

St Antony's Series

General Editor: **Richard Clogg** (1999–), Fellow of St Antony's College, Oxford

Recent titles include:

Louise Haagh

CITIZENSHIP, LABOUR MARKETS AND DEMOCRATIZATION

Chile and the Modern Sequence

Renato Colistete

LABOUR RELATIONS AND INDUSTRIAL PERFORMANCE IN BRAZIL

Greater São Paulo, 1945–1960

Peter Lienhardt (*edited by Ahmed Al-Shahi*)

SHAIKHDOMS OF EASTERN ARABIA

John Crabtree and Laurence Whitehead (*editors*)

TOWARDS DEMOCRATIC VIABILITY

The Bolivian Experience

Steve Tsang (*editor*)

JUDICIAL INDEPENDENCE AND THE RULE OF LAW IN HONG KONG

Karen Jochelson

THE COLOUR OF DISEASE

Syphilis and Racism in South Africa, 1880–1950

Julio Crespo MacLennan

SPAIN AND THE PROCESS OF EUROPEAN INTEGRATION, 1957–85

Enrique Cárdenas, José Antonio Ocampo and Rosemary Thorp (*editors*)

AN ECONOMIC HISTORY OF TWENTIETH-CENTURY LATIN AMERICA

Volume 1: The Export Age

Volume 2: Latin America in the 1930s

Volume 3: Industrialization and the State in Latin America

Jennifer G. Mathers

THE RUSSIAN NUCLEAR SHIELD FROM STALIN TO YELTSIN

Marta Dyczok

THE GRAND ALLIANCE AND UKRAINIAN REFUGEES

Mark Brzezinski

THE STRUGGLE FOR CONSTITUTIONALISM IN POLAND

Suke Wolton

LORD HAILEY, THE COLONIAL OFFICE AND THE POLITICS OF RACE AND EMPIRE IN THE SECOND WORLD WAR

The Loss of White Prestige

Junko Tomaru

THE POSTWAR RAPPROCHEMENT OF MALAYA AND JAPAN, 1945–61

The Roles of Britain and Japan in South-East Asia

- Eiichi Motono
CONFLICT AND COOPERATION IN SINO-BRITISH BUSINESS, 1860–1911
The Impact of the Pro-British Commercial Network in Shanghai
- Nikolas K. Gvosdev
IMPERIAL POLICIES AND PERSPECTIVES TOWARDS GEORGIA, 1760–1819
- Bernardo Kosacoff
CORPORATE STRATEGIES UNDER STRUCTURAL ADJUSTMENT IN ARGENTINA
Responses by Industrial Firms to a New Set of Uncertainties
- Ray Takeyh
THE ORIGINS OF THE EISENHOWER DOCTRINE
The US, Britain and Nasser's Egypt, 1953–57
- Derek Hopwood (*editor*)
ARAB NATION, ARAB NATIONALISM
- Judith Clifton
THE POLITICS OF TELECOMMUNICATIONS IN MEXICO
Privatization and State–Labour Relations, 1928–95
- Cécile Laborde
PLURALIST THOUGHT AND THE STATE IN BRITAIN AND FRANCE, 1900–25
- Craig Brandist and Galin Tihanov (*editors*)
MATERIALIZING BAKHTIN
- C. S. Nicholls
THE HISTORY OF ST ANTONY'S COLLEGE, OXFORD, 1950–2000
- Anthony Kirk-Greene
BRITAIN'S IMPERIAL ADMINISTRATORS, 1858–1966
- Laila Parsons
THE DRUZE BETWEEN PALESTINE AND ISRAEL, 1947–49

St Antony's Series

Series Standing Order ISBN 978-0-333-71109-5

(outside North America only)

You can receive future titles in this series as they are published by placing a standing order. Please contact your bookseller or, in case of difficulty, write to us at the address below with your name and address, the title of the series and the ISBN quoted above.

Customer Services Department, Macmillan Distribution Ltd, Houndmills, Basingstoke, Hampshire RG21 6XS, England

Citizenship, Labour Markets and Democratization

Chile and the Modern Sequence

Louise Haagh

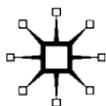
British Academy Research Fellow

St Antony's College

Oxford University

palgrave

in association with
Palgrave Macmillan



© Louise Haagh 2002

Softcover reprint of the hardcover 1st edition 2002 978-0-333-80385-1

All rights reserved. No reproduction, copy or transmission of this publication may be made without written permission.

No paragraph of this publication may be reproduced, copied or transmitted save with written permission or in accordance with the provisions of the Copyright, Designs and Patents Act 1988, or under the terms of any licence permitting limited copying issued by the Copyright Licensing Agency, 90 Tottenham Court Road, London W1T 4LP.

Any person who does any unauthorised act in relation to this publication may be liable to criminal prosecution and civil claims for damages.

The author has asserted her right to be identified as the author of this work in accordance with the Copyright, Designs and Patents Act 1988.

