

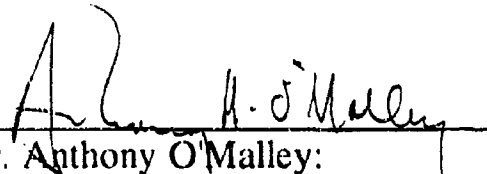
**AN ANALYSIS OF INFORMAL SECTOR UNIONIZATION AMONG
MARGINALIZED AGRICULTURAL WORKERS:
A STUDY OF THE *SINDICATO INTEREMPRESA DE TRABAJADORES
TEMPOREROS Y PERMANENTES DE SANTA MARÍA***

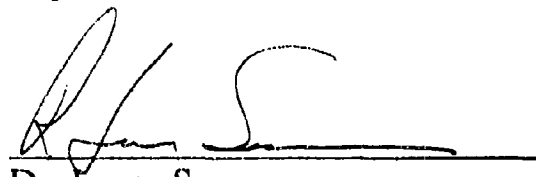
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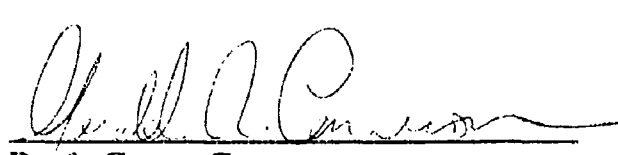
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of the requirements for the Master of Arts degree in
International Development Studies
at
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ABSTRACT

AN ANALYSIS OF INFORMAL SECTOR UNIONIZATION AMONG MARGINALIZED AGRICULTURAL WORKERS: A STUDY OF THE SINDICATO INTEREMPRESA DE TRABAJADORES TEMPOREROS Y PERMANENTES DE SANTA MARIA

Lorna Read
April 27, 1994

This thesis examines the politico-economic and legal structures surrounding the informal sector, and the effect these structures have on the organizational potential of workers in this sector. A case study of a particular labour force, the *Temporeros*, and a specific union in Chile comprised of these workers, The Interenterprise Union of Temporary and Permanent Workers of Santa María, forms the core of the thesis. This labour force and their Union illustrate the obstacles that such workers face during the transitional process surrounding the movement toward the creation of "formal" organizations. This thesis takes into consideration the body of literature surrounding the debate in defining the informal sector, and the two prevalent schools of thought in the area of the informal sector, the structuralist school and the legalist school. The conclusions arising from the case study point to the fact that because of the heterogeneous and controversial nature of the informal sector many of the definitions, when considered on their own, are too simple to explain the situation of all informal sector workers, such as the *Temporeros*. It is important not to think of the informal sector solely from an economic perspective, but to also look at the position of the workers in this sector with respect to the labour legislation and regulatory institutions. In this sense, the principal tenet of the legalist school is true, but legal structures only have relative autonomy, because they are influenced by the political economy underlying the development strategy of the country. The result is that a theoretical synthesis of the two schools of thought provides a valuable analytical framework when discussing the informal sector.

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El éxito de dichas investigaciones se debe en su mayor parte al interés y participación de estas personas en mi trabajo de la maestría el cual interesaba clarificar y entender los esfuerzos de los Temporeros de Santa María lograr a tener una vida mejor.

CHAPTER 1

*Organizing is an essential part of struggle and development.*¹

I

This thesis initially evolved from examination of the concept of the informal sector in Latin America. Since the inauguration of the idea of the "informal sector" by the International Labour Office in 1972, labour has been largely thought of in terms of the formal sector versus the informal sector, especially in developing countries. This thesis will focus on a particular group of workers, *Temporeros* (agricultural workers in Chile with temporary contracts), who share many characteristics with informal sector workers, but who work within a formal industry, the fruit export industry of Chile. These workers provide an interesting illustration of the complexity of labour in developing countries.

An analysis of the informal sector reveals that the labour force in developing countries is certainly not uniform; in fact, it may be so heterogeneous that a simple binary categorization is difficult. This thesis is concerned with the historical and current situation of the *Temporeros* and how they fit into this complex labour activity. Throughout informal sector labour literature, there are generally agreed upon characteristics which locate the position of informal sector workers with respect to labour legislation and basic labour standards. The heart of this thesis will be an analysis of the extent to which certain workers remain beyond labour

¹ Bhatt, Ela. "Toward Empowerment," *World Development*, Vol. 17, No. 7, 1989, p. 1062.

legislation and labour laws, and the degree to which this condition determines their structural situation and their everyday life.

A focal point of our inquiry will be those workers who are to some extent marginalized from, or at times completely separated from, the labour legislation, regulation and organization of the country, and the obstacles such workers face during the transitional process surrounding the movement toward the creation of "formal" organizations, such as unions. Such workers are in fact up against a highly paradoxical situation because the obstacles which prevent them from organizing are those which can only be ultimately overcome through organizing. Through a case study of a particular labour union in Chile, that of the *Temporeros*, the process of the formation of a union by the workers themselves will be examined. This union, *El Sindicato Interempresa de Trabajadores Temporeros y Permanentes de Santa María* (The Interenterprise Union of Temporary and Permanent Workers of Santa María), is made up of *Temporeros* who may be regarded as "informal labour" with respect to their position in terms of the rights and regulations provided by the labour legislation of the country, but who are now fighting to change this position.

Regarding these workers, a discussion of the obstacles which such workers face during the transitional process surrounding the movement toward the creation of "formal" organizations, i.e. unions, will throw light on the larger question of labour organization and the structural position of marginalized workers, such as those in the informal sector, in the context of current neoliberal policies in the Third World.

With respect to the central focal point of the thesis a number of themes arise which will form the analytical framework of the discussion. Firstly, there is the idea that the informal sector should not be referred to

solely in terms of the activities and the people which comprise it, but also in terms of its relationship to legal structures. In this sense, the informal sector may be thought of as comprising all those individuals who operate beyond the regulation implemented by the institutions of the State, and who are therefore subject to inferior work conditions, exploitation and harassment. Secondly, an understanding of the relationship between formal sector labour and informal sector labour is crucial because the relevance of any interaction between the two groups, and the extent to which both sectors in some way benefit each other, provides illustrations of their symbiotic relationship. Thirdly, there is the question of whether or not the overall situation facing informal sector workers, especially their work conditions, could be potentially improved through the organizational efforts of the individuals involved. We will see that this type of organizing is greatly impeded by the existing institutional structures, which actually encourage the sustainability and growth of the informal sector *de facto*, and thus the continued marginalization of many workers, such as the *Temporeros*. Fourthly, according to the legalist school of thought it is the legal structures in Latin America which explain the existence of the informal sector. Arising from this school of thought are issues associated with the labour legislation of a country, and the effects this legislation may have on the organizational potential facing the informal sector. These legal issues suggest an interesting point of analysis for considering the position of the *Temporeros* in their fight to strengthen their position through the formation of a union within the existing legislation. Fifthly, our case study shows that informal alliances can mobilize and organize themselves to work within the formal structural framework. Alternately, informal workers may be in the position to form their own labour organizations, as opposed

to attempting to work within existing labour unions. We will ascertain which of these, and under what conditions, proves to be beneficial and successful for workers. Finally, it would be helpful to establish a framework for the analysis of the informal sector labour force which includes the strengths and weaknesses of this labour in terms of its organizational potential. There are existing obstacles, in terms of their own internal characteristics, preventing the organization of these workers. Such obstacles can be illuminated by discussing the resulting pros and cons of organization for the *Temporeros* on both an individual level and a community level.

By addressing these themes two hypotheses will also be evaluated. These are :

1. The informal sector cannot be considered solely from an economic perspective which defines it in terms of the activities and individuals involved, but rather the position of a large, marginalized labour force with respect to the legal structures is also a relevant point of analysis for the informal sector;
2. The structuralist school of thought and the legalist school of thought both formulate concepts which are important to an analysis of the informal sector, and therefore neither school is sufficient on its own to explain this controversial sector. Rather a synthesis of the two provides a more useful theoretical framework.

The informal sector itself has been the focus of an extensive debate in the development field for at least the last decade. This thesis chooses the informal sector as the pivotal area of research, but is specifically interested in the legal aspects, i.e. the labour legislation surrounding this sector, and how such legal conditions affect lives and jobs. Thus, the development issues considered in our discussion are related to a consideration of the informal sector in terms of its position regarding extant labour legislation within the structural context of neoliberal economic policies.

II

The methodology used in this thesis will be twofold. First, a literature review will be carried out to provide an analysis of the main labour issues related to the discussion. This will include a critical examination of the existing body of literature related to the history and definition of the informal sector, specifically in Latin America. It is essential to establish a definition which will form the point of departure for the discussion, particularly in light of the uncertainty surrounding the task of classifying the informal sector concept. Attention will also be given to development theory and the informal sector, as well as the schools of thought surrounding the debate on the informal sector in Latin America.

The core of the thesis will be a case study of The Interenterprise Union of Temporary and Permanent Workers of Santa María in Chile. This particular Union has been chosen as it is currently experiencing continued formation and continued attempts at strengthening the union through the organizational efforts of the workers involved, of legal advisors, and the Union's leaders.

The case study provides a brief historical perspective on unionization in Chile. This topic will be addressed to the extent that is appropriate to help guide the thesis, establishing an overall framework in which the Union formed by the *Temporeros* may be understood. The discussion will focus on the political environment affecting unionization, as well as the historical position of agricultural workers in the union movement, most specifically the *Campesinos*². Also, a historical view of *Temporeros* in Chile will be presented in order to provide an understanding of who the people are which compose this labour force. The Union in Santa María was formed approximately three years ago in response to the growing sense of dissatisfaction with the job insecurity and low wages facing farm workers in Chile, a situation brought to the fore by the massive layoffs which resulted from the cyanide scare concerning Chilean grapes arriving in the U.S.A.

Many questions surface regarding this Union, and its formation may suggest lessons to be learned for labour in a similar position in other countries of the world. The issues we will be addressing (amongst others) are: (1) what prompted the organization of the Union, (2) what the status of the workers was before the movement toward organization, (3) what the position of the Union was (and is) in terms of the labour legislation in Chile, (4) what the obstacles were (and are) which were met during the process of unionization, (5) what the advantages versus the disadvantages were (and are) of this type of organization for the workers, and (6) what

² *Campesino* may be defined as: Including the whole of populations that work the 'earth' below distinct systems and structures. The term has in this way acquired an anthropological connotation, to include all those who are living in rural areas, who carry out work in the countryside directly with their hands, as opposed to farmers, landowners and bosses. . . the position of the *Campesino* can range from that of the wage-earner to that of the independent farmer. See: Ortega, Emiliano, *Transformaciones Agrarias y Campesinado - de la Participación y la Exclusión*, CIEPLAN, Santiago, 1987.

could be described as some of the achievements of the Union. We will inquire whether the existence of the Union has strengthened other relations within the community, and whether the latter have been themselves instrumental in the sustainability of the Union. And, lastly, we will speculate on what the future of the Union itself may be.

The second aspect of the methodology is based on field research carried out from November 1993 to January 1994. The method principally employed was that of participant observation based on structured interviews with Union people on all levels, focusing on the above mentioned issues. Interviews were carried out with the directors of the Union, the main organizers, and members of the Union, some who were involved in the beginning and others who are presently involved. The format of the interviews was such that the main issues (as outlined in the preceding paragraph) were put to each person, who then provided a lengthy discussion based on each issue, while at the same time adding any information which he or she considered relevant. The interviews were tape recorded and then later transcribed in their entirety.³ Also, during the period of field work in Santa María a journal was kept to enable the inclusion of personal observations where appropriate, such that this information might supplement the other materials with useful descriptions of the people of Santa María.

Time was also spent gathering available books, articles and statistics, not only in Santa María, but also in many institutes and organizations in Santiago, such as the national union federation, *Central Unitaria de Trabajadores* (Unitary Worker's Central, abbreviated CUT); the national

³ These interviews, consisting of approximately 100 pages, are available for scholarly perusal from the author.

confederation with which the Union is affiliated, *Unidad Obrera Campesina* (Campesino Workers Association, abbreviated UOC); *Programa de Economía del Trabajo* (Economy of Work Program, abbreviated PET); *Asesoría de Proyectos Laborales* (Advising Society for Labour Projects, abbreviated AGRA Ltd); *Centro de Estudios para el Desarrollo de la Mujer* (Center for Women's Development Studies, abbreviated CEDEM); and *Centro de Estudios de la Mujer* (Center for Women's Studies, abbreviated CEM). Statistics from these sources include governmental statistics and those gathered by individual researchers and institutes closely involved with unionization and/or *Campesinos* and *Temporeros*. They focus on areas such as the changes in unionization in different sectors over the years, the numbers of *Temporeros*, and monthly data indicating the seasonal nature of the work of the *Temporeros*. These kinds of statistics were very useful in amplifying and extending the material from the interviews by providing a context for the interview questions. Every effort was made to "triangulate" the interviews, personal, and statistical data to provide a cross-checking on the veracity of the interviewees' observations.

III

The thesis has been divided into five parts, each consisting of a chapter. This first Chapter, the one now before you, provides an introduction to the thesis.

The Second Chapter presents an extensive literature review of the material pertinent to the thesis, both in the period leading up to the formulation of the principal issue to be investigated, as well as the

background theoretical literature necessary for an analysis of the empirical material. The literature review covers the various definitions of the informal sector, outlines the many characteristics and ambiguities of this sector with regard to a unitary definition, provides an analysis of the informal sector versus what may be referred to as the formal sector, provides a brief consideration of theoretical and conceptual issues common to the informal sector, and considers the key schools of thought within the development field surrounding this concept. Finally, we discuss the legal issues facing the informal sector which are raised in the literature. This review will serve as a background discussion of the developmental labour debate, from which came the original notion of investigating the *Temporeros* in the first instance.

The Third Chapter consists of an empirical study of The Interenterprise Union of Temporary and Permanent Workers of Santa María, in Chile. To begin with there is a general historical overview of the unionization process in Chile with an emphasis on the political environment and its effect on different labour groups, and especially the position of agricultural workers in the union movement.

The *Temporeros* will be considered in historical perspective, i.e. where they emerged from and how they fit into the overall labour picture. The material for this chapter came from two main sources: material written specifically on the Union and the *Temporeros* in Santa María, and first-hand information from interviews and discussions with people involved with the Union. The case study will also examine relationships relevant to the Union. These include the relationship between the Union and the *Casa del Temporero* (Temporary Worker's House), a non governmental organization, which was closely linked to the Union in the

beginning, and the relationship between the Union and the UOC, one of the national union confederations.

Chapter Four provides a synthesis of Chapters Two and Three. Our intention is to draw upon the sources covered in the literature review, while presenting an analysis of the data in the case study. This Chapter discusses the outcomes which are drawn from the literature review and the case study in terms of the two hypotheses presented earlier. Also, emphasis will be on the concluding position and contribution of the thesis to the informal sector debate. The primary purpose of this Chapter is to address the question of whether there are any lessons arising from the research which may be applicable to informal sector labour in general, or whether groups of marginalized labour such as the *Temporeros* and their Union in Santa María are possibly an isolated case.

Finally, Chapter Five will delineate possible policy alternatives that conform to our results of Chapter Four, and which may, in a pragmatic sense, contribute to the betterment of informal sector workers in the Third World.

CHAPTER II

In the real world, however, there is nothing ironic about the informal economy (sector), for the livelihood of millions depend on its existence, and the future of many societies, on its form of evolution. ⁴

I

The informal sector has formed the nucleus of much controversy and research since the concept was inaugurated by the International Labour Office's (ILO) report on Kenya in 1972. Many issues in the field of international development related to labour have arisen from this debate. This Chapter will provide a review of literature surrounding the concept of the informal sector in developing countries, with the specific intention of narrowing the focus of the subject to that which is relevant to the central hypotheses of this thesis. We are interested, in a broad sense, with the organization (or lack of organization) of workers within the informal sector in Latin America, as well as the relationship between the labour legislation of these countries and its effect on informal sector workers.

To begin with we set down a general definition of the informal sector as it has become established in development theory. Within the literature there is a general agreement on the heterogeneous nature of the informal sector, and because of this very nature there are many ambiguities with regard to possible definitions. It is useful to look at definitions of the formal sector when trying to define the informal sector. In this respect,

⁴ Porras, Alejandra, Manuel Castells and Lauren A. Benton, *The Informal Economy: Studies in Advanced and Less Developed Countries*, Baltimore: The John Hopkins University Press, 1989, p. 33.

attention will be drawn to theoretical issues underlying the informal sector and labour in general. Also discussed will be the key schools of thought pertaining to the informal sector, as well as the ways in which the informal sector as a phenomenon has been related to development theory. Finally, we will discuss the legal issues relating to the informal sector which arise from our review of the more general informal sector debate.

A logical starting point for a discussion of the informal sector is the point at which the use of the term became common in the international arena. It was first officially recognized in developing countries in the 1970's, when it became apparent that many economic activities could not be accurately accounted for within the predetermined economic standards of measurement, such as Gross National Product (GNP), GNP per capita (which is an indicator used to illustrate economic growth) and employment/unemployment statistics. While many informal activities are considered from purely an economic standpoint, the informal sector also encompasses social and political issues, as Portes et al indicate, "governments tolerate or even stimulate informal economic activities as a way to resolve potential social conflicts or to promote political patronage."⁵ The social issues include for example, the problems associated with working under unsafe and unhygienic working conditions, and the pressures put on society arising from the long working hours and low levels of pay, which often add detrimental levels of stress to the family unit. In terms of political issues, there is the critical one which stems from the need for governments to address the problems of these workers and try to gain the political support of this large labour force, while at the same time appeasing other political forces. In general, the informal sector will

⁵ Portes et al, 1989, p.27.

be seen in our discussion to have relationships with the government, political parties, and organized labour in the formal sector.

The first official definition of the informal sector was put forward by the ILO in 1972, following extensive research in Kenya concerned with the complexity of the concept of the informal sector, and stressing the importance of the need for attention directed toward this sector in Third World countries. This research included the collection of data on the urban and rural informal sectors, on a thorough basis using street-by-street counts and other extensive surveys.⁶ This research was carried out by an ILO employment mission to Kenya on the request of the Government of Kenya. Large numbers of "working poor" were found. The "working poor" are defined by the ILO as those people working very hard in the production of goods and services, but whose activities were not recognized, recorded, protected or regulated by the public authorities. The mission then went on to suggest that certain informal sector activities, if given a modicum of support and legal protection, had the potential to offer more, and more secure, employment.⁷ The ILO definition then characterizes the informal sector as consisting of those activities issuing from the following circumstances: (1) ease of entry; (2) reliance on indigenous resources; (3) family ownership of enterprises; (4) small scale of operation; (5) labour-intensive and adapted technology; (6) skills acquired outside the formal school system; and (7) unregulated and competitive markets.⁸ These circumstances are gathered within small economic units, a situation which

⁶ For a discussion of the original research in Kenya and a follow-up discussion to this research see: Livingstone, Ian, University of East Anglia, Norwich. "A Reassessment of Kenya's Rural and Urban Informal Sector," *World Development*, Volume 19, Number 6, 1991.

