) offer supporting evidence for this possibility. In this sense, MADECO becomes a starting point for a critical reassessment of the contemporary Chilean labor movement, allowing us to dispense with the standard view that the organizing strategy pursued by the national labor leaders was the only conceivable route to follow during the junta.

Third, the MADECO union's limited ability to reproduce a culture of solidarity in the face of managerial repression and industrial restructuring suggests that the case is not so unusual. The weaknesses which scholars identify in rank-and-file unions are also apparent in the MADECO case, even though the union's activism challenges their principal assumptions about why unions did not rebel. This paper suggests a model for explaining both mobilization and passivity by locating each as the product of a specific historical moment. In this sense, the study's focus on managerial reform and labor activism in the context of national social, political, and economic transformation provides a blueprint for other such case studies. By focusing on these dimensions at the enterprise level, we will be much better positioned to ascertain the causes of variations in Chilean labor activism over time and between different types of firms under authoritarian rule.

Perhaps most important, my critique of the standard view that the Chilean junta's invincible repressive power and single-minded neoliberal policies stamped out all labor resistance finds complements in other studies of labor under authoritarian rule. MADECO workers' informal organizing
during the regime's most repressive period, and their use of existing law to negotiate the terms of their dismissal, find their counterparts in Guatemala and Spain. Levenson-Estrada (1994) notes that even in Guatemala, where the state used systematic violence against workers to a far greater degree than in Chile, workers successfully used court injunctions to prevent layoffs while new unions sought legal status. This extreme example shows that no power is absolute, corroborating in a more forceful way my contention that even periods of extreme repression hold within them hidden spaces for workers' resistance.

Foweraker (1989) takes this observation a step further by offering a theoretical conception of the relationship between authoritarian legal structures and worker opposition. In the Spanish case, he argues that Franco's official unions provided the institutional terrain for labor opposition, effectively shaping workers' organizational strategies. By creating *sui generis* organizations which operated both inside and outside unions (the Workers' Commissions), workers found an effective means to resist the dictatorship. Thus, for Foweraker, military repression does not eliminate worker resistance, it merely shapes the terrain on which battles are fought.\(^ {117}\) This conception both confirms and amplifies my surprising finding that from 1973-1978, MADECO workers organized within the narrow spaces left for action within unions, while developing clandestine networks through sports events and informal strategy sessions.

This article has attempted to correct the prevailing view that the Chilean dictatorship rolled over the labor movement without any effective resistance. I have argued that this characterization describes the outcome of dictatorship rather than its process, and insisted that regime policies had many unintended consequences for working-class mobilization. Though I agree with scholars' observation that Chilean labor is considerably weakened today in comparison with its former stature, I end by noting that the junta's victory was incomplete. The Pinochet dictatorship could destroy an old model of collective bargaining, disconnect political parties from their social bases, and erode traditional workplace- and union-based solidarities. However, the junta was never able to eliminate workers' capacity to exploit its internal contradictions, a crucial tool in the MADECO union's continuing struggle to build a more just society.

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NOTES


2. The Movement of United Popular Action (MAPU) and the Christian Left (IC) were leftist fractions which split off from the PDC in 1969 and 1971, respectively, to join the UP. The historically centrist Radical Party (PR) moved to the left in 1967 and joined the UP. The MIR was an urban guerrilla party founded in 1965 by PC and PS university students. See Sigmund (1977) and Loveman (1988).

3. These firms only represented 1/20 of the fixed assets of state holdings. This small net value was due to continued state holdings in several strategic firms, most notably the large copper mines (Hachette and Luders 1992, pp. 75-76, Constable and Valenzuela 1991).

4. For discussions of the oil shocks, the emergence of petrodollars, and their links to the subsequent debt crisis, see Stallings and Kaufman (1989), Canak (1989), and Gustafson (1994).

5. This is an adaptation of Roxborough's definition (1984, Ch. 5). He understands organizational power as unions' abilities to negotiate favorable contracts and to handle day-to-day conflicts. This phenomenon is evident in plant-level unions' independence from federations; legal protections, such as the closed shop and job security; and their success in negotiating employer financing of union activities, infrastructure, and salaries for full-time union officials.

6. MADECO diversified into aluminum processing in the early 1960s, and purchased a number of related copper processing industries in the late 1980s and 1990s: Manufacturas de Cobre (MADECO), Memoria Anual (Santiago, Chile: 1945-1993).

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 Information Services 1984).