First published 2002 by
PALGRAVE

Houndmills, Basingstoke, Hampshire RG21 6XS and
175 Fifth Avenue, New York, N. Y. 10010

Companies and representatives throughout the world

PALGRAVE is the new global academic imprint of
St. Martin's Press LLC Scholarly and Reference Division and
Palgrave Publishers Ltd (formerly Macmillan Press Ltd).

ISBN 978-1-349-42212-8

ISBN 978-0-230-51047-0 (eBook)

DOI 10.1057/9780230510470

This book is printed on paper suitable for recycling and made from fully managed and sustained forest sources.

A catalogue record for this book is available from the British Library.

Library of Congress Cataloging-in-Publication Data
Haagh, Louise, 1967–

Citizenship, labour markets and democratization : Chile and the modern sequence / Louise Haagh.

p. cm. — (St Antony's series)

Includes bibliographical references and index.

1. Democratization—Chile. 2. Industrial relations—Chile.
3. Chile—Politics and government—1988– I. Title. II. Series.

JL2681 .H32 2001

322'.2'0983—dc21

00–069603

10 9 8 7 6 5 4 3 2 1
11 10 09 08 07 06 05 04 03 02

In memory of my mother

Birte Haagh

and for

Ato and Alan

This page intentionally left blank

Contents

<i>List of Tables and Figures</i>	x
<i>Acknowledgements</i>	xv
<i>List of Abbreviations and Spanish terms</i>	xvii
<i>Introduction</i>	xxiii
<i>Political and social democratization</i>	xxiii
<i>Social citizenship and development</i>	xxiv
<i>Political transitions and citizenship: the Chilean case</i>	xxvi

Part I Theoretical Issues

1 Citizenship and Democratization	3
Bases of occupational citizenship	3
Occupational citizenship and development	5
Marshall on citizenship reconsidered	7
The development of social citizenship	14
Conclusion	22
2 Human Resources and Market Reforms	23
Labour market flexibilization: the core controversies	23
Labour freedom and the development of human resources	26
Market reforms and labour institutions in Chile (1973–90)	32
Conclusion	42

Part II Labour Politics and Chile's Transition

3 Business Leaders and Democracy's Limits	47
Background	48
The CPC in transition politics	54
Conclusion	60
4 Unions, Parties and the Sacrifice for Democracy	62
Unions before and during Pinochet	64
Politicians and bureaucrats: the labour leaders and their advisers	71

Accommodation of the opposition parties	74
Conclusion	75
5 The Transition to Democracy and the Enforcement of Markets	77
Managerial autonomy and pacts of legitimation	78
Non-intervention and transition politics	79
The question of sectoral pact-making	83
The re-reform of the Labour Code: labour issues under Frei (1993–2001)	90
Conclusion	93
 Part III Social Citizenship and Chile's Labour Reforms	
6 Democratic Legitimation and the New Labour Code That Never Was	97
Labour flexibility in a comparative perspective	98
The politics and development discourse of labour legislation	99
The legal reform under scrutiny	104
Conclusion	121
7 Training Policy and Decentralization	123
Chile and the liberal model	124
The training policies of the 1990s	128
The politics of an unemployment insurance regime	138
Conclusion	145
8 Labour Relations and Investment in Workers	147
Labour relations and human resources	147
Forms of labour flexibility and democratization in industrial firms	152
Inter-firm flexibility and the organization of work	162
The contexts of workers' training	168
Conclusion	173
9 Union Strength, History and Effects	178
Local unions and labour flexibility	179
Definitions of union strength	181
Local labour leaders and the flexibility debate	194

The traditional industrial relations institutions	199
Conclusion	205
Conclusion	209
Social and political democratization	209
Labour institutions and economic development	211
<i>Appendix 1: Tables to Accompany Chapter 1</i>	216
<i>Appendix A: Notes on Survey Sampling</i>	222
<i>Appendix B: Statistics to Accompany Chapters 8 and 9</i>	226
<i>Appendix C: Notes on Regression Tables</i>	231
<i>Appendix D: Notes on Loglinear Tables</i>	234
Notes	236
Select Bibliography	264
List of Interviews	277
Index	281

List of Tables and Figures

Tables

2.1	Wages in costs per sector, 1976–89, and investment as a percentage of value added in enterprises with over 50 workers	35
2.2	GDP, labour and capital inputs and sources of growth in output per worker; Chile compared with average of four regions, 1950–89	35
3.1	Annual budget of the SOFOFA, 1991 (pesos 1992)	54
4.1	Number of unions in the enterprise, 1992	65
4.2	How the economic crisis of the 1980s affected the respondents' firms	66
4.3	The most important measures taken in the firm to overcome the crisis, in the estimation of the union leader	67
4.4	Was there a relationship of co-operation between workers and the employer during the 1980s?	68
4.5	How far did co-operation with employers during the 1980s benefit workers?	68
4.6	The most important goal for the local union	69
4.7	The most important goal for the union movement in the current environment	70
4.8	Emphasis on training as a goal for the union movement crossed with degree of occupational security	71
6.1	Aggregate figures for unionization and employment	100
6.2	Percentage of firms where unfounded dismissals tend to be referred to tribunals	105
6.3	Comparison of Article 155.f of the 1979 Labour Code with Article 3 of Law No. 19.010, as percentage of total separations	106
6.4	Should there exist (by law) only one union and bargaining group in a firm?	106
6.5	In which of the following ways did the signing of the last convention take place?	109
6.6	How was the negotiating group which signed the last convention formed?	110