⁷ International Labour Office, *The Dilemma of the Informal Sector*, International Labour Conference, 78th Session, Geneva, 1991.

⁸ Turnham, David et al., *The Informal Sector Revisited*, Development Center for the Organization for Economic Cooperation and Development, Paris, 1990, p. 53.

differs from those units of the formal sector. The latter is generally seen as the sector which drives the economy and determines the country's rate of economic growth because large-scale capital-intensive industry dominates this sector. This type of industry is often that which is oriented toward production for export, or development of the country's natural resources for profit.

Two decades later, the ILO has revised its definition of the informal sector. In 1993, it was characterized as: (1) those units engaged in the production of goods and services with the primary objective of generating employment and incomes for the persons concerned; (2) units of production where labour relations (if they exist at all) are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangements; (3) production units which have the characteristic features of household enterprises; (4) units where the expenditure for production is often indistinguishable from household expenditure; and (5) activities which are not necessarily performed with the deliberate intention of evading the payment of taxes or social security contributions, or infringing on labour legislation or other administrative provisions.⁹

This latest understanding of the informal sector by the ILO still places emphasis on the activities involved and sees the informal sector as consisting of production units within the overall economy. Note that an important dimension has been added since the original clarification of the term, that is the specific inclusion of the correlation between the household unit and the production unit of the informal sector. This characteristic is

⁹ International Labour Office, "Resolution Concerning Statistics of Employment in the Informal Sector," *The Fifteenth International Conference of Labour Statisticians*, Geneva, January 1993, p. 2.

widely agreed upon in the current literature: "Informal units are characterized by their dual home-production/enterprise nature, therefore any resources are allocated to both the household and business."¹⁰

Another approach to characterizing the informal sector is through reference to the participants which make up this labour force. The characteristics of the informal sector labour force in the 1970's were considered to be, among other features: (1) a higher rate of female employment in the informal sector than in the formal sector; (2) a higher concentration of younger and older workers; (3) a high proportion of least educated or functionally illiterate; and (4) migrants from depressed rural areas.¹¹

The recent literature tends to agree with these characteristics, specifically that it is often the most vulnerable groups of people which find themselves working in this situation. It is difficult to determine the exact percentage of women, children, and the elderly working in the informal sector since all statistics regarding this particular sector are only estimates.¹² However, it is generally presumed that women comprise over half of the informal sector in Latin America. Of these groups, women are particularly vulnerable for a number of reasons. These reasons are summarized by Bhatt as: (1) the fact that they are generally rural, poor and illiterate; (2) their vulnerability is compounded by the fact that, over time, traditional support systems have broken down with the added pressure on

¹⁰ Tokman, Victor E., "Policies for a Heterogeneous Informal Sector in Latin America," *World Development*, Vol. 17, No. 7, 1989, p. 1070.

¹¹ Souza, Paulo R. and Victor E. Tokman, "The Informal Urban Sector in Latin America," *International Labour Review*, Vol. 114, No. 3, 1976, p. 359.

¹² For examples of statistical studies see: Buviniv, Mayra and Marguerite Berger, "Sex Differences in Access to a Small Enterprise Development Fund in Peru," *World Development*, Vol. 18, No. 5, 1990; and Escobar, Silvia, "Small-Scale Commerce in the City of La Paz, Bolivia," in Berger, Marguerite and Mayra Buviniv (eds), *Women's Ventures*, Kumarian Press Inc., 1989, p. 79.

the family unit which comes from the women being forced to work under extreme conditions; and (3) the political invisibility of the women working in the informal sector is another factor accounting for their vulnerability.¹³

The issue of measurement of the informal sector deserves significant attention because of its attendant difficulty. Perhaps the most obvious problem surrounding the measurement of the informal sector is one inherent to the informal sector itself, namely that the activities and individuals involved are unregulated and unreported, and therefore, the informal sector consists of people not willing to share information about themselves. Apart from this traditionally held position in terms of the measurement of the informal sector, Portes adds, "the fact that modern firms in less developed countries promote and make use of unprotected labour may come as a surprise to those who rely on official statistics for analysis of these economies."¹⁴ In fact he continues by saying that there is reason to believe that the "absorptive capacity" of modern firms is greater than what is generally assumed, but that it is implemented through arrangements which escape official record keeping. This argument is central to this thesis, because as mentioned in Chapter I, the *Temporeros* may be considered in many ways as informal sector workers, but they work within a formal sector industry.

¹³ Bhatt, 1989, p. 1061.

¹⁴ Portes, Alejandro, "When More Can be Less: Labour Standards, Development and the Informal Economy," in Herzenberg, Stephen and Jorge F. Perez-Lopez (eds), *Labour Standards and Development in the Global Economy*, Washington: U.S. Department of Labour, 1990, p.219.

The following table outlines the distinguishing features of the formal/informal dichotomy.¹⁵

TABLE 1

Features	<u>Formal Sector</u>	<u>Informal Sector</u>
1. size of firm	large	small
2. ownership/management	corporate	family/self
3. technology	capital-intensive	labour-intensive
4. bargaining status	collective (union)	individual (non-union)
5. legal status	registered	extralegal
6. official policy	protected	unprotected
7. barriers to entry	economies of scale, patents, licenses	modest investment

We may also consider the difference between the two sectors in terms of the basis for production. For the informal sector, the most important factor is the guarantee of the subsistence of the family group, whereas the prime motivation behind production in the formal sector is capital accumulation.¹⁶ This distinction is significant when considering the relationship which exists between the sectors. Portes et al illustrate this relationship with the notion that by lowering the cost of labour and reducing the State-imposed constraints on its free hiring and dismissal, the informal sector contributes directly to the profitability of capital.¹⁷ Most

¹⁵ Table from: Cole, William E. and Bichaka Fayissa, "The Urban Subsistence Labour Force: Toward a Policy-Oriented and Empirically Accessible Taxonomy," *World Development*, Vol. 19, No. 7, 1991, p. 780.

¹⁶ Guergui, Martine, "Some Thoughts on the Definition of the Informal Sector," *CEPAL Review*, No. 35, August 1988, p. 60.

¹⁷ Portes et al. 1989, p. 30.

apparent is the question of the extent to which the formal sector is able to use informal labour to facilitate growth of formal sector firms, the idea being that informal sector labour is easily exploited because individuals on this level are only interested in working, in whatever manner necessary, to ensure their own survival (and that of their family). Portes agrees that a fundamental point is that the informal sector subsidizes part of the costs of formal capitalist enterprises, enabling them to enforce comparatively low wages on their own labour.¹⁸

This analysis locates the informal sector as a crucial instrument in the capital accumulation process which is associated with economic growth in a country. The cheap nature and apparent size of the informal sector may potentially supply the formal sector industries with a profitable and perpetual labour force. Also, Portes argues in another article, that as long as informal enterprise remains mostly a low-tech, low-wage appendage of the modern sector, it will continue to undermine labour standards no matter how actively enforced.¹⁹ But, it is this very undermining of labour which is often interpreted as being beneficial to the success of the capital accumulation process in many Third World countries.

Others have researched the informal sector and define it in terms of the different activities which may be included. There is some controversy regarding the inclusion of domestic workers in the definition of the informal sector.²⁰ There are many activities which could be included such as, self-employment, wage employment, outwork, apprenticeship and

¹⁸ Portes, Alejandro, "Unequal Exchange in the Urban Informal System," in Archetti, Eduardo P. et al (eds), *Sociology of Developing Societies, Latin America*, New York and London: Monthly Review Press, 1987, p. 248.

¹⁹ Portes, 1990.

²⁰ See: Souza, Paulo R., and Victor E. Tokman, 1976; and Mezzera, Jaime, "Excess Labour Supply and the Urban Informal Sector: An Analytical Framework," in Berger, Marguerite and Mayra Buvinic (eds), *Women's Ventures*, Kumarian Press, Inc., 1990.

unpaid family labour.²¹ These activity categories cover a wide range of individuals. According to Bose, the self-employed may also be referred to as 'disguised wage workers' or 'dependent workers'. Wage employment in this case includes all those workers who may earn a wage but who do not enjoy other benefits generally associated with wage labour. These benefits may include wage regulation and various social benefits. "Outwork", which is also often referred to as subcontracting, relates to work which is contracted out to informal workers by formal sector firms. The ILO describes subcontracting as the "informalization" of the formal sector.²² This most commonly takes place in the manufacturing industry, and is extensively used by transnational corporations (TNCs).

Again, this raises the issue of the relationship between the informal sector and the capital accumulation process. The TNCs are definitely in a position of power from which they can gain from the existence of the informal sector, in the sense that it represents an enormous and low-cost labour supply, and therefore aids in an acceleration of capital accumulation. This position of the TNCs is an example of the power issue which surrounds the nature of the informal sector. Harrod emphasized the fact that when looking at the informal sector power rests on two factors. The first is the absence of a permanent organizational structure (with regard to the informal sector) in which production takes place. This prevents State intervention toward the conditions surrounding the informal labour force. Second, there is the ability of employers to secure other workers who are prepared to supply the goods and services at a lower cost,

²¹ Bose, Madhuri, "The Urban Informal Sector Revisited: Some Lessons From the Field," Discussion Paper No. 276, Institute of Development Studies, Brighton, England, July, 1990, pp. 2-4.

²² International Labour Office, *Statistics of Employment in the Informal Sector*, 15th International Conference of Labour Statisticians, Geneva, January, 1993, p. 8.

or under stringent conditions.²³ TNCs are intimately associated with capital accumulation on a global scale, and are often the key driving forces of the economies of Third World countries. The relationship which exists between the TNCs and the informal sector is, as a result, very important.

A number of empirical studies have shown that there are many typical situations of wage-labour disguised as self-employment or small business.²⁴ It has been found that these apparently self-employed workers end up supplying large formal industries (e.g.: TNCs) with significant quantities of substitutes for raw materials at a fraction of their market costs.²⁵ In fact, this evidence suggests that a high proportion of the informal labour force is in reality composed of "disguised" wage workers who toil for modern firms, but are not formally employed by them.²⁶

It is a significant contribution of Bose to focus on both the individuals and the activities involved in the informal sector. Bose observes that the self-employed are subjected to poor and unstable earnings, which are more than likely coupled with extremely long working hours. Moreover, wage workers are not organized and work in markets with very low skill requirement thereby limiting their ability to bargain. There is also a general lack of employment security and working conditions are not only inadequate but also risky in terms of security and health regulations. The "outworkers" (or subcontracted labour) provide a classic example of the exploitation of informal sector workers intrinsic to

²³ Harrod, Jeffrey. *Power, Production and the Unprotected Worker*, New York: Columbia University Press, 1987, p. 133.

²⁴ See: Connolly, "The Politics of the Informal Sector: A Critique," in Redclift, N. and J. Munpame (eds), *Beyond Employment*, Oxford: Basil Blackwell Inc., 1985.

²⁵ See: Portes, Alejandro and Saskia Sassen-Koob, "Making it Underground: Comparative Material on the Informal Sector in Western Market Economies," *American Journal of Sociology*, Vol.93, No.1 July 1987.

²⁶ Portes, 1990, p. 225.

the capitalist system. This type of work often places a double or triple burden on women who perform these activities at home in addition to their other domestic responsibilities. Other problems which are common to most informal sector workers are a lack of sufficient capital, unstable and inconvenient locations in which to operate, and a hostile environment in which they must function (e.g: due to the harassment from the police and the military).²⁷

As we mentioned above, the informal sector may also be thought of in terms of its different participants. The informal sector tends to include the most vulnerable social groups, such as women, children and the elderly. Also, the urban informal sector is made up largely of rural migrants, a feature which became particularly dominant with research in the urban informal sector. Finally, there is a large concentration of peasants working in the informal sector, or alternatively there are entrepreneurs, meaning individuals who set up their own businesses without conforming to the regulations set out in the legislation, who may account for a significant number of informal sector workers. We may reasonably conclude that there is no single group of people which can be invariably identified as comprising the informal sector.

Returning to the urban/rural issue with regard to the informal sector: Research focusing on the informal sector in Latin America has been primarily concerned with urban areas. The reasons for this may be (1) that the majority of the population of Latin American countries is urban and that this proportion is increasing, (2) that the "modern" sector which has been considered to be the nucleus for development is located in the urban centers, and that therefore, a country's development is thought to

²⁷ Bane, 1990.

emerge from such centers, and (3) that the urban informal sector is definitely more visible because of its size, and as a result is more easily the subject of research.

However, it is an error to exclude the rural areas when considering the informal sector. Many countries have a large rural informal sector consisting of rural small industries and workshops, traditional artisans and traders, subsistence agriculture and small holdings outside the "modern" agricultural sector, and non-farm activities carried out as secondary activities alongside agriculture or during the off-season.²⁸ The reality is that many of the underlying characteristics of this rural labour and its activities are similar to that of the urban informal sector, as are many of the problems facing these individuals. Perhaps the biggest difference between the attention received by the two areas is due to the belief that the urban informal sector, because of its magnitude, has the potential to play a fundamental role in the country's development. This perception has emerged from the debate surrounding the notion of the informal sector as a catalyst for economic growth in many developing countries.

When we consider the rural informal sector (and also to a lesser extent the urban informal sector), the question arises of whether it is pertinent to distinguish between agricultural versus non-agricultural activities. The ILO noted that, "theoretically, there is nothing against the inclusion of household enterprises engaged in agricultural activities within the scope of the informal sector."²⁹ Agricultural activities are not generally included in data collection on the informal sector largely due to the fact that other methods of measurement for this type of rural labour

²⁸ International Labour Office, 1993, p. 30.

²⁹ International Labour Office, 1993, p. 30.

are in place. However, we suggest that many of the institutional problems and issues facing the urban informal sector are parallel to those facing many agricultural workers who are marginalized by the "formal" agricultural economy. If this is true, then the general concept of the informal sector can help explain the condition of agricultural workers, such as the *Temporeros*.

Yet another perspective on the informal sector suggests that small-scale production forms the backbone of the informal sector; this is often referred to as small scale enterprise (SSE) or microenterprise.³⁰ This perspective however is not of specific relevance to this thesis and the reader is therefore referred to the citation below for further reading on this matter.

Amongst all the definitions of the informal sector there is one fundamental commonality, regardless of the activities described or the individuals involved, namely that it is unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated.³¹ This aspect, that the activities and individuals in the informal sector are unregulated, is critical to this discussion. The informal sector meets many essential basic human needs, which the formal economy does not do, but at the same time it does so in a manner which is not within the purview of the regulations of the State. Main notes that, "the informal economy is the people's spontaneous and creative response to the State's incapacity to satisfy the basic needs of the impoverished masses." He adds that, "the people have often shown more daring, effort, imagination and

³⁰ For discussion of SSE characteristics and issues see: McLaughlin, S., "Skill Training for the Informal Sector: Analysing the Success and Limitations of Support Programs," *The Informal Sector Revisited*, Development Center for the Organization for Economic Cooperation and Development, Paris, 1990; Livingstone, 1991; Portes et al, 1989; and Portes and Sassen-Koob, 1987.

³¹ Portes et al, 1989, p. 12.

dedication to the country than their legal competitors."³² It is this particular aspect of what is considered the informal sector which will be explored in detail in this thesis. However, before narrowing our focus, we wish to end the general discussion with a brief summary of the ILO's understanding of the informal sector 20 years after it was first defined.

The ILO, like many organizations, academics, and institutions working in the field of informal sector research, has agreed that a definitive and clear-cut definition has not been reached. However, there remain certain characteristics which are consistent, according to the report put out from the 15th International Conference on Labour Statisticians. These characteristics include: (1) that the majority of informal sector workers are those who do not have alternative employment possibilities, and are self-employed, (2) that the conditions of work are inferior to those of jobs which are regulated to some degree by the State, and the conditions of work are such that "they generally work at a low level of organization, have little or no division between labour and capital and carry on their activities on a small scale,"³³ (3) that there exist an array of economic and legal-institutional barriers which add to the perpetual nature of the informal sector, and finally (4) the idea that the informal sector cannot simply be equated with poverty, due to the large number of entrepreneurial activities within the informal sector which are to be considered as successful by many standards. In addition to this list of generally agreed upon characteristics, there are also the previously discussed ideas, as stated here by Schonwalder that, "the informal sector can have a potential for

³² Main, Jeremy, "How to Make Poor Countries Rich," *Fortune*, January 16, 1989, p. 101.

³³ ILO, 1993, p. 7.

growth and that it has links to the formal sector which can be exploitative or benign."³⁴

Regardless of whether or not there is agreement as to what exactly the informal sector *is*, there remains the fact that if an activity is occurring in an unregulated manner with regard to the State, this activity and the people involved are considered to be informal. Taking the notion of the existence of unregulated activity a little further, these activities are also defined in many instances as being illegal. According to Guerguil, in Latin America the informal sector may be seen as that group of activities which are illegal in the sense that they do not comply with economic regulation pertaining to fiscal, employment, health or other matters.³⁵ In other words, the term illegal is used not to refer to the activities which are taking place within the informal sector or the products of the informal sector, but rather this term refers to the conditions which surround the activities of the production process. There are activities within the informal sector which are illegal in the strict and criminal sense of the word; these activities are not considered in this paper as they represent a separate criminological issue.

Yet, the basic difference between the use of the terms illegal and criminal needs to be distinguished. For the purpose of this thesis, the idea that the informal sector is illegal refers to the relationships of the activities to the legal structures. The latter does not allow for the legal regulation of this activity by the State. This regulation includes such measures as taxes, social benefits, and organized labour unions. The activities of the informal sector are not necessarily criminal, such as the drug trade or prostitution.

³⁴ Schonwalder, Gerd, "Still Useful After All These Years? Reflection on the Informal Sector Concept," CDAS Discussion Paper No. 63, 1990, p.4.

³⁵ Guerguil, 1988, p. 60.

although occasionally these latter activities are included in discussions of the informal sector because they are also unregulated by the State's structures.

The ILO includes the idea of illegality by stating:

Activities are informal due to the fact that "they are not recognized, supported or regulated by the government; they are often compelled by circumstances to operate outside the framework of the law, and even where they are registered and respect certain aspects of the law, they are almost invariably beyond the pale of social protection, labour legislation and protective measures of the workplace."³⁶

These characteristics are paramount to an understanding of the informal sector and are relevant regardless of the specific activity or individual involved. In contrast, the formal sector's main determinant is the regulation of all economic activity by the State. This regulation includes such measures as taxes, social benefits and organized labour unions.

To refer back to a point previously made in this chapter that the formal, "modern" industry is that which drives the economy, often through production for export, Portes develops an argument with respect to the informal sector and this type of industry. He states, "that it is now generally accepted that a relationship exists between the absence or relative weakness of legally-enacted labour standards and the onset of successful export-led development."³⁷ It has been shown throughout this chapter that the absence and/or relative weakness of legally-enacted labour standards is a determining factor of what we call the informal sector, and that there is a correlation between this sector and industrial capital accumulation, including export-led industry.

³⁶ ILO, 1991, p. 4.

³⁷ Portes, 1990, p.219.