8. Antofagasta, a city located in the desert of northern Chile, is the home of Chuquicamata, one of Chile's two largest copper mines. The managers hoped to reduce raw materials' transport costs by locating near the mine: MADECO, Memoria Anual (1967-1969). State control of MADECO during the UP was typical of that period. Both government plans to nationalize strategic industries and ad-hoc nationalizations sparked by worker factory-takeovers led to state ownership of a significant percentage of firms. By 1973, the state owned 596 firms, accounting for 40% of the GDP (Hachette and Luders 1992, p. 17).

10. "Primer discurso del interventor en MADECO, pos-golpe" (December 26, 1973), 9, mimeo; interviews with MADECO workers.


12. Interviews with MADECO workers.


20. Interview with Enrique Tassara, January, 17, 1995. Tassara was a delegate to MADECO's Board of Directors from the Central Bank from 1973-78.

21. Fernando Pérez, personal notes. The author wishes to thank Mr. Pérez for sharing these materials.

22. Interview with Héctor Velásquez, January 13, 1995. Velásquez has been a leader at MADECO since 1981, and was the union's president from 1983-1991, and from 1996-present.

23. Interview with Mario Costa Gallo, November 21, 1996.

24. Interview with Luís Carrera, November 20, 1996. Carrera is technical secretary of the Comando de Exonerados Políticos de la Zona Sur de Santiago, an organization which helps workers apply for increased retirement benefits under the new law.

25. Interview with Mario Costa Gallo, November 21, 1996. MADECO had contractual obligations to pay one month's salary for each year of service upon dismissal or retirement. Under the job security provision, management was required to pay an additional month per year served if they fired a worker without due cause: (República de Chile 1971).

27. In this sense, unions' continued existence was useful to the junta: management could use powerless union leaders as intermediaries in implementing industrial rationalization. The leaders' existence itself attests to the junta's desire to legitimate itself (in a very restricted way) to workers.


32. Fernando Pérez, personal notes.

33. Interview with Fernando Pérez, November 29, 1994; Dahse (1979). In fact, the process was somewhat more complex. CORFO sold its shares to CEAT and General Cable, and the state withdrew its option to purchase 42% of the shares. These two firms then owned 63% of the shares, and Luksic purchased over 50% in late 1979: "CORFO declara desierta licitación," MADECO Informa (December 1977), 11; "CORFO vende sus acciones en MADECO," MADECO Informa (April 1978), 18; and "CEAT y General Cable tendrán 61%[sic] de las acciones de MADECO," MADECO Informa (June 1978), 7; MADECO, Memoria Anual (1979, 1980).

34. Interviews with Mario Costa Gallo, November 21, 1996; René Gutierrez, November 11, 1996; Garibaldi, January 11, 1994; (Campero and Valenzuela 1984, p. 201).

35. Garibaldi, ibid.

36. Interview with Juan Fuentes, March 9, 1995. Fuentes was later shop steward and president of the 1983 strike committee.


38. Velásquez, ibid.

39. Ibid.

40. Ibid.
41. Dahse (1979, p. 68); "Radiografía de una empresa."

42. "La saga de los Luksic," Qué Pasa (October 9, 1993), 35-44; (October 16, 1993), 35-43; (October 23, 1993), 39-48; October 30, 1993), 35-44.

43. Interview with Fernando Pérez, November 29, 1996 and December 6, 1994; and Enrique Tassara, January 17, 1995.

44. MADECO, Memoria Anual (1981-1983); (Raskill Information Services 1984).

45. Ibid.


50. Sindicato #1 MADECO, administrative file, Dirección General del Trabajo, Santiago, Chile; "Nuevos rostros en directivas sindicales," MADECO Informa (November-December 1978), 13-14.


52. Sindicato Industrial MADECO, "Reunión General de Socios" (August 28, 1979).


54. Interviews with Héctor Velásquez, March 9, 1995; Juan Fuentes, March 9, 1995; and Juan, August 14, 1994. Juan participated in the early walkout with Candia; Velásquez and Fuentes were shop stewards at the time.

55. Fuentes, ibid.

56. Interview with Héctor Velásquez, March 16, 1995; ibid.

57. Interview with Héctor Velásquez, March 9, 1995.


"1o. de Mayo 1982. Sindicato de Trabajadores No. 1 de MADECO, Federación de Sindicatos de Trabajadores de Maipú (FESIMA), Sindicatos de Santa Rosa y Vicuña Mackenna" (pamphlet, 32pp.).