6.7	Comparison of a convention and proposals for a collective contract in a metallurgical firm, 1991	111
6.8	Collective bargaining by type of contract	114
6.9	Unions versus bargaining groups in collective bargaining, selected years	115
6.10	Bargaining groups (as opposed to unions) by size of bargaining unit, 1998	116
6.11	Mode of agreement on wages by type of bargaining group, 1998	117
6.12	Aggregate strike statistics	119
6.13	Strike data by size of bargaining unit, 1990 and 1992	120
7.1	Percentage distribution of participants and spending on different SENCE programmes, selected years	129
7.2	Percentage distribution of participation through the TBS, by occupation, selected years	130
7.3	Percentage distribution of participants by area, 1988–96	131
7.4	Training programmes carried out by, and in association with, SENCE, 1992	132
7.5	Typology of course content, third bid (<i>licitación</i>) of the Youth Training Scheme (YTS), 1992	133
7.6	Representation of dynamic export sectors in the Youth Training Scheme (YTS), 1992	135
7.7	Percentage of courses in the YTS programme compatible with demand from small and medium-sized enterprises, by region	136
7.8	Comparison of the proposals for an Unemployment Insurance Regime	139
8.1	Elements of the organization of work and labour relations in four textile and clothing firms, 1992	156
8.2	Formalization crossed with precarious flexibility	158
8.3	Formalization crossed with task diversity	160
8.4	Levels of labour turnover, figures from INE compared with figures from the survey of local labour leaders	162
8.5	Labour turnover crossed with level of formalization	163
8.6	Labour turnover crossed with labour flexibility and productivity	164
8.7	Cross tabulation of training and productivity by levels of turnover	165
8.8	Labour turnover: analysis of variance (excluding size of firm)	166
8.9	Labour turnover: analysis of variance (parsimonious model)	167

8.10	Workforce training crossed with basic characteristics of firms	168
8.11	Pearson correlations: workforce fluctuations crossed with investments and types of investment	169
8.12	Workforce training crossed with indicators of workers representation	170
8.13	Logistic regression: determinants of workforce training	172
8.14	Influence of turnover on relationships between training and workers' representation in the firm	174
8.15	Influence of wage system (arbitrary versus formal) on the relationship between turnover and training	175
9.1	Unionization levels in firms, various indicators	182
9.2	Odds that union leaders with contracts find that labour relations are bad	184
9.3	Age of union crossed with indicators of formalization of labour management	186
9.4	Age of union crossed with labour turnover and training	187
9.5	Age of union crossed with union leadership and level of workers' integration	189
9.6	Odds that training is high (depending on union age and type of bargaining instrument)	190
9.7	Odds that labour turnover is high (rather than medium or low), depending on union age and type of bargaining instrument	192
9.8	Opinions on wage variability crossed with those on occupational security	197
9.9	Odds that a high level of training coincides with the view that incentive wages can be a source of long-term participation in the firm	198
9.10	Employers' response to union's request for dialogue on wage flexibility	200
9.11	Availability of information for collective bargaining crossed with existence of Workers' Health and Safety Committee	201
9.12	Existence of Workers' Health and Safety Committee (WHSC) and availability of information for collective bargaining in the scenarios of low and high levels of workers' training	202
9.13	Existence of Workers' Health and Safety Committee (WHSC) and availability of information in the scenarios of low and high levels of labour turnover	202

9.14	Union leaders' support for making obligatory the response to union petitions for bargaining above the firm-level	204
9.15	Odds that influence from the federation (advice on bargaining) coincides with union opinions regarding workers' training	206

Figures

1.1	Three dimensions of the development of citizens' occupational rights	20
3.1	Industrial employers within the organization of Chilean business	50
3.2	'Influential entrepreneurs' in Chile on the question of a national dialogue with union organizations	56
8.1	Dynamics in local labour relations in Chilean industrial firms	151

Appendix tables

A.1.1	Some trade-offs associated with the development of social citizenship under different forms of national governance	216
A.1.2	Values used for box-plot in Figure 1.1 (Chapter 1)	220
A.1	Details related to universe on which sampling is based	222
A.2	Importance of industrial sectors in sample universe, by unionized industrial employment, industrial employment and value added	223
A.3	Survey sample and weighting formula	224
A.4	Levels of workers' training by sector (according to level of technological development)	225
A.5	Levels of turnover by sector (according to level of technological development)	225
B.1	(To accompany Table 8.7) Significance of the reductions of the original model when progressively controlling for the least significant factors	226
B.2	(To accompany Table 8.12) Significance of the reductions of the original model when progressively controlling for the least significant factors	227
B.3	Logistic regression to explain high levels of workforce training	227
B.4	Logistic regression to explain high levels of workforce training, parsimonious model	228