Fortes et al also approach the concept of the informal sector in terms of its legality. They suggest the informal sector may refer to, (1) the status of the labour involved, (2) the conditions of work, and (3) the form of management. To elaborate on each point: (1) labour may be undeclared, lacking the social benefits to which it is entitled, paid under the minimum wage, or employed under circumstances that society's norms would not otherwise allow; (2) the conditions at work may be such that there is tampering with health conditions, public hygiene, safety hazards, or the location of activities; and (3) the company may engage in a systematic fiscal fraud or the generalized use of unrecorded cash payments as a means of economic transaction.³⁸ In any definition of the informal sector, these ideas are indicative of the subordinate position of informal labour as well as the unsatisfactory situations in which this labour operates. Such labour is extremely vulnerable because of this subordinate and unsatisfactory position: also these activities and individuals are operating outside the legal structures largely by necessity, but because of this very position, they are not able to mobilize themselves and change their informal status.

One empirical study in particular has as its objective the determination of the size of the informal sector in Latin America with respect to the conditions stemming from the characteristics of illegality.

³⁸ Fortes et al. 1989, p. 13.

The following percentages indicate the proportion of informal workers in relation to the total number of workers registering each attribute: ³⁹

1.	income of less than 1.1 X the legal minimum wage	58.5%
2.	absence of medical coverage	82.4%
3.	absence of other labour benefits	81.9%
4.	instability of employment	74.1%
5.	absence of union affiliation	49.8%

For self-employed workers:

6.	absence of medical services	68.0%
7.	non-affiliation to any labour/trade organization	69.0%
8.	operating without a license	77.6%
9.	not having access to credit	undetermined

These numbers demonstrate that the majority of informal sector workers are not connected with any type of labour organization, particularly the self-employed workers. The findings are basically interrelated, because it could be assumed that the high percentages of workers lacking medical services and other benefits are due to the fact that these workers do not participate in any labour organization.

Informal sector employment is characterized by the lack of organization among the participants; they are, "beyond the scope of action of trade union and employers' organizations."⁴⁰ This is important given the increasing size of the informal sector in Latin America. One of the key

³⁹ Connolly, 1985, p. 73.

⁴⁰ ILO, 1991, p.4.

reasons suggested for the absence of mobilization, beyond the obvious relevant position with regard to the State and its legal structures (i.e. labour legislation) is the heterogeneous nature of the informal sector and the distance this creates between its participants. Sanyal suggests that the organization of informal sector workers is only possible through the identification of common interests and issues affecting the workers' lives.⁴¹

Another point of analysis is that of Marx's concept of a "reserve army" of labour and the informal sector. Portes and Sassen-Koob, put forward the idea that the primary function of the "reserve army" is to hold down wages by confronting employed workers with the threat of easy replacement; the main function of the informal sector is to bypass the firms' own labour markets, in which employment is covered by labour legislation and regulated by the State, with the advantage being the overall reduction of wages.⁴² Portes and Sassen-Koob add the interesting argument that the fundamental cause for the maintenance and growth of an informal sector in peripheral economies is the juxtaposition of an extensive labour legislation, frequently copied from that of the advanced countries, and an abundant labour supply. In this context, firms have every incentive to attempt to dodge legal restrictions on their use of labour.⁴³

⁴¹ Sanyal, Bishwapriya, "Organizing the Self-Employed: The Politics of the Urban Informal Sector," *International Labour Review*, Vol. 130, No. 1, 1991.

⁴² Portes and Sassen-Koob, 1987, p.35.

⁴³ *Ibid.*

II

When the informal sector first became the focus of attention, it was regarded from the theoretical standpoint that associated development with economic growth. One of the leading development theories of the time was modernization theory. Modernization theory postulates a general path to economic development, which has been initiated by the already developed countries, and which represents the logical direction to be taken by the developing countries. This path includes a move toward industrialization and urbanization as prerequisites for economic growth, both leading to overall economic development. Industrialization involves the use of economic organization and technology from the already developed countries which is capital-intensive, and as a result the saturation point for employment is quickly reached. The effect of the transfer of such ideas is the genesis of the informal sector. Such a genesis represents the failure of the industrialized formal sector in one of the fundamental challenges of development - creating the necessary opportunities to absorb the rapidly increasing labour force. This point has been argued throughout our discussion with the implication that the formal sector in Third World countries actually benefits from the existence of the informal sector, and as a result this capital-controlled sector may not want to absorb this labour force.

Many of the Latin American exponents of the informal sector take as a starting point a critique of the marginality theories of the late 1960's because of the need to explain the impoverishment of increasing numbers of people simultaneous with economic growth.⁴⁴ The marginality theories

⁴⁴ Connolly, 1985, p. 60.

follow directly from the debate surrounding the dependency theory, another major theoretical perspective of the political economy debate in the development field. Tokman considers an analysis of the center-periphery theory, common in Latin American development circles, to be an appropriate means to explain the origin of the informal sector. Within this theory the center is seen as the focal point of development, while the periphery's role is ultimately to facilitate the development of the center. This phenomenon is considered on two levels, the first level being globally, and the second level being within the individual developing countries themselves. On a global level, Latin America is considered to be on the periphery of the already developed and highly industrialized countries. Tokman continues, "the informal sector is an integral component of peripheral capitalist economies and its development is mandated by the conditions in which these economies are incorporated into the contemporary world-system."⁴⁵

Also another issue is that Latin American development, namely its industrial development, has been taking place using imported and inappropriate technology.⁴⁶ The transfer of technology from the center to the periphery is a common theoretical concern. In terms of the informal sector, it is argued that the use of technology from the center is inappropriate due to the fact that it is mainly labour-saving. The overall effect is that as technology replaces the need for labour, more and more people in Latin America are without work and hence marginalized by this process. It is from this marginalized labour force that the informal sector originates.

⁴⁵ Pines, 1987, p. 249.

⁴⁶ Tokman, Victor E., "Policies for a Heterogeneous Informal Sector in Latin America," *World Development*, Vol. 17, No. 7, 1989, p. 1069.

The center-periphery theory may also be applied within the individual countries of Latin America. The center is composed of the industrial areas, or generally the urban centers. The fundamental role of the periphery has been the supply of labour to these centers during the development process. The result has been an accelerated growth of the labour force in the centers caused by an influx of rural migrants to the cities. This theoretical perspective on the origin of the informal sector is maintained by, among others, *Programa Regional del Empleo para America Latina y el Caribe* (the United Nations' Regional Employment Program for Latin America and the Caribbean, abbreviated PREALC), which defines the origin of this sector as being with rural migrants who can't find work in the 'modern' sector.⁴⁷ The informal sector workers according to this scenario, are those who are being marginalized by the process of growth in the modern sector.

In general terms these perspectives all have in common a way of looking at development in Third World countries, as relying on and being controlled by, the dominant nations, or on another scale by the dominant forces within a particular country which are in a position to manipulate the terms of economic growth of that nation.

There is another classical approach to the explanation of the origin of the informal sector which is related to labour surplus theory. Sir Arthur Lewis is the person responsible for perhaps the most famous work on labour surplus and the dual economy. Basically, the concept of an unlimited supply or surplus supposes that in "countries where the population is so large, relative to capital and natural resources, that large sectors of the economy exist where the marginal productivity of labour is

⁴⁷ Galia, Pedro, "El Sector Informal Urbano: Conceptos y Criticas," *Nueva Sociedad*, p. 46.

negligible, zero, or negative." ⁴⁸ There is a common characteristic of labour which constitutes the 'unlimited supply', namely that is it unskilled. This is pertinent because it means that the value of this labour in relative terms to the modern/capitalist sector is very low, and it can be used efficiently in the capital accumulation process underlying industrialization and hence modern development. To this, Portes points out, "the fundamental difficulty in the application of protective legislation in the Third World nations is the existence of a large mass of surplus labour, not all of it skilled."⁴⁹

Lewis' model has as its basis the dichotomy of a capitalist sector and a subsistence sector within the economy. ⁵⁰ The relatively cheap labour from the subsistence sector could be transferred to allow for the expansion of the capitalist sector. This process might continue for as long as jobs were available or created to absorb the surplus labour, or for as long as it remained economically viable to use this labour source. The informal sector has in effect created a new type of dualism, the concept of a formal sector versus an informal one. The large proportion of the labour force which cannot be absorbed in the modern "growth" sector are alternately now considered to be absorbed by the informal sector. Again, this argument has been largely discredited in this discussion.

⁴⁸ Lewis, William Arthur, "Economic Development With Unlimited Supplies of Labour," *The Manchester School*, Vol. 22, 1954, p. 141.

⁴⁹ Portes, 1990, p.219.

⁵⁰ These terms are synonymous with the terms modern sector and traditional sector respectively. Lewis also changes his use of terminology in his later writings on the subject.

In fact, Portes puts forward the following:

The character of the formal/informal articulation has been conventionally described in the literature as one between a "modern" and a "backward" (subsistence) sector, when actually a good part of the interaction is between modern-type activities situated on either side of the protected-labour divide. This particular configuration may help explain why the informal sector has not shrunk with increasing industrialization in many countries but has actually represented a constant, if not increasing, share of the labour force.⁵¹

Another crucial theoretical consideration related to the informal sector is that it represents a particular relationship in the organization of production. Capital and labour are the factors of all economic production and form the core of classical and neoclassical theory. The situation which exists in the informal sector is one of a large supply of labour coinciding with relatively limited (or virtually nonexistent) amounts of capital. Within the informal sector, modes of production are geared toward the effective use of available labour. In this regard, Portes suggests that, "the basic distinction between formal and informal activities does not hinge on the character of the final product, but on the manner in which it is produced and exchanged."⁵² Much of the activity which occurs within the informal sector, as previously noted, is considered as survival strategy, peasants and the impoverished struggling for a subsistent existence. This is not, Portes goes on to say, an accurate generalization: "The informal sector is a specific form of relationships of production, while poverty is an attribute linked to the process of distribution."⁵³ Here, the informal sector is being defined in terms of the relationships of a particular labour force to a particular economic structure.

⁵¹ Portes, 1990, p. 223.

⁵² Portes et al., 1989, p. 15.

⁵³ *Ibid.*, p. 12.

Thus, the theoretical discussion has come back to the marginality theories which emphasize the subordinate position of the informal sector. As Tokman points out, the informal sector originates in part due to an "inequality in the distribution of assets and therefore of income."⁵⁴ This argument is further substantiated in studies carried out by Mezzera in which he finds that in Latin America, only a few firms monopolize 70-90% of the productive assets of any given branch of industry.⁵⁵ This pattern of distribution is inherent to any understanding of the existence and growth of the informal sector. Within the informal sector itself there has appeared a decentralization of production and distribution networks, which greatly accounts for its resilience.

There are currently two main schools of thought within the debate surrounding the informal sector. The first, the structuralist school, has its roots in the development theories which have been considered so far in our discussion. The second is referred to as the legalist school which has its foundation in the work carried out by Hernando De Soto and the *Instituto Libertad y Democracia* (Liberty and Democracy Institute) in Peru.⁵⁶

The structuralist school, "rests on the assumption that the cleavage between the formal and informal sectors is due to economic conditions relating to specific characteristics of peripheral capitalism and its links to

⁵⁴ Tokman, 1989, p. 1068.

⁵⁵ Mezzera, 1989, p. 54.

⁵⁶ The *Instituto Libertad y Democracia* was incorporated in 1980 as a private, nonprofit research center dedicated to the study and analysis of issues and policies affecting Peru's economic and social development. The institute has focused its research on surveying the needs and activities of Peru's informal sector. Hernando de Soto is the founder and president of the Institute. See: Anns, Sheldon and Jeffrey Franks, "The Idea, Ideology and Economics of the Informal Sector. The Case of Peru," *Grassroots Development*, 13/1, 1989, p. 18.

the world economy."⁵⁷ This is more or less a synopsis of the theoretical positions referred to above. The structuralist school supposes that society is based primarily on economic conditions. This is true in the case of the division between a modern sector and a traditional sector, as it is true with regard to a formal sector and an informal sector. In both cases the latter is subordinate to the former, and the subordinate sector exists and multiplies depending on the situation of the modern/formal sector. Whatever the exact causes, advocates of the structuralist school see the State as the mediator by which the division in society can be narrowed. In their article, Annis and Frank (1989) indicate that structuralist school language refers to class oppositions, unequal exchange, exploitation of labour markets, and crisis in world capitalism, factors which all point to the State as the principal player in the development of the country.⁵⁸ It is the role of the State to lessen the dividing forces within a society which places the informal sector in a disadvantaged position.

Circumstances which substantiated this point of view appeared during the early 1980s when the economies of many developed countries were weakened and the informal sector in these countries grew. Between 1980 and 1985 the informal sector in Latin America grew to 39 percent due to the fact that large private enterprises, as a means of adjusting to the recession, created fewer jobs, and many workers lost their jobs.⁵⁹

Within this school of thought, policy recommendations are only possible within the structural confines of the system,⁶⁰ and this was only possible provided adequate State support. Considering that the structuralist

⁵⁷ Schonwalder, 1990, p. 5. Taken from: Prebisch, R., *Capitalismo Periferico. Crisis y Transformación*. Mexico: Fondo de Cultura Económica, 1981.

⁵⁸ Annis and Franks, 1989, p. 10.

⁵⁹ Tokman, 1989, p. 1067.

⁶⁰ Schonwalder, 1990, p. 6.

school has dominated the research and deliberation of the informal sector, the predominant policies directed toward this sector have focused on the issues raised within this school. For example, emphasis has been on programs to facilitate or improve access to credit for participants, also there have been many training programs to help build skills in the workers, and there has been institutional support provided for such self-help organizations.⁶¹

Many successful lending strategies directed toward the informal sector have been implemented. Two examples are the Ademi⁶² bank in the Dominican Republic and the Grameen Bank of Bangladesh.⁶³ This type of banking operates on capital which may come from private lenders, or institutional lenders such as multinational corporations, international development organizations and local organizations. The loans are very small, and they tend to function on a solidarity principle. The lending institutions report a high repayment of funds. These examples claim to be successful in that they have provided workers with the capital necessary to create their own employment, or to expand economically within their current situation.

The common trait among these policies is that they concentrate on attempting to improve the position of informal sector participants economically and within the existing social, political and legal structures of the country over which the State yields the most control. These policies and strategies have been mainly focused on the microeconomic level, but with centralized institutional support. The success associated with such

⁶¹ Schonwalder, 1990, p. 7.

⁶² McCaugh, Robert, "Let A Thousand Flowers Bloom," *Forbes*, April 28, 1986, p. 58.

⁶³ McLaughlin, S., "Skill Training for the Informal Sector: Analysing the Success and Limitations of Support Programs," *The Informal Sector Revisited*, OECD, Paris, 1990, p. 170.

policies must also be evaluated on this level. It is not clear if they have had any effect on the economy as a whole, insofar as these strategies have not been incorporated on a macroeconomic level. One of the goals of the structuralist school concerns the narrowing of the gap between the two sectors of the economy, but such policies may in fact encourage just the opposite. They may strengthen the situation for the informal sector participants, while at the same time keeping them in the same position with regard to the formal sector. It is uncertain whether or not this type of approach is appropriate, or whether it simply provides a superficial solution which does not touch the real underlying issues.

One of the most controversial problems concerning the structural analysis of the informal sector is with regard to the significance of the informal sector to the overall economy. Among the various alternatives, there is the idea that the informal sector serves as a buffer for those workers who cannot find employment in the formal sector. Second, the informal sector may be considered to be growing at the expense of the formal economy with the emphasis of the countries' economies shifting toward the informal sector's activities. Finally, the informal sector may be seen as the reason for keeping wages low as producers of cheap goods and as a 'reserve army' of labour, therefore allowing capitalists to accumulate wealth faster.⁶⁴ These issues all concentrate on the dualistic concept of the economy, and the idea that all activity within the informal sector must somehow relate to the formal sector. There are two key questions which arise from this debate. Does the informal sector allow for capitalism to progress easier, or does it reflect capitalism's social and economic failure?

⁶⁴ Latin American Regional Reports: Peru, "Coping With the Informal Sector," April 11, 1988, p.6.

Is the informal sector nothing more than a place where people can earn a subsistence living or is it a potential engine for growth? ⁶⁵

The answers to these questions, as will become evident through our discussion of the empirical case study in Chapter IV, are not at all straight forward. The informal sector, because of its close links to the formal sector enables the advancement of the capital accumulation process - the basis of capitalism. The informal sector is readily available in this process because of its weak position as a labour force, which often results in these workers being highly exploited both personally and in the work place. This is an example of the social, political, and economic costs which are possible reflections of capitalism.

Whether or not the informal sector should be considered as a potential engine for growth is difficult to judge, because of the heterogeneous nature of the sector. There are elements of the informal sector which more than likely could not provide a real engine for growth. For example, the petty artisan or the street hawkers appear to represent individuals earning a subsistence living, who do not have the common vision and goals to want to work together, to organize, and contribute to the overall economy. On the other hand, the informal sector workers who have been shown to play a significant role in the growth of modern sector industry do indicate the potential as an engine for growth because of their numbers and common work characteristics. If these workers could organize themselves into a formidable engine for growth, in the long run both the workers and the industries would stand to gain.

As previously mentioned any figures which represent empirical evidence for the size of the informal sector must be approached with

⁶⁵ Annis and Franks, 1989, p. 10.

considerable caution. This is due to the difficulty surrounding the measurement of these unregulated and 'illegal' activities. Regardless of this fact, empirical studies indicate that the size of the informal sector is significant. What is not known with any degree of certainty is the possible contribution the informal sector could make to the GNP of a country if these activities were regulated and therefore nationally accountable. There are arguments which emphasize the importance of directing development planning toward the informal sector and consequently supporting the notion of the informal sector's potential as an engine for growth. The question then becomes how to develop this sector without risking the loss of its potential contribution to the GNP. Another contrasting view sees the informal sector as comprising those activities which are "unproductive" because they are unregulated, and that their unproductive nature indicates that even if these activities were nationally accountable, they would have little or no impact on a country's GNP.

There is still the question of whether or not governments should try to minimize the activities in the informal sector by bringing them to the surface and hence under State regulation. It is argued by Baird that, "if underground outfits had to go legal many of them would go bust, their profitability often lying in their clandestine nature."⁶⁶ This directs further attention to the idea that legitimization of the informal sector may present the greatest risk to its economic viability.

All this again relates to the question of the potential of the informal sector as an engine for growth. The majority of informal sector activities are subsistent in nature; wages are extremely low and are often paid in the

⁶⁶ Baird, Vanessa, "The Shady World of Underground Work," *New Internationalist*, No. 173, July 1987, p. 5.

form of cash for work done. Alternatively, some activity is entrepreneurial in nature and is only successful because it operates beyond the restricting parameters of the State. The potential growth of the GNP would therefore ultimately be minimal (in the absence of a complete structural change to the economy). It can be argued that legitimization of this sector would result in strict State regulation equal in strength and bias to that which originally forced such a large percentage of the population into the informal sector. The result would be that the same classes or groups of people would benefit from the regulatory measures, and the same groups of people (i.e. the informal workers) would pay, losing control over the production and distribution of the goods in the informal sector and facing competition with the formal sector. Given these conditions, the informal sector could conceivably recreate itself, as its basis for functioning is its independence from the repressive formal structures and regulations, and the ensuing class structure and its inequalities.