Interviews with Garibaldi January 30, 1994; Juan Fuentes, March 9, 1995; Luis, December 15, 1994; Sergio Ortiz, January 30, 1995; Lucho, March 23, 1995; and Héctor Velásquez, March 9, 1995; and Conferencia Intersindical Metropolitana. Bulletins 1-6 (August, 1982-April, 1983); FESIMA. "Acto de Primero de Mayo de 1982," (May 1982), pamphlet. Luis is a textile union leader who participated in the CIM; Sergio Ortiz and Lucho were activists who supported the effort. Lucho later became an administrator at the union.

Sindicato #1 MADECO, "Seminario Sindical, 29 de mayo 1982" (May 1982), pamphlet. These criticisms reflected CIM activists’ ideological inheritance from the ultra-left during the UP, a point I explore in Stillerman (forthcoming).

Interview with Tonio, January 26, 1995.

Interview with Garibaldi, January 11, 1994.

Interview with Héctor Velásquez, November 7, 1996.

Sindicato #1 MADECO, "Dulce y grasa," El Crisol, Año 1, No. 5 (June 1982), 19.

Interviews with Héctor Velásquez, March 9, 1994; and Tonio, January 26, 1995.

Drake and Jaksic (1991, p. 108). The junta implemented the wage reduction through an amendment to the Plan Laboral which permitted employers to use 1979 salaries instead of those set in preexisting contracts as a wage floor for contract negotiations.

Interview with Héctor Velásquez, March 16, 1995.

Interview with Lucho, March 23, 1995. Sergio Ortiz, January 30, 1995; and Luís, December 15, 1994, made similar observations.


"Repudiamos y rechazamos la Ley 18.198" (January, 1983), mimeo.

Sindicato #1 MADECO, "Compensación de la pérdida de poder adquisitivo de las remuneraciones de Madeco," (n.d.), mimeo.

Sindicato #1 MADECO, "Declaración de Prensa No. 1," (n.d.).

Interview with Tonio, January 26, 1995. See also, interview with Juan Fuentes, March 9, 1995.
76. Interview with Luis Muñoz, November 6, 1996.

77. Interview with Angel, November 9, 1993; "Resguardo policial en MADECO," Mercurio (February 9, 1983), C2.

78. Interviews with Héctor Velásquez and Juan Fuentes (both on March 9, 1995); Sindicato #1 MADECO, "Comunicado de Prensa No.4," (February 10, 1983).

79. See various articles in Mercurio (February-March, 1983); ibid.

80. Interview with Olga, January 30, 1994; Fuentes, ibid.


82. Fuentes, ibid.

83. "Madeco: 7,000 candidatos para 357 vacantes de los huelguistas," La Segunda (February 16, 1983), 9; "Reemplazo de huelguistas provocó caos en Madeco," Las Ultimas Noticias (February 17, 1983), 12.

84. Interview with Germán Cabezas, March 8, 1995. Cabezas was a white collar union leader during the strike.

85. "Dirigentes de Madeco quieren hablar con Mardones," Las Ultimas Noticias (February 18, 1983), 10; Cabezas, ibid.

86. "Acusan a dirigente de portar 'Miguelitos,'" Las Ultimas Noticias (March 8, 1983), 8; "Acusación por Ley de Seguridad Interior," La Tercera de la Hora (March 8, 1983), 6; Sindicato #1 MADECO, "Comunicado de Prensa Nos. 7/8," (March 7 and 16, 1983).

87. Sindicato #1 MADECO, "Comunicado de Prensa #6," (March 3, 1983).


89. Interview with Tonio, January 26, 1995.

90. "Acusan dirigente."


92. Interview with Juan Fuentes, March 9, 1995.

93. Interview with Luis Muñoz, November 6, 1996.

95. "En Defensa de la dignidad," Dialogando 65 (March 1983), 4-5.
100. Interviews with Héctor Velásquez, March 16, 1995; and Juan Fuentes, March 9, 1995.
102. Interviews with Héctor Velásquez; Luis Muñoz, November 6, 1996; and Oscar, January 17, 1995; Crisol (May, 1984), 6-10.
103. Velásquez, ibid.
106. Jimenez, ibid.
108. Group discussions with union members in the brass and wire mills, November, 1996.
109. Interview with Samuel, October 29, 1996.
112. Interview with Humberto Arcos, January 10, 1994. Arcos was a leader in CONSTRAMET and president of the Metropolitan Workers Command. See below.
115. Comando de Trabajadores de la Zona Sur, "Carta abierta a la Comisión Organizadora de la CUT" (June 1988); Central Unitaria de Trabajadores, "Congreso Constituyente" (August 20-21, 1988).


117. See Fishman (1990), for a complementary, though slightly different view.