B.5	(To accompany Table B.6) Significance of the reductions of the original model when progressively controlling for the least significant factors	229
B.6	(To accompany Table 8.7) High technology sectors and low technology sectors, levels of turnover by formalization of labour management	229
B.7	Levels of training by existence of Workers' Health and Safety Committees, small and medium-sized firms, with up to 199 workers, and large firms with 200+ workers	230

Acknowledgements

A large group of people deserve my gratitude for having made this book possible. Above all I am indebted to Alan Angell, my academic supervisor at St Antony's College, for his scholarly inspiration and dedication throughout my D.Phil. years and during the tenure of my British Academy Postdoctoral Fellowship at St Antony's College. I also owe a special debt of gratitude to Samuel Valenzuela for his invaluable advice and support since acting as examiner of the D.Phil. on which the present volume is based.

Two institutions of research funding provided financial backing for my research and writing. The Economic and Social Research Council of the United Kingdom funded my D.Phil. and the award of a fellowship from The British Academy gave me the opportunity to revisit this text.

During my research period in Chile I was lucky to encounter a truly vast number of people who gave unselfishly of their support and time. Among them are those who subjected themselves to my interviews and inquiries, and others who gave me companionship and insight into the world of Chilean politics and labour relations. In the second group I owe special thanks to my colleagues at the *Centro de Estudios Sociales* (CES), where I was fortunate in having an academic base throughout my stay. Manuel Barrera, María-Angelica Ibañez, Agustín Quevedo, Humberto Arco and many others whom I encountered there through CES's engagement with the trade union world, ensured that I soon became familiar with the concerns of the 'floor' of Chilean unionism. It was this rich experience that convinced me of the relevance and feasibility of doing a survey of local union leaders, and to investigate further the relationship between social relations and labour management in Chile. In carrying out the practical aspects of this task I relied on the professionalism, speed and experience of the *Centro de Estudios de la Realidad Contemporánea* (CERC). Luísa Andrade and Ema Lagos in particular, deserve very special thanks for their expertise and good spirits. In helping me to organize the interviews with union leaders in many parts of the extended and difficult Chilean terrain, and later in helping to tabulate the data, they were truly invaluable. Without their help, the survey of union leaders would not have been possible. I am also deeply indebted to Volker Frank, for introducing me to CERC. Among the local union leaders who helped to prepare the detailed case studies of local unions, I particularly

need to thank Maurício Navarro, Gloria Andrade, Jaime Gonzales, José San Martín, Manuel Osorio, Elba López and Juan Pizarro.

Among the many other people who agreed to give their time for interview there are some deserving of a special mention here. Guillermo Campero of the Labour Ministry, Eugenio Díaz of the CUT's advisory, CIASI, Miguel Soto of the metallurgical workers' confederation CONSTRAMET, Raúl Requena of the CUT, and Eugenio Heiremans of the insurance holding AChS all spent many long hours answering my questions. Each provided freely unsolicited information, much insight and introductions to further contacts within their sector. Equally, I need to thank the many people who several times turned the task of collecting statistics into enjoyable occasions, especially Jaime Carril, Head of Studies of the Labour Inspectorate, and Vuscovic Huerta, Director of Economic Statistics at the National Statistics Institute. Both gave me insights into the 'politics' of collecting statistics, and both were enthusiastic about pursuing new ideas and methods.

On my return from Chile I received help from many people in my statistical work. Among them I especially need to mention Mario Cortina of the Department of Statistics in Oxford, Clive Payne of the Social Studies Faculty, Paul Griffiths of the Statistics Institute at Oxford, and Professor Bell of Stirling University. Gabriel Palma generously read my whole manuscript at an early stage, kindly gave of his time, and provided me with many valuable suggestions throughout.

Finally, there were many people who provided me with companionship along the way. Among them Teresa and Paula Hammond deserve my warmest thanks. Elmer Cuba, Nelly and Volker Frank, Manuel Barrera, Adnan Nawaz, Maria-Angelica Ibañez and Edward and Tessa Epstein contributed in special ways to making the research period enjoyable. Gwyneth Doherty-Sneddon, Roberta Middleton and Stephanie Mitchell all gave invaluable moral support later on. During the years of writing I spent most of my time at home with my son Ato. He deserves my greatest thanks, for his company, patience and loving ways.