There is yet another side to this issue. If governments were able to incorporate informal sector activity into their national accounts, the rise in GNP might have a significant and positive impact. For example, it could improve the standing of many Latin American countries with international financial institutions. The problem then, is how these activities could be made accountable, while at the same time accommodating the informal sector participants themselves. This could only occur if both the governments and the informal sector were able to compromise. This type of compromise would need to protect the informal sector workers while making the activities accountable. Ideally, in the long run, both parties could come out ahead because of such an arrangement.

The second school of thought in our present discussion, the legalist school, generally differs from the structuralist school in that "it breaks away from analyses that see economic conditions at the root of the informal sector phenomenon."⁶⁷ To be more specific, "the legalist approach holds that the rift between the formal and the informal sector can be traced back to the legal structures based in an omnipresent, parasitic State apparatus. The institutional framework, not market relations, is seen as the root of the problem."⁶⁸ Within this framework then, all activities which operate outside of the legal structures are considered to be informal. Again, in this thesis we are not concerned with criminal activities, which may or may not be included in different discussions of the informal sector.

As previously mentioned, this school of thought evolves out of the research and work of Hernando De Soto in Peru. De Soto considers that there is a historical process by which the majority of the activities in Peru have become informal. A primary source of this type of development has been the inherently unjust characteristics of the Peruvian legal structures and system. According to De Soto, during the twentieth century, a select group of people have been able to benefit from working within or manipulating the formal institutions of the State. Generally this group has consisted of those people with the economic, social, or political advantages, to determine their own privileged situation which is reflected in the composition of the legal structures. This conception provides the basis for De Soto's definition of informality which diverges from that of the structuralist school. De Soto demarcates the determining factor of

⁶⁷ De Soto, Hernando, *The Other Path: The Invisible Revolution in the Third World*, New York: Harper & Row Publishers, 1989, p. xxv.

⁶⁸ Schonwalder, 1990, p.8.

informality as the unequal and repressive national regulatory institutions and structures in Peru which keep these activities illegal.

De Soto advocates radical reform of the informal sector. His argument is that most workers in the informal sector would like to be legal but due to the bureaucratic red tape this is not possible, or feasible. He points to the fact that the average Peruvian does not have the economic resources or the time to devote to this process, especially without a positive guarantee for the end result. If this activity was harnessed with minimal government intervention, such as supplying land titles, the rights to be in business and outlets for borrowing capital; the economic potential for the workers in this sector and the economy as a whole would be significant.⁶⁹ Of course, the system is such that it maintains the structures which make the acquisition of a legal status impossible for informal sector activities and participants. This is more to the heart of the issue than De Soto's claim that people lack the economic resources and time. Even if the informal sector participants had the necessary economic resources and time, the prohibitive structures would still be in place. De Soto states that, "removal of constraints created by tax and labour legislation on the informal economy would allow it to mushroom into a true engine of growth."⁷⁰

A critical issue which stems from De Soto's argument is the inaccessibility to private property ownership and rights for the average Peruvian. Private property rights are essential for the efficient pursuit of any type of economic activity within the legal system. As a result, Peruvians are being deprived of fundamental rights from a legal standpoint. This fact is substantiated by the existence and size of the

⁶⁹ Main, 1989, pp. 101-106.

⁷⁰ De Soto, 1989.

informal sector. The participants of the informal sector are particularly susceptible in this respect. His argument is that the legal structures and legislation prevent equal access to the economic possibilities at the foundation of the structures. As a result, the most vulnerable groups of people are stopped from engaging in formal economic activities from the onset. This accounts for the genesis and increase of the informal sector. In this sense, the vulnerable groups of society which constitute the informal sector may be, for example, those who are extremely poor and/or unskilled and who do not know their rights and who cannot afford the time or resources to learn them. The legal system itself has never been considered to be a problem in terms of the informal sector; in fact it may form the backbone of both the problem and the solution, according to De Soto. He is in essence making a statement that the civil law tradition (the legal system in Latin America) is not in fact democratic, and as a result the problems which provoke informality are inherent to Peru's legal tradition.

The legalist school then emphasizes the resultant incoherent status of the economy. It becomes virtually impossible to formulate any type of macroeconomic policy or strategy, given the existing framework. "In the realm of policy, De Soto's proposal calls for administrative reform and the removal of bureaucratic obstacles,"⁷¹ without which the system in place is likely to continue to reproduce itself. The direction for change is to remove the institutional and structural gap between formals and informals, with an emphasis on a legal perspective. It is only through change on this level, that people will have access to the system which enables them to participate in all activities from a competitive position. The increase in

⁷¹ Schonwalder, 1990, p.9.

production and creation of wealth for the country will occur solely if this type of transformation takes place.

Like the structuralist school, the legalist school does not have a theoretical foundation within classical development theories. It does seem to coincide with the neoliberal ideology which presently commands attention in Latin America. The neoliberal position stresses the fact that "the legal institutions were designed to isolate the peasants, rural workers and migrants, and to protect the dominant groups."⁷²

The emphasis placed on the institutional framework by the legalist school adds valuable insight to the discussion of the informal sector apart from that of the structuralist school. Within the legalist argument though, economic factors continue to be important. In fact the economic structures cannot be ignored, and it is important to realize that the legal structures, regulation, and legislation have historically developed intimately connected to these underlying economic structures. In keeping with the idea of Third World development centered on economic growth, i.e. capital accumulation through industrialization, historically the legal structures have adapted to protect capital in the production process. Labour, being the second principal input of production, has therefore always been included in the institutional framework only as being incidental to capital.

Both the structuralist school and the legalist school contribute valid arguments concerning informal sector workers. In fact, for the purpose of this thesis, aspects of both schools will be called upon in the discussion of the empirical case study. This chapter has outlined the complicated and rather ambiguous nature of the informal sector, which allows for the

⁷² Galia, p.47.

synthesis of these two schools of thought in the further analysis of this thesis.

The structuralist school emphasizes the links between the informal sector and the characteristics of peripheral capitalism and the global economy, as being significant. This is illustrated by the fact that there is evidence of the growth of the number of informal sector workers who are attached to those formal sector industries which are leading the development of countries, particularly given the "outward orientation" of the neoliberal perspective which currently dominates the development of many Third World countries. A fundamental variable in the success of these formal sector firms is the existence of the informal sector which keeps the wages low. The structuralists see the State as the principal mediator, which given the above perspective allows for the fact that the structures will not change drastically to accommodate the informal sector. It is at this level that the issue of the informal sector as an engine for growth is discussed.

Yet, the informal sector cannot be fairly considered solely in terms of economic conditions, as according to the structuralist school. To this end, the legalist school also provides many interesting issues for investigation. This school recognizes the historical process which has created the institutional legal framework, which is largely responsible for the informal sector. This school sees the change in the legal structures as a way in which the gap between the informal sector and the formal sector can be lessened, or removed. This school argues that most informal sector workers would like to work within the legal structures, but are prevented from doing so. This allows for a certain autonomy of the legal structures

of a country. This idea of relative autonomy will be carefully examined in this thesis.

III

Having discussed the literature surrounding the informal sector in terms of its theoretical debates, and related schools of thought, we will now consider the resulting legal issues. Also, the organization or lack of organization within the informal sector will be addressed, particularly with respect to the relationship between the legal situation of informal workers and their organization status. As the argument put forward by the legalist school suggests, the legal structures in many countries in Latin America are responsible for the proliferation of informality. Paradoxically, the existence of informal activities may undermine the effectiveness of the legal regulatory apparatus.

There are three aspects of legality with respect to the informal sector according to Tokman.⁷³ The first is the idea of legal recognition. This is concerned with the bureaucratic problems facing the informal sector. Specifically, the concept of illegality is used to refer to the fact that informality results from the complicated bureaucratic process facing the informals. Second, there is the issue of tax regulation; there is a need for increased control over taxes to prevent informal activity. Finally, informal workers operate outside the labour regulation/legislation of a country. This overall situation is complex because "it is necessary to reconcile the objective of protecting the workers and their families (through legalization), on the one hand, with the need on the other hand, to

⁷³ Tokman, 1989, pp. 1073-1074.

preserve this source of employment which is preferable to unemployment."⁷⁴

The concepts of legal recognition and of the informal sector operating outside the labour regulation/legislation, are particularly important to our discussion. They represent the uncertain position of the informal sector workers, especially those who are in some way connected to the formal sector. These workers, because of their attachment to the formal sector, should be able to see their way to some level of organization which would change their position in this respect. In other words, this is where the opportunity could exist for the informal sector workers to look at their own situation and search for change. With regard to the concept of tax regulation, this calls for the State to acknowledge the informal sector workers to the extent that it is going to make a change in their direction on a large scale, i.e. in terms of the overall economy. To date there has been very little evidence of such a possibility occurring.

Due to the position of informal workers with regard to the labour legislation of the country, there is very little or no control over the conditions facing these workers. The results are very low earnings, extremely long working hours, the absence of minimum standards of safety and welfare, lack of social security and the lack of access to unions and/or trade organizations. The ILO is concerned with the situation of the informal sector, and its non-compliance with the labour legislation of a country. In a recent report it observes that, "to a large extent, such non-compliance is due to the fact that a majority of informal sector workers are

⁷⁴ Tokmen, 1989, p. 1074.

self-employed or unpaid family workers who are not subjected to legal obligations of this nature." ⁷⁵

There are two key explanations for this non-compliance given in the ILO's report. These are: (1) the inability of the governments to absorb the increased costs which would be involved in labour legislation being applied to the informal sector, and (2) the fact that because the informal sector workers are outside the labour legislation, they are not subject to enforceable contracts, and therefore the workers themselves do not expect security in their job, and the possibility that the working hours and the rate of pay could be flexible.⁷⁶ In other words, a large factor in the non-compliance of the informal sector workers with the labour legislation rests in the fact that the workers themselves are not aware of their possibilities to change their situation.

There is also an important "distinction which has to be made between regulation in theory and regulation in actual fact: the former depends upon the legal structure and the latter on law enforcement." ⁷⁷ This adds another dimension to the argument that the legal structures represent a barrier to formality by suggesting that there is the problem of enforcement which must be dealt with. This would be very difficult given the heterogeneous nature of the informal sector. Alternatively, it is argued that in many countries "informal sector workers may simply not know about the existing laws and regulations."⁷⁸ Given either case there remains the very real circumstance that informal workers, mainly due to their relationship with the national legal structure, remain largely unorganized, and therefore, not

⁷⁵ ILO, 1991, p. 37.

⁷⁶ ILO, 1991, p. 38.

⁷⁷ ILO, 1993, p. 8. Taken from: Charney, J., "Approches Comptables, Statistiques et Economiques du Secteur Informel," AMIRA, Brochure No. 61, Paris, 1991.

⁷⁸ Guerguil, 1988, p. 63.

in a position to improve the conditions surrounding their work and their lives.

There is also another important argument advanced to explain the lack of organization amongst informal sector participants, which refers to the fragmentation of the production process. To relate back to the point made regarding labour's secondary position in terms of the structural framework surrounding the production process, the workers are kept in this fragmented position to allow for capital to expand. Workers are kept in isolation and in direct competition with each other; also the workers are not aware of the entire production process, and as a result they are not conscious of their deprivation in terms of returns to their labour.⁷⁹ Such separation also keeps the workers in a situation where they do not question their legal rights with respect to their role in the production process. Again, it is important to mention that the groups of people who are most commonly affected are women, children and other extremely vulnerable groups. The consequence is that the groups who are not aware of their legal rights are precisely those groups who are most likely not to question the existing structures.

The formal sector unions and labour organizations are evidence of the need for solidarity and large-scale movements among the workers in developing countries to ensure a reasonable work environment, particularly given the existing State structures in Latin America. This type of mobilization has not, for the most part, taken place within the informal sector. According to the ILO, "it seems likely that any general strategy towards the development of social protection in the informal sector will need to make use of: (1) direct provision by the State; (2) the formation of

⁷⁹ Bose, 1990, p. 22.

collective social mechanisms within the informal sector itself; and (3) reliance on and enhancement of the mutual support of family structures."⁸⁰ There is the need for extensive research in this area to decide if the presence of some degree of organization-legalization would be beneficial to the labour force of the informal sector.

⁸⁰ ILO, 1991, p. 43

CHAPTER III

Workers organizations and their own associations - the only means workers have to make themselves heard - must be trusted. Their proposals must be stimulated, their eventual criticism must be received with an open mind, their right to disagree must be respected theoretically and practically, and their patriotism taken as sincere as well as their will to accept sacrifices, once they have been heard.

Cardinal Silva - May Day 1976 ⁸¹

I

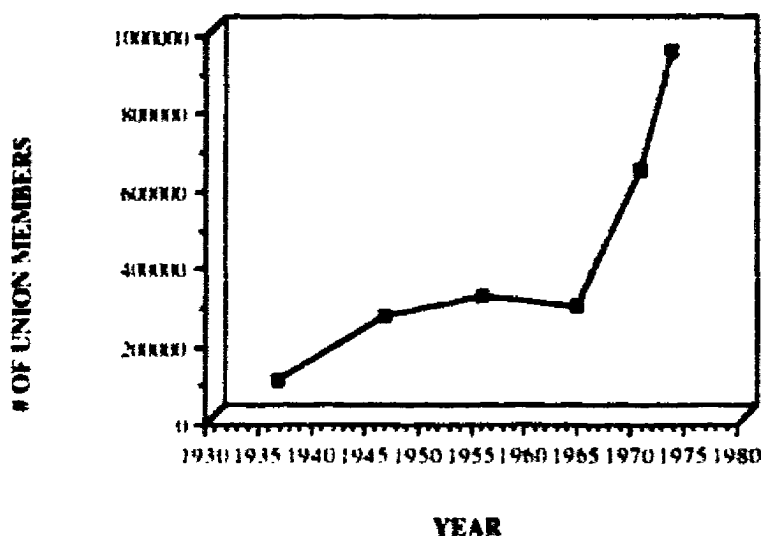
The unionization process in Chile has been a rollercoaster of advances and retreats. Although this may be common in the formation of unions in most countries, the period of the 17 year military dictatorship makes Chile's case unique. The *coup d'etat* on September 11, 1973, marked a decisive point in Chile's history on all levels, including that of workers' organizations. The union movement had gathered a lot of momentum since the beginning of the century, and its situation in 1973 was quite strong in terms of numbers.

The following figure illustrates the gradual growth in national union membership during the early years, with a dramatic increase around 1970, and again in the years immediately before the coup. The significant upswing is largely related to the appearance of agricultural unions, and the support given to them by the government of that time. The relationship between political parties and the unions has always played a significant role in Chile, indeed, "one of the most notorious features of the Chilean

⁸¹ Taken from: Falabella, Gonzalo, *Labour in Chile Under the Junta 1973-1979*, University of London, Institute of Latin American Studies, Working Paper No. 4, July 1981, p. 48.

political development is the persistent relationship which can be observed between politics and syndicalism."⁸²

FIGURE 1: NUMBER OF NATIONAL UNION MEMBERS UP TO 1973



Source: Barrera, M., "Política Laboral y Movimiento Sindical Chileno Durante el Régimen Militar," Revista de Talleres, No. 2, VECTOR, Santiago, June, 1981. See: Frías F., 1993, Volume I, pp. 12-15.

In 1909, the *Federación Obrera de Chile* (Workers Federation of Chile, abbreviated FOCH), was formed in an attempt to unify the disparate interests of the workers into a common goal. In 1917, this federation linked itself to a national union association in Moscow, thereby automatically becoming attached to socialism generally and specifically to the Communist Party in Chile.⁸³ "The union organization (FOCH) came to be confused with the political party and it was difficult to differentiate the

⁸² Pizarro, Cristóbal, "Rol de los Sindicatos en Chile," Estudios Cieplan No. 22, March 1978, p. 28.

⁸³ See Frías F., Patricia, *Construcción del Sindicalismo Chileno como Actor Nacional*, Volumen I 1973-1988, Programa de Economía del Trabajo (PET), 1993.

respective roles in front of the global society,"⁸⁴ and thus decisions regarding association with unions were to be largely made based on party affiliations or political ideologies.

From 1924 to 1973, Chile passed through various governments: a populist government, a liberal government, and a government which supported a "liberty revolution". With each change in regime, the economic and social environment changed, according to the philosophy of the government, a circumstance which favored the social groups (e.g., labour) which were useful to its goals.⁸⁵ This time period is often interpreted differently in terms of the union movement, for example, depending on whether the perspective is urban or rural as is illustrated by the following two points of view:

The union practice of almost 40 years before the military intervention of 1973, conformed to a labour movement which succeeded in accumulating a certain social and political force. This was sufficient to insert it suitably into the simultaneous system of industrialization and democratization.⁸⁶

For the last 50 years Chilean rural unionism has been characterized by a structural weakness vis-a-vis the State, political parties and the vested landed interests.⁸⁷

The following four figures provide a breakdown of the national union membership by sector for the years 1967, 1971, 1981 and 1991. The emphasis of this historical discussion will re-focus on the years starting from the mid 1960's because the *Campesinos* and their unions have

⁸⁴ Frias F., 1993, p.10.

⁸⁵ See for example, Pizarro, 1978; Frias F., 1993; and Muñoz Goma, Oscar, "Economía y Sociedad en Chile: Frustración y Cambio en el Desarrollo Histórico," *Apuntes Cieplan* No. 168, April 1992.

⁸⁶ Barrera, Manuel and Gonzalo Falabella (eds.), *Sindicatos Bajo Regimes Militares Argentina, Brasil y Chile*, CES Ediciones, Santiago, 1990, p. 181.

⁸⁷ Silva, Patricio, "The State, Politics and Peasant Unions in Chile," *Journal of Latin American Studies*, Vol. 20, Cambridge University Press, November 1988, p. 433.

experienced significant changes over this period which provide a representation of their union movement. With regard to the change in percentage of representation of each sector the agricultural sector has experienced the greatest range. There is roughly a 24.5% difference between the year of the lowest representation in this sector, 1981 and the year of the highest, 1971. This range is significant because it suggests that politically the unions in the agricultural sector have always been controversial and manipulated with respect to the economic goals of the government. The mining and manufacturing sectors, when considered together, have consistently shown the highest union membership. These industries have traditionally dominated Chilean national economic activity, and as a result the unions have become well established. The mining sector shows very minimal fluctuation in membership over the years and contains some of the oldest Chilean unions. The other sectors, electric gas, construction, commercial, transportation, finance and social services, have shown very little change in union membership during these years. These sectors have never attained national significance, unlike agriculture, mining and manufacturing.