LOUISE HAAGH

List of Abbreviations and Spanish Terms

AA	<i>Aprendizaje Alternado</i> (Apprenticeship Programme)
AALC	<i>Asociación de Abogados Laboralistas de Chile</i> (Association of Labour Lawyers of Chile)
AB	<i>Asociación Bancaria</i> (Bankers' Association)
<i>Acuerdo Marco</i>	Framework agreement – name given to the yearly tripartite national social accords
AChS	<i>Asociación Chilena de Seguridad</i> (Chilean Accident Compensation Association)
AFP	<i>Administrador de Fondos de Pensiones</i> (Private Pension Funds)
ASIMET	<i>Asociación de Industriales Metalúrgicos</i> (Metallurgical Employers' Association)
<i>Caja de Compensación</i>	Insurance policy institution
<i>Cámara Chileno-Alemana de Comercio e Industria</i>	Chilean–German Chamber of Commerce and Industry
CED	<i>Centro de Estudios del Desarrollo</i> (Centre for Development Studies)
CEP	<i>Centro de Estudios Públicos</i> (Centre for Public Studies)
CERC	<i>Centro de Estudios de la Realidad Contemporánea</i> (Centre for the Study of Contemporary Reality)
CES	<i>Centro de Estudios Sociales</i> (Centre for Social Studies)
CIASI	<i>Centro de Investigación y Asesoría Sindical</i> (Union Research and Advice Centre)
CIEPLAN	<i>Corporación de Investigaciones Económicas para América Latina</i> (Corporation for Economic Research on Latin America)
CINTERFOR	<i>El Centro Interamericano de Investigación y Documentación sobre Formación Profesional</i> (The Interamerican Centre for Documentation and Research on Professional Training)
CGCDPIC	<i>Confederación Gremial del Comercio Detallista y de la Pequeña Industria de Chile</i> (The Confederation of the Retail Trade and Small Industry of Chile)

CMPC	<i>Compañía Manufacturera de Papeles y Cartones</i> (The Paper Company)
CNC	<i>Cámara Nacional de Comercio</i> (National Chamber of Commerce)
CNS	<i>Confederación Nacional Sindical</i> (National Confederation of Unions)
CNT	<i>Central Nacional de Trabajadores</i> (National Labour Central)
CODELCO	<i>Corporación Nacional del Cobre</i> (The National Copper Company)
CONAPAN	<i>Confederación de Trabajadores del Pan</i> (The Confederation of Bakery Workers)
<i>Concertación</i>	Opposition alliance founded in 1987 to contest the plebiscite of 1988 and the national elections of 1989
<i>Consejo de Diálogo Social</i>	Council for Social Dialogue
CSNTT	<i>Consejo Superior Nacional del Transporte Terrestre</i> (National Council of Over-Land Transport)
FENTEMA- CONSFETEMA	<i>Confederación de Trabajadores Electrometalúrgicos</i> (Confederation of Electro-metallurgical Workers)
CONSTRAMET	<i>Confederación de Sindicatos de Trabajadores Metalúrgicos y Metalmecánicos</i> (Mechanical and Metallurgical Workers' Confederation)
CONTEVECH	<i>Confederación de Trabajadores del Textil y Vestuario de Chile</i> (Confederation of Textile and Clothing Workers of Chile)
CONTEXTIL	<i>Confederación de Trabajadores del Textil</i> (Confederation of Textile Workers)
CONUPIA	<i>Confederación Nacional Unida de la Mediana y Pequeña Industria, Servicios y Artesanado</i> (National Confederation of Small and Medium-sized Industries and Craftsmen)
CORCAPLAM	<i>Corporación de Capacitación Ocupacional y Desarrollo Laboral de la Industria Metalúrgica</i> (Corporation for Occupational Training and Labour Development of the Metallurgical Industry)
CORDEMET	<i>Corporación Deportiva y Cultural de ASIMET</i> (The Sports and Cultural Corporation of ASIMET)
CORDETECMET	<i>Corporación de Desarrollo Tecnológico</i> (Corporation for Technological Development)

COREDUCMET	<i>Corporación Educacional de ASIMET</i> (Education Corporation of ASIMET)
CORFO	<i>Corporación de Fomento de la Producción</i> (Chilean Development Corporation)
CORMA	<i>Corporación de la Madera</i> (The Forestry Producers' Association)
CPA	<i>Confederación de Productores Agrícolas</i> (Confederation of Agricultural Producers)
CPC	<i>Confederación de la Producción y el Comercio</i> (Confederation of Production and Commerce)
CPTC	<i>Consejo de la Producción, el Transporte y el Comercio</i> (Council of Production, Transport and Commerce)
CSNTT	<i>Consejo Superior Nacional del Transporte Terrestre</i> (National Transport Council)
CTB	<i>Confederación de Trabajadores Bancarios</i> (Bank Workers' Federation)
CTDRH	<i>Centro Tecnológico para el Desarrollo de Recursos Humanos</i> (Technological Centre for the Development of Human Resources)
CTF	<i>Confederación de Trabajadores Forestales</i> (Confederation of Forestry Workers)
CUOC	<i>Confederación Unidad Obrero-Campesino</i> (Unitary Confederation of Rural Workers)
CTC	<i>Confederación de Trabajadores del Cobre</i> (Confederation of Copper Workers)
CUT	<i>Central Unitaria de Trabajadores</i> (United Workers' Central)
<i>Dirección del Trabajo</i>	The National Labour Inspectorate
EDF	<i>El Diario Financiero</i> (<i>The Financial Times</i>)
EEC	European Economic Community
ENADE	<i>Encuentro Nacional de la Empresa</i> (National Meeting of the Business Sector)
EIS	Employment Insurance Scheme (in Korea)
FCJ	<i>Formación y Capacitación de Jovenes</i> (Training and Education Programme for Youths)
FECHIPAN	<i>Federación Chilena de Panaderos</i> (National Federation of Bakers)
FESIMA	<i>Confederación Sindical de Maipú</i> (Union Confederation of Maipú)