FIGURE 2: PERCENTAGE OF NATIONAL UNION MEMBERSHIP

BY SECTOR - 1967

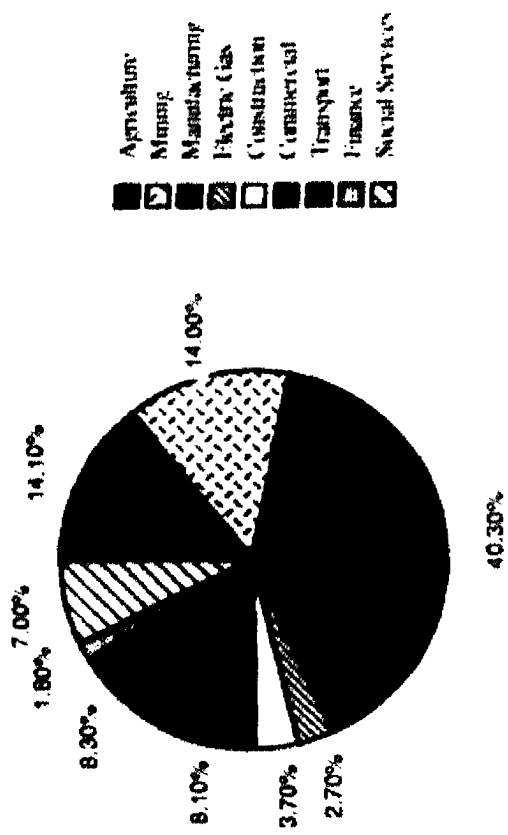
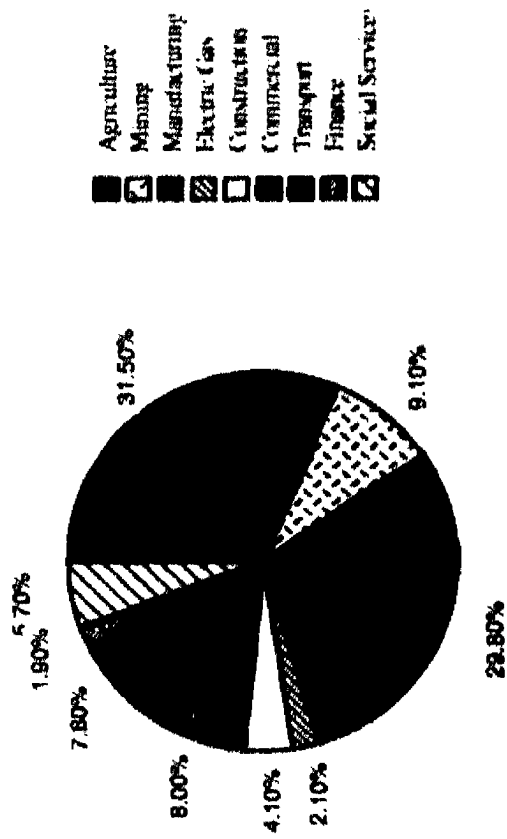
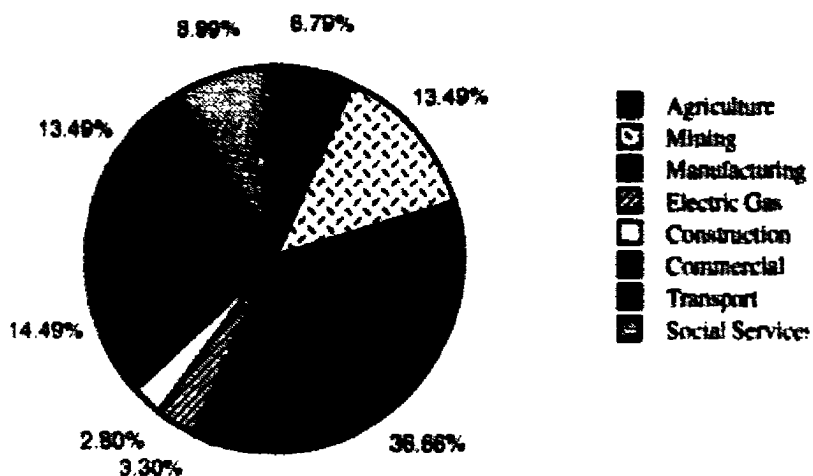


FIGURE 3: PERCENTAGE OF NATIONAL UNION MEMBERSHIP BY

SECTOR - 1971

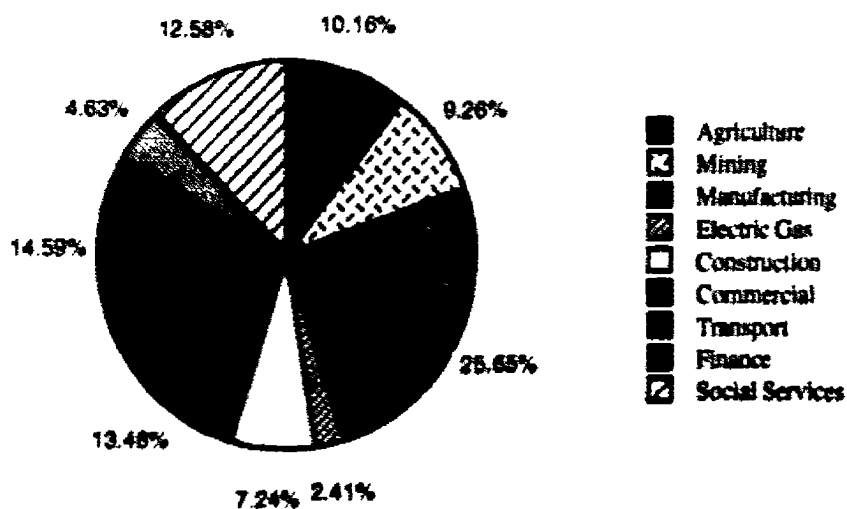


**FIGURE 4: PERCENTAGE OF NATIONAL UNION MEMBERSHIP BY
SECTOR - 1981**



1981 - Commercial includes Finance.

**FIGURE 5: PERCENTAGE OF NATIONAL UNION MEMBERSHIP
BY SECTOR - 1991**



Source (1981-1991). Dirección del Trabajo, Tasa, Sobre Ocupación INE, Trimestre, October - December. See: Frías F. and Ruiz-Tagle, 1992, p.71.

In terms of the union movement, the most notable presidency during the period leading up to the coup, was that of Christian Democrat Eduardo Frei from 1964-1970. This period saw the greatest strengthening of unions; it also saw the emergence of *Campesino* organizations as Frei sought to gain the support of the *Campesinos* as a constituency.

Many national federations and confederations began during this period, although they survived for different lengths of time depending on their purpose, vision and resources.⁸⁸ A major federation was the "Central Unica de Trabajadores" (Unitary Worker's Central, abbreviated CUT), which was initially very important in the labour movement during the years 1953-1973. During this period the CUT's program was to fight against unemployment, propose anti-inflationary measures, national independent development and the need for a profound anti-feudal, anti-oligarchic, anti-imperialist revolution led by the people and headed by a popular government.⁸⁹ The CUT's role as a leader and organizer was very significant since they remained consistently focused on their goals and their vision for the future of workers.

Regarding rural labour organizations, perhaps the most significant pre-coup event was the legalization of rural unions by the passage of Law No. 16.625 in 1967 by the government of President Frei. This legislation transformed the entire union structure. Before this, unions could only be formed at the "hacienda" or estate level; now 100 or more rural workers

⁸⁸ See Pizarro 1978; Silva 1988; Frias F., 1993; Frias F., Patricia, "Movimiento Sindical y Transición a la Democracia," *Economía y Trabajo en Chile, Informe Anual 1990-1991*, PET, 1991, pp. 99-129; and Salinas Campos, Luis Enrique, *Trayectoria de la Organización Sindical Campesina*, AGRA Ltd., Working Paper No. 1, Santiago, 1992.

⁸⁹ Frias F., 1993, p. 15.

belonging to the same *comuna*⁹⁰ (municipality) could form a union through a simple procedure. These *communal* unions were then grouped into federations at the level of a *provincia* and these in turn were structured into national confederations.⁹¹ This was a monumental achievement considering rural *Campesino* organizations had been continually and relentlessly persecuted. In 1921 and again in 1932 there were bloody repressions on the part of owners against some of the first *Campesino* organizations; and in 1924, Law 4,057 was passed which allowed for the formation of unions in any company with more than 25 workers, but the application of this law in the agricultural sector was proscribed.⁹² From that point on, until 1967, all *Campesino* organizations were formed illegally and as a result, subject to brutal consequences if and when their "voice" became too loud.

A very important relationship began to develop during this time, that between the Catholic Church and the *Campesino* movement. Many support organizations were formed, such as the *Instituto de Educación Rural* (Institute for Rural Education, abbreviated IER), in 1953. The IER's role in the rural union movement was such that it, "had much influence on the formation of Christian *Campesino* leaders, who would later have tasks in the union movement."⁹³ Apart from this type of organization, the Church also began to apply pressure in support of the *Campesinos*.

In 1967, the Law of Agrarian Reform was enacted. This law had a significant impact on the rural union movement because now, "the

⁹⁰ A *comuna* is the country's smallest administrative unit, above which are the *departamento* and the *provincia*. See Gomez, Sergio, "Participation Experiences in the Countryside: A Case Study in Chile," World Employment Programme Research Working Paper, ILO, 1981, p. 1.

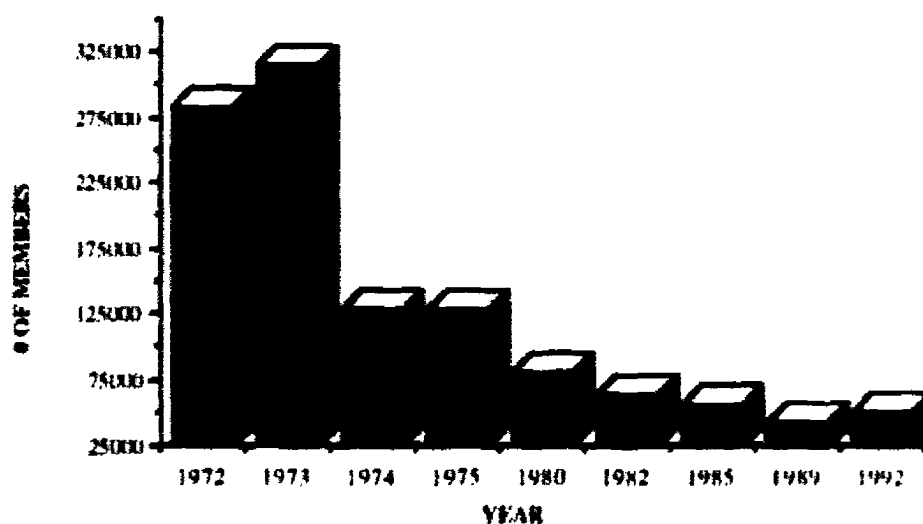
⁹¹ Gomez, 1981, p.5.

⁹² Salinas Campos, 1993, p. 16.

⁹³ *Ibid.*, p. 18. Also see article for more organizations.

Campesino, through their union organizations, saw the fight for the conquest of land and the possibility to become the masters of their own destiny."⁹⁴ The next years, until 1973, saw a steady increase in the number of *Campesino* unions, as well as the formation of a national confederation which was specifically interested in the *Campesino* movement. This was the *Unidad Obrero Campesina* (*Campesino Workers Association*, abbreviated UOC), which started in 1971. The *Campesino* unions were very active during this period, which was indicated by the "great number of strikes, land seizures, and direct confrontations between *Campesinos* and landowners which took place during the *Unidad Popular* government, indicating the high level that social and political conflicts had reached."⁹⁵

FIGURE 6: NUMBER OF ORGANIZED CAMPESINOS



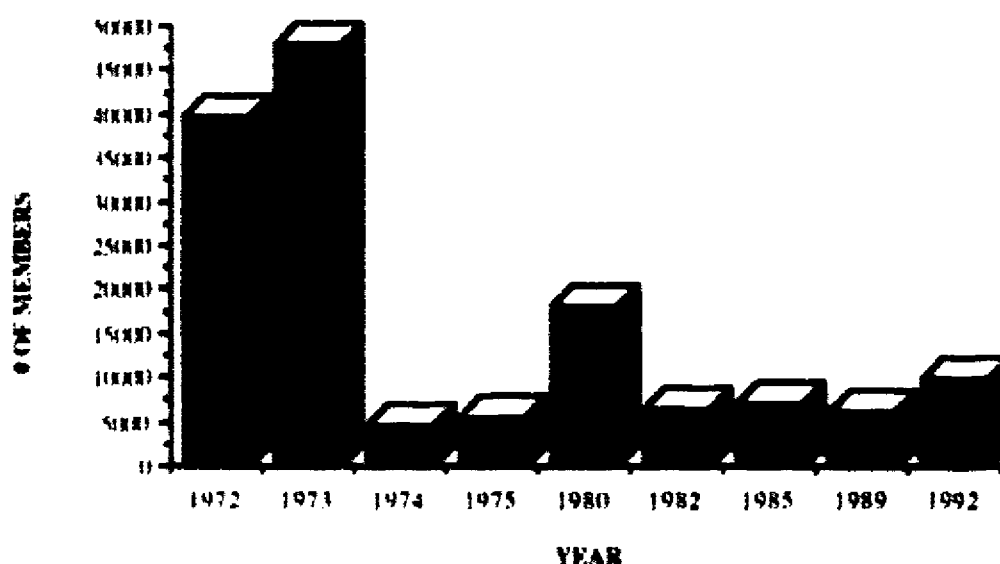
Source: 1973 - Estimation of the Department of Extension, based on preliminary information from the Labour Office. 1974 and 1975 - Official data from the Labour Office. 1980 - OCAC, "El Movimiento Sindical Agrario," Mensaje No. 298, May 1981. 1982 - Bulletin, Soledad No. 144, Nov. 1982. 1985, 1989, 1992 - Department of Union Extension, AGRA Ltd. See: Salinas Campos, 1992, p.54.

⁹⁴ Salinas Campos, 1993, p. 24.

⁹⁵ Silva, 1988, p. 437.

This figure reveals that the number of organized *Campesinos* fell drastically after 1973, and has never recovered. Figure 7 shows that the UOC, has moved somewhat independently of the trend shown in Figure 6. Each confederation and federation operates under different regulations and responds to different pressures, although ultimately they are all affected by the larger situation in which they find themselves.

FIGURE 7: NUMBER OF ORGANIZED CAMPESINOS - UOC



Source: See Figure 7.

The military coup of 1973 put an immediate end to union activity in the countryside, and marked the beginning of a long and painful experience for the *Campesino* movement. Unionization at all levels suffered a devastating blow, particularly due to the end of the political parties which had been a vital tool for their mobilization throughout the whole period. In general, both the literature and political experience suggest that under authoritarian regimes (fascist, military, populist), labour unions are

adversely affected in their political development. Chile proved to be no exception to this rule.⁹⁶

The military government altered drastically the economic policies of the former government of Salvador Allende. Such changes included: 450 or more State owned and controlled enterprises were sold to private investors; the military maintained control over the copper industry (representing 78% of assets in the 100 largest firms of the country); 30% of expropriated land was returned to its original owners; the economy was open to private and foreign competition by lifting price controls and reducing import barriers, in some cases up to 100%; and exports were encouraged.⁹⁷ Any social repercussions of these measures were enforced through the repression of the unions and labour.

The level of repression in the countryside was particularly severe, starting at the very onset of the coup.

Thousands of *Campeſinos* were physically exterminated or expelled from the lands in which they lived. The main targets were the leaders and those *Campeſinos* considered to be most active in rural unions.⁹⁸

There were many direct and indirect attacks on labour during the first years of the dictatorship. A few examples will provide an understanding of the circumstance in which unions and the labour movement found themselves.

⁹⁶ Faistella, 1981, p. 1.

⁹⁷ *Ibid.*, p. 8.

⁹⁸ Silva, 1988, p. 439.

Decreto-Ley (Decree Law) Number 208 - a State agency was established with the specific role of determining those who had participated in land seizures before the coup. Credence was given to anonymous accusations. . . which led to serious abuses by officials of the new regime.⁹⁹

This decree also allowed for *Campesinos* to accuse one another, and these were often based on personal grudges. The result was a growth of disunity among the *Campesinos* themselves.

Decree Law No. 1,446 - the military government annulled the "Education and Extension Fund" (FEES) which had been created in 1968; this fund was the most important source of financial support for the rural federations and confederations.¹⁰⁰

Decree Law No. 2,346 - seven confederations, as well as all their member organizations were proscribed. One of these was the UOC.¹⁰¹

Later, the *Plan Laboral* (Labour Plan) of 1979 was implemented by the military government, partly as a result of the negative international response to Chile's anti-labour policies. This Plan was the government's effort to supposedly give the unions back some of their rights in an attempt to curb foreign pressure, but doing so within guidelines and principles of the military government.

Under this Plan there was a redefining of types of unions. The new typology included: enterprise unions, interenterprise unions, and

⁹⁹ Silva, 1988, p. 441.

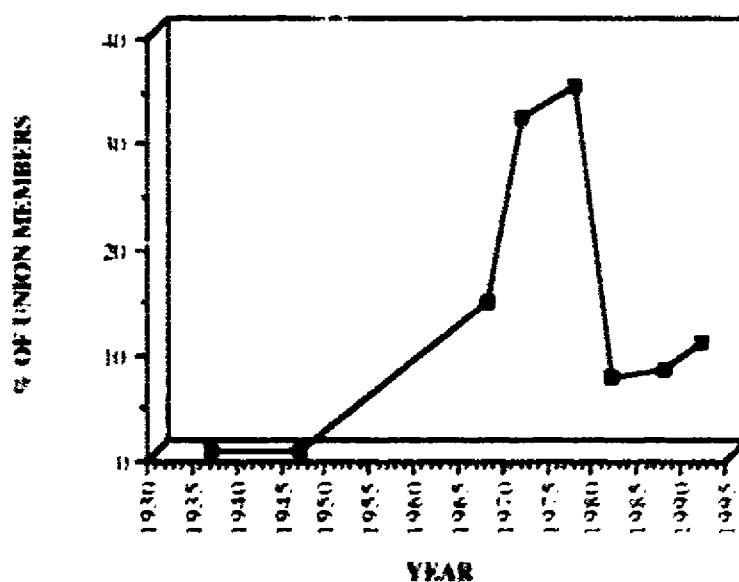
¹⁰⁰ *Ibid.*, p. 441.

¹⁰¹ Gomez, 1981, p. 27.

independent (transitory) workers unions.¹⁰² It was only the first which was allowed any kind of collective negotiation, although, even this was limited. Law 16.625 (rural unionization) was annulled, thus ending the possibility of forming unions of the *comuna* character which had previously been convenient for the rural workers.¹⁰³ The Labour Plan was clearly subservient to industrial interests, and delivered a further blow to labour in the agricultural sector.

Unionization in the rural sector has historically not paralleled that of the industrial sectors, the latter providing the economic and political source of the growth of the country.

FIGURE 8: PERCENTAGE OF NATIONAL UNION MEMBERSHIP IN AGRICULTURE 1936-1992



Source: Dirección del Trabajo, *Tasa Sobre Ocupación INE*, Trimestre, October-December. See: Frias F. and Ruiz-Tagle, 1992.

¹⁰² Frias F., 1993, p. 28.

¹⁰³ Salinas Campos, 1993, p. 36.

It is apparent from this figure that the growth in agricultural membership occurred between the years of 1968 and 1973, following the Agrarian Reform (which will be discussed later). This level of membership maintained itself for a few years after 1973, although the level of visible activity immediately following the coup naturally almost completely dissipated. After 1979, the year in which the labour legislation was drastically changed by the Pinochet government with the introduction of the Labour Plan, the number of agricultural union members dropped precipitously. This is basically the level today, the struggle being to return to the position established before 1973.

Two national labour entities were formed in the 1980's. The CUT was reborn in 1988, under a slightly different name, the *Central Unitaria de Trabajadores* (also abbreviated CUT). According to Frias F., the CUT's platform stressed the idea that the basic goals of the union movement were for an economic strategy that would permit an exit from underdevelopment, a reindustrialization of the country, the generation of jobs, the establishment of fair salaries, an improvement in the quality of life of the population, and the elimination of extreme poverty, the marginalization of certain workers and informal work.¹⁰⁴ The CUT continues today as the main national labour organization.

Another important event was the birth in 1982 of the *Comisión Nacional Campesina* (National *Campesino* Commission, abbreviated CNC), which was formed in order to unite many national *Campesino* union organizations (of different party affiliations), with the idea of working together for greater strength of rural workers.

¹⁰⁴ Frias F., 1993, p. 48.

The CNC was to become (and still is today) exceptionally important in the *Campesino* union movement, especially regarding its working directly with the *Sociedad de Asesoría de Proyectos Laborales* (Advising Society for Labour Projects, abbreviated AGRA Ltd.). Salinas Campos refers to the significance of this relationship, stating that together they created a development program covering the areas of technical assistance, juridical assistance, communications, training and union extension.¹⁰⁵

The last years of the dictatorship were marked by demonstrations and strikes, often led by the CUT, although on a national scale, the role of the *Campesinos* in the countryside was considerably less prominent. Overall, if one considers the union movement in Chile over this period in terms of legislation which was implemented as well as economic and political policies, it is quite clear where the *Campesino* movement fits in:

Chilean rural unionism has been conditioned by and subordinated to the political and economic needs of the dominant sector controlling the State apparatus. . . the prohibition of rural unions permitted the government to achieve the support of the landed oligarchy for its industrialization efforts.¹⁰⁶

The CUT and the other national labour institutions were key instruments in securing the outcome of the plebiscite which led to the election of President Aylwin in 1989. The new government, which took office in March 1990, began to consider implementation of modifications to the former labour legislation. However, the government found itself in a disadvantageous position in this regard; while it did have a majority representation in the House of Representatives, the Senate was still largely controlled by rightist senators and those senators who were "designated" by the military regime. This has made any legislative action of the democratic

¹⁰⁵ Salinas Campos, 1993, p. 38.

¹⁰⁶ Silva, 1988, p. 433.

government problematic, and in particular the enactment of laws which would permit the implementation of labour reforms.¹⁰⁷ Because of this, the return to democracy, even though it was the ultimate political goal of the national labour organizations, has only resulted in partial changes for the labour movement in Chile.

The second democratic election since the coup took place on December 11, 1993. The victorious candidate was Eduardo Frei who secured approximately 59% of the popular vote. Frei is the son of the former president, Eduardo Frei, and the labour organizations are very hopeful of the progress which will be made for their cause. This faith has been substantiated in an interview with Raúl Flores, an ex-national *Campesino*, who states, "I have faith and hope that in the new period of elections there will be some massive acceptance of the workers in terms of organization... they are betting that it has to be Frei that wins, the workers have their sights firmly on him because his father (former President Frei) was the initiator of the *Movimiento Sindical de la Organización de los Trabajadores* (Union Movement for the Organization of the Workers)."¹⁰⁸

Still the new president will be restricted by the labour legislation of the Pinochet regime, and the supporters of the former military regime who still retain much power. These institutional realities will most likely not be changed until at least the government following the current one.¹⁰⁹ It is generally agreed that the greatest problems of the democratic government succeeding the military regime has been reforms to the Constitution and the

¹⁰⁷ Fritas F., Patricio and Jaime Ruiz-Tagle. *Situación y Dinámica del Sindicato Chileno en el Contexto Económico y Sociopolítico*. PET Working Paper No. 91, 1992, p. 4.

¹⁰⁸ Author's interview with Raúl Flores, ex-national *Campesino* leader, on December 10, 1993, the day before the election.

¹⁰⁹ Information from author's discussions with union representatives in Santa María, during the time around the election.

obstacles against changes to the legislation put in place by the rightist opposition in the Parliament.¹¹⁰

II

The *Temporeros* emerged due to changes in political and economic policies directed toward the agricultural sector. As was shown in the previous section the political mandate of various governments revolved around the economic development plan for the country, and visa-versa. The *Temporeros* are in many ways one outcome of this closely knit relationship.

The atomization that the system of temporary work brings with it is a universal element of the development of capitalism in the present global economic stage, characterized by the flexibilization of labour relations in favor of capitalism."¹¹¹

In terms of the unionization process, in recent history three phases can be distinguished: (1) the pre-Pinochet period; (2) the Labour Plan (implemented by the Pinochet Regime in 1979); and (3) the return to a democratic government. As discussed earlier, the movement in the countryside was strong before the coup in 1973. *Campesinos* were in a position in which they could legally and effectively unionize (Law 16.625). Also, the Agrarian Reform of 1967 gave *Campesinos* the opportunity to own land, and at the same time took away a lot of the power of the traditional landowning elite. The *Campesino* unions had a lot of support

¹¹⁰ Batías B., Margarita, "El Presidente que Saludará el Año 2.000," *Tierra, La Revista del Trabajador del Campo*, Year X, Vol. 2, CNC, Santiago, November - December 1993, p. 4.

¹¹¹ Falabella, Gonzalo, "Programas de Desarrollo Focalizados Segun Beneficiario, Con Instalacion en un Territorio," *Sistematizaciones de Experiencias en Torno al Desarrollo de Sectores Sociales Pobres*, EFDES (Eficiencia y Desarrollo) Programa de Apoyo Local a la Fundacion Interamericana, Working Paper No. 5, July 1992, p. 15.

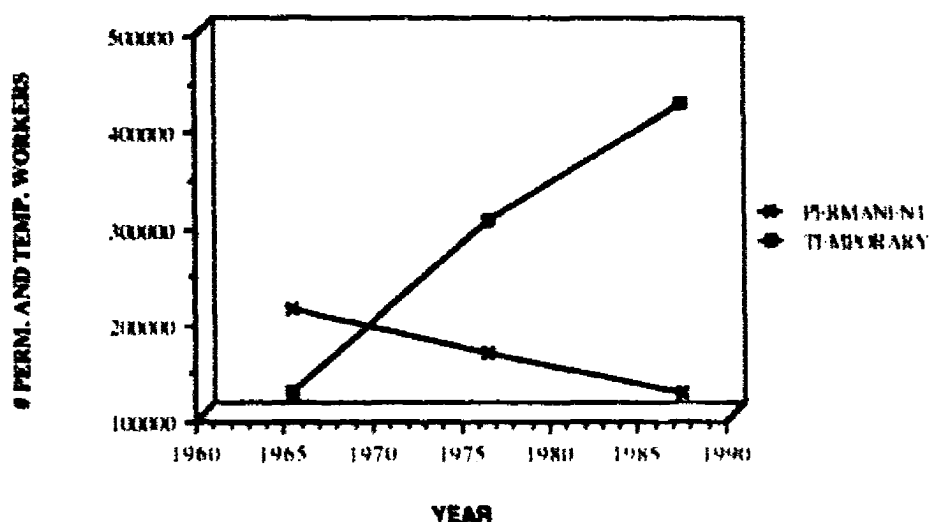
from national confederations and federations, as well as the Catholic Church.

The military government was responsible for the extensive modernization of the economy, through the application of neoliberal policies. This liberalization also focused on agriculture and its potential as an export industry to help integrate the economy into international markets. Silva suggests that this process of modernization has led to an accelerated elimination of permanent rural workers on the farms. Also the massive unionization experience before 1973 has contributed to this current phasing out of permanent workers because of the landowners' fears associated with wanting to protect themselves from any future recurrence of that former situation.¹¹² According to the President of the UOC, Oscar Valladares Gonzalez, considering the development model from an economic point of view, in the long run all workers in the agricultural sector are eventually going to be *Temporeros*¹¹³ (see Figure 9). In other words, the existence of the *Temporeros* is something which deserves special attention because it is not based on merely a temporary set of circumstances.

¹¹² Silva, 1988, p. 448.

¹¹³ Interview with Oscar Valladares in: "Los Temporeros: Diversas Opiniones Sobre un Mismo (y Antiguo) Problema," *Nuestra Tierra*, No. 159, Santiago, April 1993, p.6.

**FIGURE 9. PERMANENT/TEMPORARY WORKERS IN REMUNERATED
RURAL WORKFORCE**



Source: Gómez, Sergio and Jorge Echenique, *La Agricultura Chilena: Las Dos Caras de la Modernización*, Santiago, 1988. See: Silva Patrio, 1988, p.450.

The *Campeños* have been historically divided into two major categories: First, there is the "*Campeño* farmer" who either owns or works a piece of land, having control over decisions relevant to the production process and the destination of the harvests. Second, there is the "*Campeño* worker" who offers his or her labour to the carrying out of tasks, which when put together, result in agricultural production.¹¹⁴ With the modernization and industrialization of the country, emphasis has shifted toward the use of the latter type of labour. This process was assisted by Pinochet's Labour Plan which returned much of the land expropriated in the Agrarian Reform to its original owners.

¹¹⁴ Ortega, 1987, p. 68.

In general, the dictatorship severely weakened the position of the *Campesinos*, and their only role acknowledged by the government was their potential as a large, cheap labour force. This vision resulted in the worsening of social conditions for *Campesinos*:

There is "the need to consider the implantation of a new economic model in the agricultural sector, with its deep transformations in land tenure and in the contracting of the labour force and employees, which as a result brought accentuated unemployment in the countryside, a diminishing of permanent workers in agriculture, a general impoverishment of all *Campesino* sectors, a low level and quality of life of the *Campesino* families, and an increase in the exploitation of agricultural workers."¹¹⁵

Again, Valladares points out that the *Temporeros* themselves are, "the reality of a system well thought out to obtain the greatest profits based on a pure and simple exploitation of the rural workers."¹¹⁶ The *Temporeros* arose out of a period of overall decline in the situation facing the *Campesino* in the agricultural sector, as the economy of the agricultural sector itself was growing. As will be seen in this case study, the *Temporeros* remain in this position of weakness.

The *Temporeros* are concentrated in the areas of agriculture which are oriented toward exports, meaning those areas which are largely devoted to monoculture. "The agro-industrial sector has been converted into one of the most dynamic poles of the Chilean economy especially due to the fruit industry,"¹¹⁷ and the relevance of this industry reflects on the importance of the *Temporeros* on a national level. Some of the main Chilean exports from this export sector include, table grapes, apples, corn and rice. The dominant crop is table grapes, and the workers in this area form the focus of our case study.

¹¹⁵ Salinas Campos, 1993, p. 35.

¹¹⁶ Valladares, 1993, p.6.

¹¹⁷ Roman M., Patricia. *Las Trabajadoras Temporeras del Sector Agrario*. Colección, Conocer el Poder. Cartilla No. 1, PET, 1992, p. 1.

This labour force has been extremely important in the economic growth of the country, but yet when one sees and learns of the conditions which surround their work and their lives, this is difficult to believe. Roman M. points out that when an activity is profitable for the country it is hoped that the workers' lives and work conditions improve. This in fact has not occurred in the agricultural sector, instead just the opposite has taken place. The workers of this economically successful sector are among those who experience the worst socio-economic conditions.¹¹⁸

The *Temporeros*, as a work force have been completely marginalized by a system designed by the political and economic elite of the country. A study carried out by Falabella asked the general question of why these workers were not in any way organized. The overall conclusions of this study indicate two main points:¹¹⁹ First, that the system of temporary work has been legitimated through 18 years of practice and legal institutionalization and that it fragments and results in uncertainty and disorganization among the large majority of the workers (between 80-90%) through a system of extremely precarious labour relations.¹²⁰ The second inference is that the owners of the companies which employ the *Temporeros* are very powerful and have a great distrust stemming from the experience of the Agrarian Reform. As a consequence they have few incentives to change a system which has given them great profits and maximum security, having adjusted labour relations to their benefit.¹²¹

Estimates on the numbers of *Temporeros* vary, since it is difficult to gather exact statistics due to the nature of their work. The total number

¹¹⁸ Roman M., 1992, p.2.

¹¹⁹ See: Falabella, Gonzalo, "Trabajo Temporal y Desorganización Social," *Proposiciones* 18, *Sociedad y Transición*, Ediciones Sur, Chile, January 1990).

¹²⁰ Falabella, 1992, p.3.

¹²¹ Falabella, 1992, p.3.

for the country ranges between 400,000 - 550,000, depending on the source.¹²² According to AGRA Ltd., the work of the *Temporeros* brings in the sum of \$970,000,000 U.S., for the agricultural exports only, without considering the part of the production which goes to the internal market, or the work of other *Temporeros*, such as in forestry.¹²³

There are three basic categories of *Temporeros*: Seasonal *Temporeros*; Casual *Temporeros*; and Steady *Temporeros*.¹²⁴ The Seasonal *Temporeros* are those who work in the summer months, which is the peak season in the fruit-export industry (jobs may vary between two and six months). This is when the fruit must be harvested and packed for shipment and these are the activities which require the most intensive labour. This group includes the highest percentage of women who work as *Temporeros*, mainly because the packing involves work which is considered to be well suited to women. Also students, small farmers and the unemployed may search for work during these months.

Casual *Temporeros* may work all year round, but move from company to company depending on the demand for work. The result is that they receive separate contracts for each job, and therefore, never work for the same company long enough to become a permanent worker.

Finally, the Steady *Temporeros* are those who work all year round for the same company, but have only temporary contracts. This is based on the way in which the company arranges to renew the contract. After 11 months the worker is let go and then asked to return the following month with a new contract. In this way the workers are prevented from

¹²² For sources, see for example articles cited in this section.

¹²³ AGRA Ltd., *Derechos Legales de los Temporeros*, Departamentos de Capacitación y Extensión, AGRA Ltd., July 1993, p. 3.

¹²⁴ *Ibid.*, pp. 6-7.

becoming "permanent". In all three cases the workers are kept marginalized from the legal rights and benefits which are associated with being permanent.

Mention must be made regarding the "packing" and the suitability of women to these tasks. This work requires delicacy, tolerance for tediousness, rapidity and patience - traits which are said to be innate to women. This is a crucial activity because the system of temporary work has in itself been greatly responsible for the entrance of a large percentage of women into the workforce.¹²⁵ According to Figure 10, an overwhelming majority of women who work in the fruit-export industry are temporary workers, generally having only entered the workforce because of the increase in temporary work.

¹²⁵ See: Medel R., Julia, Soledad Olivares M., and Verónica Riquelme G., *Las Temporeras y su Visión del Trabajo*, CEM, Santiago, 1989; and Valdés S., Ximena, *Mujer, Trabajo y Medio Ambiente, Los Nudos de la Modernización Agraria*, CEDEM, Santiago, 1992.

FIGURE 10: PERSONNEL DISTRIBUTION IN SEVEN FRUIT COMPANIES IN SANTA MARÍA



Source: Rodríguez, Daniel, "Empresas y Trabajadores Frutícolas en el Valle de Aconcagua," Tesis Doctoral, Austin, Texas, unedited, 1986. See: Valdés S., 1992.

Gómez and Echenique carried out a study on the *Temporeros*, based on surveys done by the *Temporeros* themselves. In the sector devoted to the production of table grapes the following results were found:

- average age of workers is 24.0 years;
- 61% began to work before 18 years of age;
- 33% began to work before 15 years of age;
- 59.7% had completed basic education;
- 3.4% had completed technical education;
- 81.3% of this work force was incorporated between 1980-1984;
- 11.5% of this work force was incorporated between 1985-1986;
- average daily wage for February-April 1986 was 477 pesos¹²⁶;

¹²⁶ 477 pesos is approximately \$1.50 Canadian (January 1994 exchange rate)

- highest proportion of young *Temporeros* which have never had any other work experience.¹²⁷

An article recently published by the CNC hopes to shed light on the actual situation of the *Temporeros*, as seen by the *Temporeros* themselves.¹²⁸

The article points out there are many myths regarding the *Temporeros*:

- the high salaries which they earn in each season;
- the high incidence of students and house wives, who are only interested in working a short time;
- they mainly come from urban sectors;
- with this activity they contribute to complement the family earnings, by helping the 'man of the house'.

The reality as seen by the *Temporeros* is as follows:

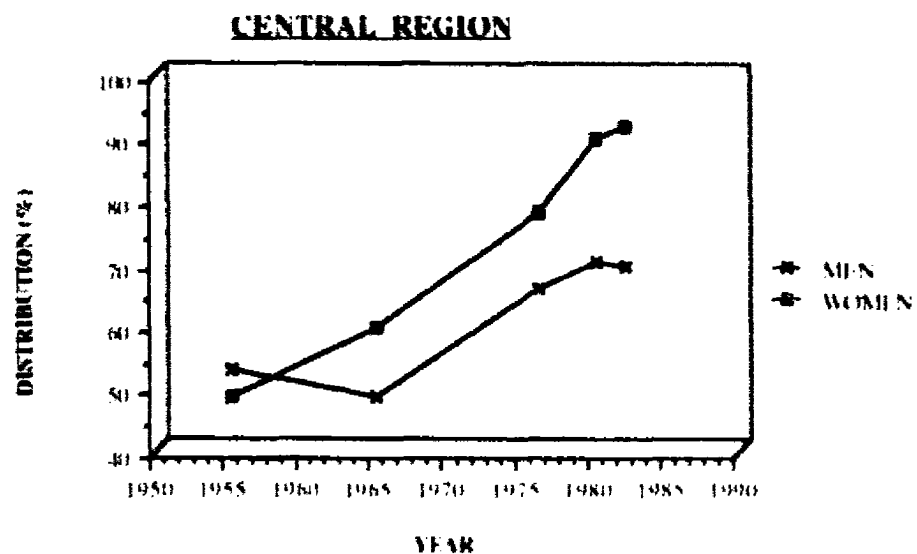
- the salaries in the previous season (October '92 - May '93) did not go beyond on average 36,600 pesos monthly, which is to say a monthly salary which is less than the minimum wage;
- approximately 40% of the *Temporeros* in any moment of the season were unemployed;
- in the months of most labour activity (November, February and March), approximately 55, 70 and 65% respectively of those who worked these months made some form of taxation payments.