FONDECYT	<i>Fondo Nacional de Desarrollo Científico y Tecnológico</i> (The National Science and Technology Fund)
<i>Foro del Desarrollo Productivo</i>	Forum for Productive Development
<i>Historia de la ley</i>	History of the Law (Documents covering the parliamentary proceedings of a legislative project)
<i>Højskole</i>	Literal translation from Danish reads 'Highschool'. The phenomenon of the Højskole refers to the nationwide network of schools of adult education founded by Grundtigg in the 19th century with the purpose of providing working people with the chance to gain a wider spiritual and intellectual stimulus and consciousness of civic values.
IADB	Inter-American Development Bank
IC	Investment coordination
ICARE	<i>Instituto Chileno de Administración Racional de Empresas</i> (Chilean Institute for the Rational Administration of Firms)
ILO	International Labour Organisation
INACAP	<i>Instituto Profesional y Centro de Formación Técnica – ex Instituto Nacional de Capacitación Profesional</i> (Institute for Professional Training and Centre for Technical Education 1976 – ex-National Institute of Professional Training 1966–76)
INE	<i>Instituto Nacional de Estadísticas</i> (National Institute of Statistics)
INSALCO	<i>Instituto Superior Alemán de Comercio</i> (Higher German Chamber of Commerce)
IPAC	<i>Industria Procesadora de Acero S.A.</i> (Steel Processing Industry)
ISAPRES	<i>Instituciones de Salud Previsional</i> (Institutions of Health Insurance)
ISI	Import-Substitution Industrialization
KOMA	Korea Manpower Agency
MIDEPLAN	<i>Ministerio de Planificación y Cooperación</i> (Ministry of Planning and Co-operation)
MITI	The Ministry of Trade and Industry of Japan
MOC	<i>Movimiento Obrero Campesino</i> (The Peasant and Workers' Movement)
NGO	Non-governmental Organization
NTI	Network-thickening initiatives

<i>Nuevo Código del Trabajo</i>	New Labour Code
OECD	Organisation for Economic Cooperation and Development
OTE	<i>Organismo Técnico de Ejecución</i> (Institutions that offer professional training, and bid for public funds); see also PTC
OTIR	<i>Organismo Técnico Intermedio</i> (Association of firms formed for the purposes of pooling resources for training)
<i>Papelera</i>	See CMPC
PC	<i>Partido Comunista</i> (Communist Party)
PDC	<i>Partido Demócrata Cristiano</i> (Christian Democratic Party)
PEM	<i>Programa de Empleo Mínimo</i> (the Programme of Minimum Employment)
POJH	<i>Programa de Ocupación para Jefes de Hogar</i> (The Occupation Programme for Heads of Households)
PPD	<i>Partido por la Democracia</i> (The Party for Democracy)
PR	<i>Partido Radical</i> (Radical Party)
PREALC	<i>Programa Regional del Empleo en América Latina y el Caribe</i> (Regional employment programme for Latin America and the Caribbean – under the World Employment Programme)
PROTRAC	<i>Protección al Trabajador Cesante</i> (Programme for the Protection of Unemployed Workers)
PS	<i>Partido Socialista</i> (Socialist Party)
PTC	Private Training Corporation
REFA	<i>Verband für Arbeitsstudien</i> (Corporation for Labour Studies)
RN	<i>Renovación Nacional</i> (National Renovation)
SASK	<i>Suomin Ammattiliihojen Solidaarisuuskeskus</i> (The Trade Union Solidarity Centre of Finland)
SENCE	<i>Servicio Nacional de Capacitación y Empleo</i> (National Training and Employment Services)
SERCOTEC	<i>Servicio de Cooperación Técnica</i> (Technical Co-operation Services – Economic Ministry of Chile)
SITC	Standard International Trade Classification
SM	Small and Medium-sized (Firms)
SNA	<i>Sociedad Nacional de Agricultura</i> (Agriculturalists' Association)
SOFOFA	<i>Sociedad de Fomento Fabril</i> (The Industrialists' Association)
SONAMI	<i>Sociedad Nacional de Minería</i> (National Mining Association)
TD	Task Diversity
UDI	<i>Unión Democrática Independiente</i> (Independent Democratic Union)
UIR	Unemployment Insurance Regime

USEC	<i>Unión Social de Empresarios Cristianos</i>
<i>Vicaría</i>	Vicariate
WHSC	<i>Comité Paritario</i> (Workers' Health and Safety Committee)
WPP	Workers' Preference Principle
YTS	' <i>Programa de Jovenes</i> ' (Youth Training Scheme)

Introduction

Political and social democratization

The period of government that reinstated political democracy in Chile (the years 1990–93) had a special significance. It brought to the fore the difficulties faced by many countries in combining the expansion of citizenship with the opening of labour markets during the preceding decade and a half. Before 1973, Chile was characterized by a long tradition of democratic government, a fairly sophisticated state bureaucracy, a highly democratic labour movement, and an extended system of welfare provision. Later, the country witnessed the most thorough modern attempt at expanding markets. Not surprisingly, by the late 1980s concern was being expressed about the need to extend social citizenship once more following the radical tone of the market reforms. In fact, having achieved economic, and later political, liberalization, Chile appeared to be in the best possible position to recover citizenship in the social domain. The ways in which this expectation was posed, and the reasons why it was not fulfilled, carry lessons that are beyond the narrow confines of the Chilean case.

This book then is about social citizenship and political democratization in Chile. However, its scope is beyond the Chilean case. The book also assesses the relationship between political and social democratization in general terms. Moreover, it discusses the importance of the sets of institutions that promote what I define as occupational citizenship. In the broadest terms, occupational citizenship refers to the existence of effective means of sustaining and developing a productive existence. As other forms of citizenship it has to be measured in terms of type and degree. The philosophical and social bases behind the concept are hardly new, yet changes in labour markets have added to its complexity and meaning. More than that, the need to assess social citizenship issues is re-emerging, having been submerged by more pressing matters of economic adjustment and state reforms for the last three decades. Such concerns directed the democratization literature through identifiable stages: the first being focused on the process of the breakdown of democracy in Latin America and parts of Europe; the second on problems of the transition to electoral democracy; and the most recent wave surveying the issues of the consolidation of democratic regimes.¹ The

writings listed remained essentially concerned with political democracy in the minimal sense defined by Dahl.² This delimitation of focus was understandable, because achieving political democracy was naturally seen as a precondition for having a debate about any kind of democratization at all. On the other hand, the delimitation was helpful because it allowed us to reassess the question about how the nature of political democracy's foundation affects democratization in other forms. Still, the democratization literature remained quite general and focused primarily on the national scene. As our attention turns from political democratization as the dependent variable to its relationship with the social sphere, our inquiry has to be deeper and more narrowly focused. For this reason, the chosen field of our empirical study, labour reforms, is a delimited one. At the same time, the approach we use entails moving across different fields of inquiry. The return to citizenship studies implies a recovery of the individual as the focal point of analysis. Therefore it should involve an attempt to connect the different elements that define individual welfare, in this case as conceived in relation to labour markets. To understand citizenship as we shall define it, it is not enough to assess public policy or social pact-making at the national level. Nor will it suffice to quantify skill investments, analyze labour relations in the sociological sense, or investigate labour law. It is the connections, conceptual and empirical, between these domains that need to be drawn.

Social citizenship and development

The analytical resources available for this task are not well-developed. Indeed, the understanding of citizenship as productive existence has been absent not only from democratization studies but also from disciplines where one would have thought that this notion would have a natural home, such as in development writing. In this case the reasons for neglect may be found in an understandable emphasis on the immediate provision of services, especially primary education and health. We agree with Marshall, however, that citizenship is about more than a composition of social rights. It is first of all about substantive conceptions of 'membership of the community', from which rights and duties then flow.³ The area of the development literature that has considered membership of communities most directly in terms of productive existence is the analysis of human capabilities and entitlements.⁴ This line of work continued a long tradition in political philosophy and economics, but at the same time made a powerful break with convention by introducing

the broader concern with membership to the study of developing economies. On the other hand, the capability approach has mainly been concerned with acute problems of poverty and crisis and not with more complex institutional issues, such as those that affect labour markets and more developed institutions of welfare. Therefore there still is no single established tradition that we can draw on to study the development of social citizenship in emergent middle-income economies, or indeed across a more wide-ranging set of cases. In view of this, the first two chapters of this book seek to broaden the philosophical concerns about membership into a workable framework of analysis of occupational citizenship. This must include discussions both of the processes involved in the formation of this form of citizenship relative to other aspects of national development and of more specific institutional issues in public policy, labour markets and labour relations.

In Chapter 1 we review Marshall's work on the substance and the development of citizens' rights in Europe up to the Second World War, and analyze what we see in some ways as the reversal of the sequence he studied. It is often thought that Marshall's analysis is relevant mainly to developed societies and to Europe in particular, since social service institutions and industrial relations there are more widely developed. But this is mistaken. Several Latin-American countries had relatively advanced social security institutions by the time of Marshall's writings, as well as extensive systems of labour regulation, and in the post-war decades they pursued the ideal of unifying and eventually broadening welfare services to cover all. Moreover, the Latin-American states experienced the challenge of developing market institutions in welfare earlier than did most countries in Europe. In that sense they are especially relevant to the study of the reversal of Marshall's story and to the present-day issues of citizenship raised in the occupational realm.

What those peculiar problems entail in the context of contemporary moves to make labour markets more flexible is assessed in general terms in Chapter 2. In particular, we discuss what the greater fluidity of labour markets implies for different theories of the role of labour institutions in relation to individual freedom and the development of human resources. The hypothesis made is that well-established labour market institutions above the level of firms have become more, and not less, important to citizenship and development.

The chapter lists some of the specific institutional problems that could be identified in Chile by the early 1990s as a result of the neo-classical approach to market reform.