¹²⁷ Gómez, Sergio and Jorge Echenique, "Trabajadores Temporeros de la Agricultura Moderna del Chile Central," *FLASCO Working Paper No. 36*, Santiago, December, 1986

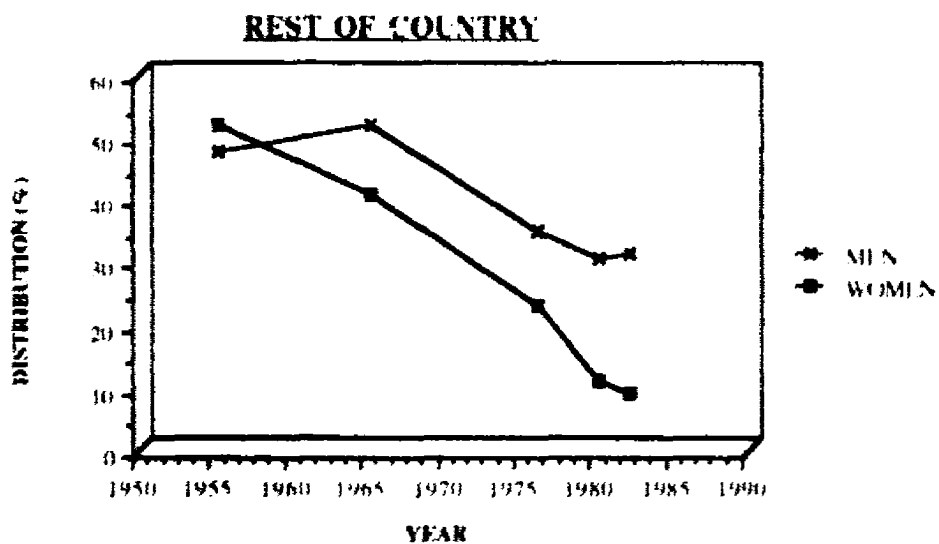
¹²⁸ Latorre S., Bernardo, "Temporeros: Una Realidad que Muchos Prefieren Olvidar," *Tierra, La Revista del Trabajador del Campo*, Year X, Vol. 2, No. 11, Santiago, November - December 1991, p. 32.

- written contracts fluctuated between 44.4% in October and 87.5% in January, but this does not signify that they complied with the stipulations of the law. Many of the contracts are *carte blanche* and the employers fix the conditions, and the workers are obliged to respect them. The *Temporeros* say that the conventions in the Labour Code are falsities, that the word of the owner is the law;
- practically 100% of workers do not count on the existence of the minimum hygienic conditions at the work place.

The regional distribution of temporary workers is illustrated by Figures 11 and 12. The Central Region includes the Aconcagua Valley, which is a focal point of the fruit-export industry. Santa María is located in this valley. The distribution of temporary workers in this region has been steadily increasing, particularly since the early 1970's, while the number in the rest of the country has almost completely diminished. This is indicative of the centralization of the fruit-export industry which mainly uses temporary labour, which coincides with the outward-facing economic development model implemented by Pinochet.

FIGURE 11: DISTRIBUTION OF TEMPORARY WORKERS BY SEX -

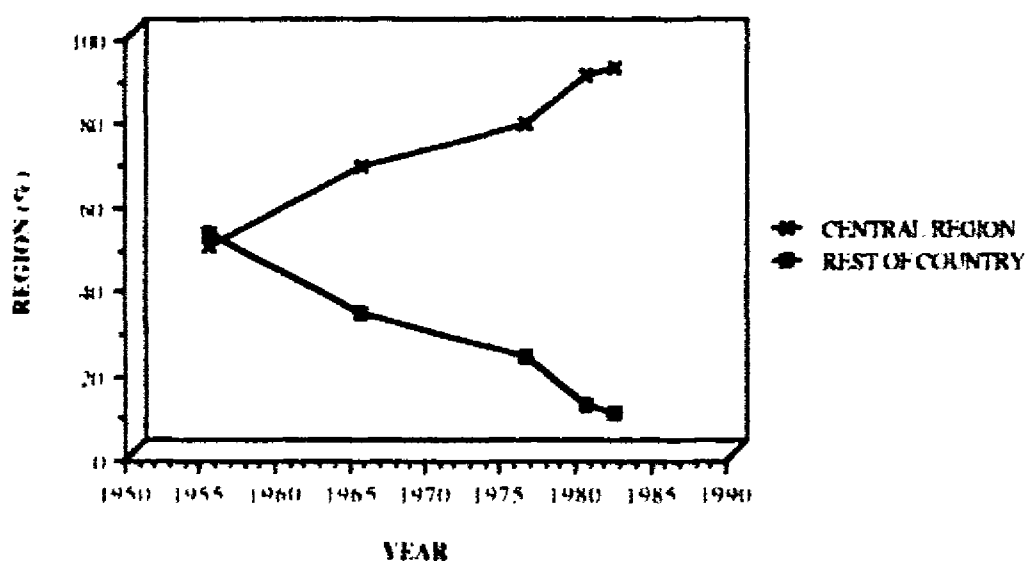
Source: Agriculture- Farmer Census from 1955, 1965 and 1976, Work Statistics, INE, 1980 and 1982. See Valdés S. 1992, p.95.

FIGURE 12: DISTRIBUTION OF TEMPORARY WORKERS BY SEX -

Source: See Figure 11.

Figure 13 again reiterates the severeness of the phenomenon of temporary work among the female labour force of the country. Since the early 1970's in particular, this labour force has become almost completely concentrated in the central region. This places stress on female workers in both areas, although under different circumstances.

FIGURE 13: REGIONAL DISTRIBUTION OF FEMALE TEMPORARY WORKERS



Source: See Figures 11 and 12.

The temporary wage workers in agriculture, in theory, have the same labour rights as any worker, if and when a contract exists, signed by the worker and the employer.¹²⁹ Such legitimate contracts rarely exist, and

¹²⁹ Meckel, Julia. "La Legislación Laboral y Las Temporeros en el Agro," in Valdés S., Ximena et al. *Sinopsis de una Realidad Ocultada (Las Trabajadoras del Campo)*, CEM, Santiago, 1987, p. 56.

the owners do not put much in writing, thereby maneuvering around any labour legislation which should be applicable to these workers.

In terms of the possibilities for organization, when this work force was very new, these were almost non-existent. Gaete highlights the fact that in fruit packings, the employers mainly contract female workers who have no previous experience with union activities and are reluctant to risk their jobs by participating in union actions. Thus most attempts made by rural unions to organize these mostly female temporary workers have failed.¹³⁰ This situation has only been slowly changing over the last five years. Another reality is that in the majority of the cases, the workers do not know their rights, the operating legislation impedes them from organizing themselves — unions as *Temporeros*, which makes the defense of their rights and the fulfillment of the laws which today regulate their work difficult.¹³¹

In an article by AGRA Ltd. concerning the legal rights of *Temporeros*, their position regarding labour legislation which itself has been revised since the democratic government was elected in 1989 is the following: the labour legislation, in its main part does not recognize the temporary worker, and when it does, it is to impede them from their full labour rights. This is to say, there is a legal discrimination against the *Temporeros*.¹³² The existence of such legally restrictive measures, is indicative of the power the agro-industrial companies have over the legislative process. Such control keeps the *Temporeros* as a lucrative labour force in one of the sectors which drives the Chilean economy.

¹³⁰ Gaete, Elena, "Temporeros de San Felipe: El 'Bosón' de los Resignados," *Apel* No. 240, Santiago, February 1988, p. 25.

¹³¹ Medel, 1987, p. 56.

¹³² AGRA Ltd., 1993, p.4.

The legal rights of the *Temporeros* have been summarized as follows:¹³³

1. **Right to the Written Contract:**
Must be written in the space of 15 days, with two signed copies, for the worker and for the employer.
2. **Right to Eight Hours:**
The contract must mention the duration and distribution of the workday, that will be subject to internal regulation which should appear in the contract.
3. **Right to the Ordinary Workday:**
Not more than 48 hours per week.
4. **Right to the Voluntary Extra Workday:**
 - anything over 48 hours per week
 - Sundays and holidays which exceed the 48 hour week
 - will pay with at least 50% overtime
 - overtime hours must be put in writing
 - must pay overtime hours with payment for the period.
5. **Right to a Rest within the Workday:**
Workday is divided in two parts, with at least half an hour rest time which is not considered as worked in computing the workday.
6. **Right to Weekly Rest:**
 - Sundays and holidays will be for rest
 - hours worked during these days will be overtime.
7. **Right to Dignified and Fair Remuneration:**
Cannot go below the minimum.

¹³³ Taken from the article published by AGRA Ltd. in 1993.

8. Right to Health Standards:

Necessary measures must be taken by the employer to protect the life and health of the workers.

9. Right to Complete Remuneration on Rainy Day:

Workers must be totally paid for days when work can not be realized due to the climate. . . this applies to those who have worked the previous day.

10. Right to Paid Move for a Job:

When the contracting of a worker involves a change of residence, evidence should be put in the contract. The employer will be obliged to pay the worker any reasonable expenses for the return trip. This will also include the worker's family.

11. Right to Sit Down:

Seats should be available to workers, when the duties permit the worker to sit.

12. Right to Contract Minors:

Those under 18 years of age and over 15 years of age may be contracted with authorization from the mother or father, failing that, from the paternal or maternal grandfather, failing that, from the person or institution with responsibility for the child.

Those under 15 and over 14 may be contracted following the above conditions only if they have completed compulsory education, and there is no risk to health or development.

There are some rights which are specific to women, because they are related to motherhood and child care. The rights of the female *Temporeras* are as follows:

13. Right to Leave to Care for Sick Child:

All women workers will have the right to leave from work and a subsidy equivalent to the total remuneration, when the health of her child less than one year old requires her attention in the home. A medical certificate is necessary.

14. Right to Nursery Facilities at Workplace:

Those work locations which employ 20 or more female workers will have nurseries attached independent of the workplace, where the women can feed their children less than two years old and also leave them while they work.

There are two important modifications which have been recently (1993) passed by the Senate, which affect the *Temporeros*. First, the contract must now be written within the first five days of work and a copy must be sent to the Office of Labour Inspection. This is a reduction from the 15 days previously given, which resulted in a potential for abuse. Second, the employer becomes ultimately responsible for the contracts which means the employer cannot use third parties or other means to have a contract signed, thereby avoiding labour and contract obligations.¹³⁴

The conditions facing *Temporeros* are very grim. They are not in a position to exercise their rights, and they are marginalized from any process which would incline them to do so. They belong to "a system of temporary work that is the institutionalization of mistrust by State-

¹³⁴ Author's interview with Daniel San Martín, Director of Labour Strategy, when the Union first began, December 5, 1993.

employers towards the workers, particularly following the experience of the Allende Government, and the uncertainty, atomization and social disorganization of the workers."¹³⁵

III

Santa María, a town of 16,000 inhabitants about 100 kilometers north of Santiago, provides an appealing research locale for considering the organization of *Temporeros*. The Interenterprise Union of Temporary and Permanent Workers of Santa María was the first union formed by temporary workers in the country, and therefore, deserves special attention.

To situate the site of research: Santa María is located between the larger provincial capitals of San Felipe and Los Andes in the Aconcagua Valley. This valley which covers barely 22 square kilometers, represents a key geographical area in terms of the fruit export business in Chile. It has been estimated that in the Provinces of San Felipe and Los Andes, 72% of the surface area of the valley is devoted to fruit growing, and in Santa María this figure is 66%.¹³⁶ One of the first things a visitor to Santa María notices in the spring and summer seasons is the aridity of the area: a person is struck by the apparent lack of water. Upon climbing a hill to a strategic point overlooking the town and valley, the extent of the greenness is overwhelming. This is a view of the land developed for the fruit

¹³⁵ Falabella, Gonzalo, *Conspiracy Spaces and Union Democracy in Santa María*, John Hopkins University Press, 1991, p.14.

¹³⁶ Falabella, Gonzalo and Daniel San Martín, "Reconversion Productiva y Empleo de Osoño-Invierno. Una Estrategia Distinta de Desarrollo para el Valle de Aconcagua," *Gestión Ambiental: Desarrollo Hoy Sin Arriesgar el Mañana*, 4th Encuentro Científico Sobre el Medio Ambiente, CIPMA, May 1992, p. 485.

business, which is heavily irrigated and requires an enormous water supply. There is no doubt that the life of the entire town revolves around this business. The contrast between the parched dryness and the flourishing verdure of the land, provides a passing metaphor for the relationship between the workers who maintain the industry and the owners of the industry itself. Many of the workers live in *comunas*, or shanty towns, which are constructed on land which is unsuitable for agricultural development and irrigation. In other words, the workers use the land that is left unwanted by the companies, to build both their homes and their lives.

We suggested that the conditions which determine how the *Temporeros* work and live stem from the institutionalization of a particular strategy for development in Chile. According to Falabella and San Martín this model of development is characterized by a disorganization of social life, the concentration of incomes, an increase in monoculture, pollution and the exclusion of all social or political actors who are not the owners of the companies, particularly of export companies.¹³⁷

Seasonal work, generally, breeds job insecurity. In the particular case of the grape export industry in Santa María such insecurity is extreme. Falabella points out that, "the system of temporary work in the Aconcagua Valley is cemented in the nonexistence of work in the winter. It is these conditions which permit the existence of such irrational and exhausting working days."¹³⁸ The lack of work, and hence of any income, in the winter not only controls how they must live during these months, but also

¹³⁷ Falabella and San Martín, 1992, p. 484.

¹³⁸ Falabella, 1990, p. 257.

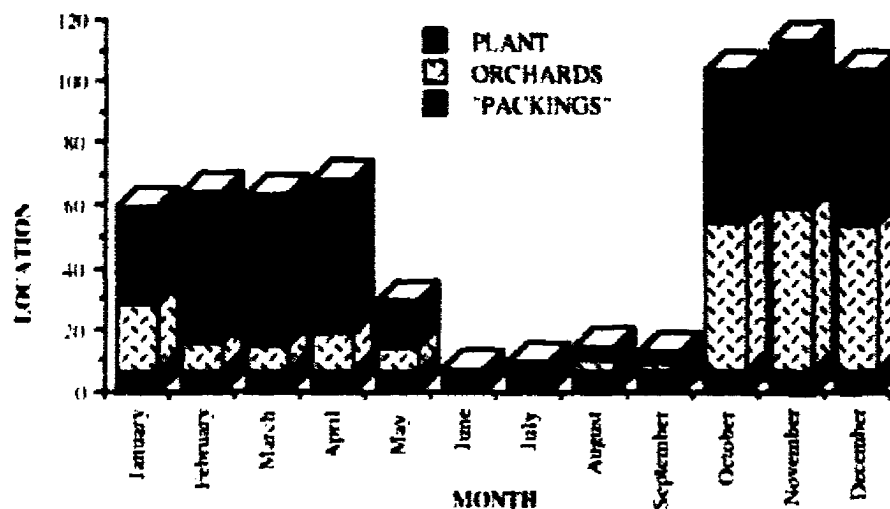
the work conditions they will accept during the summer months when jobs are available.

In the winter people do not have anything to eat, and the more hunger the people experience in the winter - I have the very clear vision - the worse the summer will be, the conditions. This is because if they (the owners) pay the people even one peso, the people accept it because they did not have this peso in the winter and the hunger and the doubts which have accumulated are many. They don't think twice in accepting whatever comes, therefore, this is horrible and painful.¹³⁹

The following figure shows the monthly variations in work for female workers only. The number for the plant workers is consistent but represents a very small fraction of the total female labour force, namely that of the permanent female workers. The majority of the work occurs from October to April, and is concentrated in the packings. The work in the orchards for women falls off in January and is minimal until October.

¹³⁹ Author's interview with Maria Tapia, *Temporeta*, December 1993.

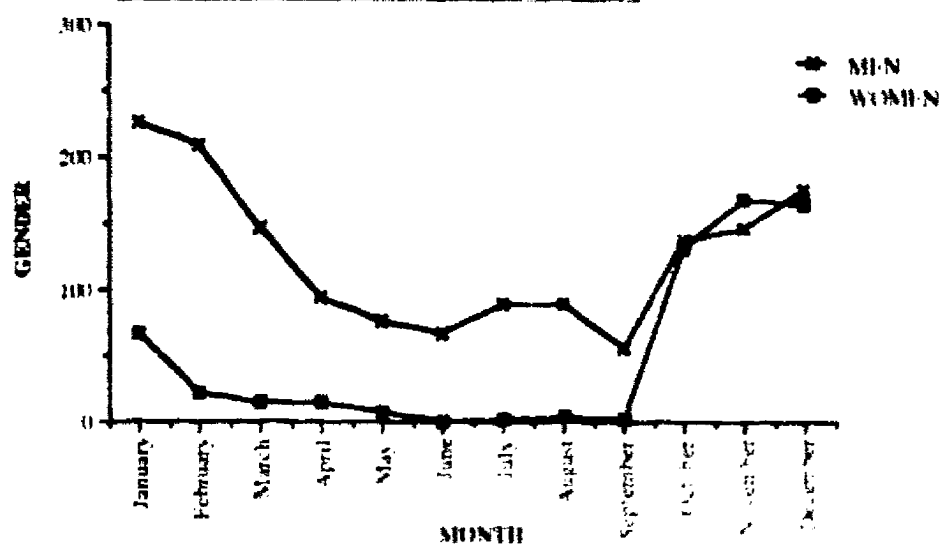
**FIGURE 14: MONTHLY VARIATIONS ACCORDING TO WORK
LOCATION FOR FEMALE WORKERS IN SANTA MARÍA**



Source: Rodríguez, 1986. See Valdés S., 1992, p.102.

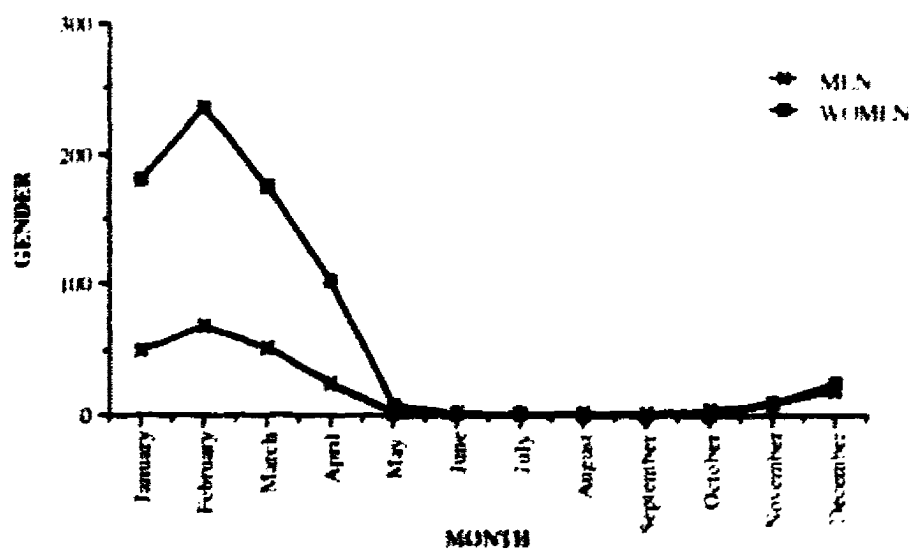
Figures 15 and 16 clearly demonstrate the fact that there is practically no work for the winter months, June through September. Men and women are both affected by the seasonal nature of the work, although men do maintain some work in the orchards during the winter. The work that does exist in these months is not sufficient to support a family.