Political transitions and citizenship: the Chilean case

The period immediately after 1990 in Chile was crucial precisely because labour reform became an issue of citizenship at this time. The second and third parts of the book are therefore concerned with change and continuity in public policy and labour relations up to and during this phase. Although we seek to carry the political story through to the middle of the year 2001, the years of the first transition government, during 1990–3, are given special attention. This government can be considered as the founding period of the new democratic regime. It lasted only three years, but during that time crucial decisions and reforms were made which affected social citizenship in a lasting way. Moreover, the transition years in Chile coincided with the end of a prolonged period worldwide of economic downturn followed by de-regulation. By the early 1990s, some countries were still embroiled in deep economic reforms. However, enough had been done for a consensus to have developed around such reforms, and for the question to surface again as to what shape social citizenship should take in the new milieu. What is significant about Chile is that the country had not only started structural change early on, but within the narrow terms of the liberal reforms had also completed such change, possibly with greater success than any other contemporary case.⁵ Chile's early arrival at the juncture where market reform and political democracy appear to enter a fruitful union makes a study of the reality of the country's achievements a particularly compelling task.

Chile had at the time under study a number of institutional capacities, which should it make it possible to take steps to deepen occupational citizenship. These included the presence of macroeconomic stability and good prospects for economic growth. Both facilitated the building of long-term contracts between social and economic actors. Moreover, Chile had an uncorrupt and relatively efficient state bureaucracy and unified national organizations of employers and unions. Respect for the law and institution building among the citizenry (including labour law) was extensive, and the capacity of the state to monitor law enforcement and property rights well established. To this should be added the existence of economic institutional capital – for example, a well-functioning capital market, some institutional framework of social insurance, and relatively developed institutions of education and training.

An analysis of individual institutions, however, will not be sufficient. We also need to consider how far existing institutions operate as a network, and how political factors impinge on their function. In short, we

need to take into account the broader framework of governance – to be discussed in Chapter 1 – which dictates how such capacities as we have highlighted are linked and put to use. This framework includes the developmental orientation of the state, the density of social governance and the shape of political governance. The first encompasses the willingness and ability of government caretakers to set independent development goals and effectively communicate these. The second entails the existence of an entrepreneurial class willing to engage (in an associate form) in the development of long-term strategies of productive development. It also includes labour organizations with a preference-ranking that allows ‘control trade-offs’ to form.⁶ Meanwhile the third factor covers, in our case, the impact of the shift in national political governance. The challenge of moving to an open political regime takes us back to our initial question concerning the relationship between political and social democratization. Would labour reform initiate the series of ‘precedent-setting political confrontations’ through which, according to Valenzuela, ‘virtuous institutionalisation’ and consolidation of political democracy proceed?⁷ If so, it would appear to provide a perfect illustration of how political democratization can be made to dovetail neatly with a parallel shift in the social domain. Alternatively, perhaps the former became consolidated at the expense of the latter through the process of labour reform.

Indeed, the relationship between political and social democratization is not straightforward. The second and third parts of this book are concerned with providing the different pieces that one hopes will make for a clearer picture. As we noted, the national framework of governance was a political construction through which the ability to change labour institutions evolved. In the second part of the book we analyze how labour institutions came to attain such a central role in Chile’s transition. Chapter 3 looks at the political organization of employers in relation to labour reform, and Chapter 4 at the orientation of the labour sector and the political parties in opposition to General Pinochet. Chapter 5 surveys the political framing of the labour regime during the crucial years.

In the final part of the book we look to more specific issues in Chile’s institutions of labour. It is the areas studied in this part that allow us to determine how far actual steps towards occupational citizenship were taken during Chile’s transition. Our first case study, in Chapter 6, assesses the relationship between labour representation and the flexibility challenge from a legal-institutional angle. It looks at the political process of labour reform and discusses the implications of a weak representative framework for the possibility of establishing long-term

relationships between employers and labour. Chapter 7 then looks at public training policy, defined as the central bridge between social and economic policy in a refined development strategy. In the chapter we identify the interception of institutional and ideological constraints involved in reforming an atomized market regime. The last two chapters of the book concentrate on labour relations inside Chilean firms. This is done through a survey carried out in 1992 of local union presidents in the manufacturing sector. It is argued that the limited nature of the national reforms made relations inside Chilean firms of even greater importance to labour freedom and empowered mobility. By looking, respectively, at styles of labour management and the role of unions, we examine the sources that promoted and impeded the establishment of long-term relationships and investment in workers. The survey reveals the sources of rigidity in Chile's highly liberal regime. Thereby it questions the notion that deregulation necessarily makes labour market agents more mobile and free. In the conclusion, finally, we are able to connect the different elements of labour reform. In the light of our review of local labour relations, it is possible to consider the impact of the national reforms at a local level. We are able to judge how far the national reforms had expanded the scope for social democratization during the crucial initial phase of political democracy's reinstatement in Chile. In more general terms, we are able to establish the intricate ways that modern citizenship is shaped by labour markets and labour market reform.