**FIGURE 15: MONTHLY VARIATIONS IN CONTRACTED WORKERS IN
THE ORCHARDS IN SANTA MARÍA**



Source: Rodríguez, 1986. See: Valdés S., 1992 p.102

**FIGURE 16: MONTHLY VARIATIONS IN CONTRACTED WORKERS IN
THE PACKINGS IN SANTA MARÍA**



Source: Rodríguez, 1986. See: Valdés S., 1992 p.102

Temporary work is such that each person is paid according to his or her output. This is particularly true of the packings where the highest concentration of temporary workers is found. San Martín emphasizes this point by saying that, "the system of work does not encourage cooperation, but just the opposite, competition among people who are working side by side, because each person is paid for the quantity and quality produced. People are use to working in isolation, in this manner."¹⁴⁰ According to Falabella the situation is often made worse by the management, i.e. the men supervising the packing process. This is because the women in the packings are dependent on the supervisor who hands them the boxes of grapes, and so in this way he determines the quantity and quality of grapes each person receives. It is in this manner that favoritism comes to be established with respect to the most beautiful, the most docile to the company's rules, and the most productive.¹⁴¹ The potential for competition among the female workers is very high to begin with because of the system of work, but it may then be further developed by the personal criteria of supervisors. María Tapia verifies this idea as follows: "One of the things that I do not accept within the packing is that they (supervisors/managers) are really very vulgar with the women and the women accept it because of the great necessity for the job."¹⁴²

There is also the problem of the friction which is caused within families. The system allows that men generally work eight to ten hours a day during the season. Women who are working in the harvest and the packings may work 12 or 14 hours, sometimes even more. This often takes the women through the night and they may return home close to

¹⁴⁰ Author's interview with San Martín.

¹⁴¹ Falabella, 1991, p.19.

¹⁴² Author's interview with Tapia.

dawn. The nature of the work is such that it cannot be left partially completed, and workers cannot leave each night until the fruit is completely packed and ready to be shipped. It becomes obvious that family members may go for long periods of time without seeing each other, giving little possibility for these relationships to be reinforced in any normal or healthy manner.

Another serious domestic problem faced by the *Temporeros* is the lack of care for their children. The owners do not comply with the aforementioned legislation taking advantage of the uncertain nature of *Temporeros'* contracts.

The protective maternity laws, and those for the first years of the child, are maintained in the actual legislation but in practice they favor a small number of workers, generally the women who have permanent contracts in the formal sector of the economy and in the urban zones.¹⁴³

The results are twofold. First, women may not be able to work during the first couple of years of the child's life, which may put an enormous financial strain on the household. Second, many children are left alone at home during the hours when the mother works because the family (or the mother alone) can not afford any type of daycare. Both possibilities account for an enormous and additional source of stress for the women.

The system as a whole causes insecurity among the workers, as well as competition, isolation, disunity, stress and fear. The latter deserves emphasis. Falabella states that from the point of view of the *Temporero*, the owner/manager institutionalizes a relationship which engenders a total uncertainty toward life. The worker does not know if he/she will have work in the next harvest, at what rate of pay, with which boss, under what

¹⁴³ Medel, 1987, p.56.

conditions and for how long.¹⁴⁴ The workers must fear for their existence from year to year. The hours of work and the constant attention given to survival allow time for little else.

Finally, in terms of the position of the *Temporeros* before they moved to organize, it is interesting to consider the way in which they negotiated. The method, known as *huelgas salvajes* (wildcat strikes) to some extent still continues today. These strikes are described by San Martin as follows:

This is when the workers stop working all together at a critical moment, i.e. when the grapes are about to be packed right before being transported to ships waiting in Valparaiso (a major Chilean port). The workers demand to speak to the owner of the company, and then they tell the owner that they will not continue to work without a raise of 5-10 pesos per box. This discussion lasts a period of time, but always ends with the raise, because the owner will not risk losing the shipment of grapes. The police naturally could be called in, but this never happens because by the time the workers were arrested or dismissed, and 200 or so new workers were brought in, the grapes would be lost."¹⁴⁵

This is an example of the leverage which the workers have as a unified force, but illustrates the crude manner in which they use this leverage because they are not in a position to negotiate in any other way.

The Union in Santa María began in great part because of the formation of the *Casa del Temporero* (Temporary Worker's House), which we will refer to as the House. The latter is an institution that was born from the research and work on the lives of the *Temporeros* of its founder and director, Gonzalo Falabella.¹⁴⁶ The research took the form of a participatory study, in which the author spent time working as a

¹⁴⁴ Falabella, 1990, p. 260.

¹⁴⁵ Author's interview with San Martin.

¹⁴⁶ This study and its general conclusions were referred to in section II of this Chapter - Historical Overview of the *Temporeros*.

Temporero himself in order to try to form an understanding of the conditions in which they worked and lived.

Falabella was able to apply the results of his research to a plan of action, and the House was opened in Santa María in January 1989. According to Falabella, the House was formed with the objective of creating a space for the organization of *Temporeros* searching for solutions to their situation.¹⁴⁷ It was to serve as a meeting place and a means of support for the *Temporeros* and give them a common perspective of the social and political systems which were both marginalizing them and repressing them. In this sense, the House provided the foundation for a new type of conscious, collective development in the area.

A pamphlet was distributed to mark the formal inauguration of the House. It stated the following: The Temporary Worker's House is a 'light in the valley' which is demonstrating that in order to produce and export fruit it is not necessary that the *Temporeros* be poorly nourished, that the children in Santa María be left abandoned in their houses while their mothers work and take advantage of this only opportunity in the year.¹⁴⁸

As mentioned, the idea for the House came about after a study carried out by Falabella in the late 1980's. Falabella asserts that the concept of the House was developed through a team of six professionals and a *Campesino* ex-national union leader.¹⁴⁹ The presence of the latter was extremely important in gaining the support and trust of the *Temporeros*. The House began with the combination of professional brain power and an ex-*Campesino* leader, who had always been a worker himself, and could relate to the *Temporeros* on this very important level. The House opened

¹⁴⁷ Falabella, 1990, p. 265.

¹⁴⁸ Falabella, 1992, p. 6.

¹⁴⁹ Falabella, 1991, p. 27.

its doors in January, which coincided with the beginning of the harvest and the busiest months of the grape season. As a result, it began with a very hectic work schedule. The House was involved in providing living accommodation for 50 or so *Temporeros* who had migrated to Santa María for the season, selling meals in both the House and the packings, watching 50 children in the nursery/kindergarten, and organizing parties for the pay days of each month.¹⁵⁰

The House was one of the instrumental factors behind the formation of The Interenterprise Union of Temporary and Permanent Workers in Santa María. There is a general consensus among the people involved in the Union regarding the different elements related to the formation of the Union. These include: the existence of the House in the community, which had been recently established; the cyanide scare from grapes exported to the U.S.A.; support from the Catholic Church; support from small companies in the Aconcagua Valley; and critically, the presence of the ex-national *Campesino* leader and a few others who carried with them the knowledge and experience of *Campesino* organizations, from the *Campesinos* point of view.

In an interview with Raúl Flores, mention is made of the importance of his role as the ex-national union leader in the beginning of the Union. He says that in the House he was the Coordinator of the Union. He helped the people and told them about the experience he had as a former leader so they might begin to see how they could organize. As a result of this, more or less six months after the House was set up in this valley the Union was

¹⁵⁰ Falabella, 1992, p.9.

formed.¹⁵¹ This type of insight provided to the *Temporeros* was instrumental in creating an awareness among them regarding their possibilities for organizing:

When the moment arrived that the Union should be formed, the people had no idea, they did not know what syndicalism was because they had never lived that experience, but none the less there were some. There are a lot of people who have lived through syndicalism, but who now still do not dare come forward because the repression was very severe. I was one of those who participated in the formation of the Union.¹⁵²

It is important to have an appreciation for the sacrifice and enormous risk taken by those who continued to fight for the *Campesino* movement during the dictatorship, i.e. those people who brought their "experience" and applied it in the formation of the Union in Santa María.

The House focused a lot of attention on the needs of the *Temporeros* during the winter, setting up various winter programs. For example, there was a soup-kitchen (community-kitchen) program, and distribution of milk and flour to the workers. There was also a winter school which provided various training programs. Finally, there were small productive projects aimed at providing the *Temporeros* with work alternatives in this otherwise very unproductive time.¹⁵³ These included training programs in carpentry and construction skills which would be useful for winter employment.

The arrival of the House in Santa María provided support to four principal structured summer programs. These were: a program supplying accommodation; a program supplying food; a recreational program (this included the daycare); and various training programs. One such training program which was particularly important was that involved in teaching

¹⁵¹ Author's interview with Raúl Flores, ex-president and leader of *Campesino* unions and ex-national *Campesino* leader for the UOC, December 1993.

¹⁵² Author's interview with Eloy Ibacache, President of the Union, January 1994.

¹⁵³ See for example, Falabella, 1990.

labour laws and the legal position of the *Temporeros*. This idea is confirmed by the *Temporera*, Maria Tapia, in an interview. She says that she went to the House constantly where they were receiving some instruction of the labour laws. Because of this two or three workers from her company headed a work stoppage.¹⁵⁴

Another incident which helped encourage the formation of the Union was the cyanide scare which occurred in March 1989:

There's the problem of the discovery in the U.S.A. of grapes poisoned with cyanide, which signified in Chile and particularly in this zone, the end of work in all the companies of the region related to the production of fruit. Because of the discovery of the poisoned grapes they closed the markets, and the consequence of this move was that the managers took advantage of their capacity in the role as managers, and fired people on a massive scale.¹⁵⁵

The repercussions of the closure of the markets, in places like Santa Maria, were devastating.

The first union president, Jaime Muñoz remembers that during the cyanide crisis, "we must have been between 400,000 - 600,000 *Temporeros* (nationally) who were in the middle of production when they stopped us and we were left without work."¹⁵⁶ Maria Tapia, also stresses the impact of the boycott during an interview. According to her, this was something really impressive for the people, because they were left from one day to the next without work, in the height of the season.¹⁵⁷ The *Temporeros* reacted, and together with the small amount of fresh knowledge they had gained since the formation of the House and the beginning of the Union, moved into action to try to help themselves and defend their rights as workers. People signed up with the Union in great numbers at this time.

¹⁵⁴ Author's interview with Tapia.

¹⁵⁵ Author's interview San Martin, December 1993.

¹⁵⁶ Author's interview with Jaime Muñoz, first president of the union, December 1993.

¹⁵⁷ Author's interview with Tapia.

The Catholic Church also played an important role. It had shown a lot of support for the House and for the needs of the *Temporeros*. Having this support meant a lot of people felt a sense of security with respect to the Union because of its connection to the Church. Also there was a significant number of smaller fruit companies that had organized themselves as small indebted businesses. These were those companies that had suffered losses during the commercialization of the fruit industry over the previous years because they could not compete with the modernization of the bigger firms. They were already organized and as a result were in a position to provide important support for the *Temporeros* by preventing the owners that could oppose the emergence of the Union in Santa María from acting.¹⁵⁸

All these factors played a role in the push for the formation of a union. The cyanide crisis was definitely the incident which shocked the people of Santa María into action. All the other elements seemed to already exist, but it was ultimately the closure of the markets and the complete upheaval of the industry which brought them all together. It was also because of the very existence of these other factors, that the creation of the Union in Santa María was unique.

This conflict also occurred in other communities, because the closure of the markets to Chilean fruit, not only affected Santa María, but all the communities which produced fruit. But unions did not arise in all the communities as a consequence of this deep crisis. . . It is very important to realize that this is the first union of *Temporeros* in the fruit industry!¹⁵⁹

Not only is the Union significant for this reason, but also because it has emerged as a union which represents 27% of the work force in the area.

¹⁵⁸ Author's interview with San Martín.

¹⁵⁹ Author's interview(s) with San Martín.

This is in a sector where less than 1% of the work force, in the valley specifically, and in the country in general, is organized.¹⁶⁰

Finally, the determination of many individuals not only to help themselves but also their fellow workers is a point which deserves mentioning. Without the vision and perseverance of a few individuals, the Union would probably not have formed. The current president explains his situation as follows, "I was without work, I was working in my house, so this gave me the time. I went and spoke with each one of the people who were working there (a particular company) and I was able to get 30 people together."¹⁶¹

The rights of the *Temporeros*, you will recall, were outlined in the previous section. The *Temporeros*, until recently were not mentioned in the labour legislation and the rights they were entitled to were those set out for any Chilean worker in general. These rights are not acknowledged by the employers, and more often than not, the *Temporeros* are not aware of their rights. Temporary workers in agriculture technically have the same rights as any contracted worker, however the operating legislation impedes them from organizing themselves in unions, which makes the defense of their rights difficult, as well as the fulfillment of the laws which today regulate the work.¹⁶²

The possible categories for unions, as set out by the Labour Plan of the former military regime, continue to apply. These are: the enterprise union; the interenterprise union; and the independent (transitory) worker union. The Union in Santa María was formed as an interenterprise union. This type of union, as its name suggests, is one that brings together

¹⁶⁰ Falabella and San Martín, 1992, p. 487.

¹⁶¹ Author's interview with Ibacache.

¹⁶² Medel, 1987, p.56.

workers from different companies. As it was an interenterprise union it did not have the right as a union to collective bargaining. This changed in 1991 when the Labour Code was modified, and allowed for collective bargaining for interenterprise unions.

With the 1991 change in the labour legislation permitting collective bargaining at the level of interenterprise unions, the constitution of these unions also changed, once again marginalizing the *Temporeros*:

Temporeros (including those in an interenterprise union) continue to be marginalized. They themselves are specifically not allowed to negotiate collectively. With the new law, 25 permanent workers from different companies of more than 12 employees, constitute an interenterprise union.¹⁶³

Once the union is established, and the first executive is elected, the *Temporeros* can incorporate themselves as members. In other words, the *Temporeros* must depend on the organization of other workers, whose needs and interests in organizing are different from their own. In terms of the actual negotiation, San Martin suggests the following:

The permanent workers can enclose the claims of the *Temporeros*, in a petition for negotiation, but the *Temporeros* themselves can not. Today, from the technical point of view, those *Temporeros* who are organized in an interenterprise union can negotiate. . . but you can see there is a very complicated mechanism for collective negotiation.¹⁶⁴

It is in this way that the system continues to support the use of wildcat strikes by the *Temporeros* as the most effective means of being heard.

The legal position of the *Temporeros* has, and continues to be, a serious barrier to the formation of unions by the *Temporeros*. Falabella and San Martin speculate that the legislation imposed first by the Military Government, and later by the Democratic Government, denies them (the

¹⁶³ Author's interview with San Martin.

¹⁶⁴ Author's interview with San Martin.

Temporeros) a human right and basic labour right, which is that of collective negotiation, the essence of unions.¹⁶⁵ It is only through collective negotiation that unions have any real power to make the changes they consider necessary.

Ibacache claims that an interenterprise union is difficult to direct because it is in fact interenterprise; it is very complicated to meet with all of the people, because they are not from the same place.¹⁶⁶ This is a very real problem in a town like Santa María, where little infrastructure exists. People must find their own means of transportation, which generally means by foot or by bicycle, and more often than not the distance from their house (which may be in any of the different communities of the town) to where a union meeting is being held is often too far. This is especially true given the hard working days which people have, and the fact that many are uncertain as to what the Union is and why they should make such an effort.

The lack of education and experience also impedes the process of organization. Workers do not have any awareness of what a union actually is, or even that its underlying philosophy is to help the workers. Tapia substantiates this point by saying that people don't know what a union is, but they join because they see it gives help. For example, there was a time when the Union had flour, and a person had to be a member to get some flour, therefore a lot of people did not come because they wanted to be a member of the Union, but rather because of their need for this staple.¹⁶⁷

San Martin indicates that it is not always so obvious that the Union can help the workers, which itself is an obstruction. They do not see the Union taking care of their children or feeding them, rather it is the

¹⁶⁵ Falabella and San Martin, 1992.

¹⁶⁶ Author's interview with Ibacache.

¹⁶⁷ Author's interview with Tapia.

company which may supply the services. They do not realize that behind this is the work and struggle of the Union.¹⁶⁸

Another impediment is the extraordinary responsibility which is involved with being a leader, and to some extent in being an active union member:

To be a union leader represents a great sacrifice, and here in Chile the leaders do not have a salary, nor cooperation, which is a mistake because if a leader is not helped economically, how can they maintain the family, and even more so in a time when one is persecuted.¹⁶⁹

Much of the stigma which was attached to *Campeños* and their organizations during the dictatorship, is still present. The time commitment necessary to be a leader or a member is also a problem for many. The work is such that during the season people have very limited free time, and what little they have usually must be spent looking after the home.

Apart from a general lack of time, there is also a shortage of resources. In the 1960's membership in unions was obligatory, and hence people paid a very small percentage of their salary to a union fund. The Union of *Temporeros* cannot depend on this; It is a union that people support when they work, but because they earn little (they only work six months) the economic support is minimal. This weak economic base is a huge problem for the Union and for the leaders and as a result they are not able to work efficiently.¹⁷⁰

There is also a large concern that currently the Union does not have an official meeting place because the Union is no longer associated with the House. In discussion with a variety of people in the Union, the need for a

¹⁶⁸ Author's interview with San Martín.

¹⁶⁹ Author's interview with Muñoz.

¹⁷⁰ Author's interview with Flores.

headquarters currently seems to be the most pressing issue. For example, Rosa Diaz, a lifelong *Temporera* comments that the Union does not have anywhere to meet, no headquarters, or a typewriter. The people in the Union, have the desire to participate, but see a headquarters as the best way to raise support for the Union, by increasing their community image and awareness.¹⁷¹

Finally, there is the issue of the set structures within which the Union must operate. San Martin makes the reality facing the *Temporeros* very clear:

They (the House and the Church) propose overcoming many unresolved claims, but for which there really are not possibilities to overcome, because there is no power to modify the conditions which exist. The power is very symbolic, the power of the Church over the conscience of the people is very large, but this has nothing to do with it, a lot of legitimacy does not change the conditions.¹⁷²

This is to reiterate that some of the most serious obstacles are so deeply rooted in the structures of the system that to prevail over them cannot happen merely with good intentions on the surface.

One of the most obvious disadvantages of belonging to a union, is the idea that people might be "black-listed". This is related to the position of risk that leaders (or members) may find themselves in. Tapia adds that the owners began to fire people when they knew they were in the organization. Of course such measures were distancing people from the Union. Now there are 500 members, but of the original members there are about 30. There are very few people who remain in the Union for this reason.¹⁷³ People have enough fear for their job from one year to the next, that they

¹⁷¹ Author's interview with Rosa Diaz, lifelong activist in the *Campeño* (more specifically *Temporero*) movement, December 1993.

¹⁷² Author's interview with San Martin.

¹⁷³ Author's interview with Tapia.

do not want to put themselves in an even more jeopardizing position by joining a union.

The most agreed upon advantage is the extent to which the Union brings people together; there is a realization that one is not alone in a situation of uncertainty and fear. This unity brings with it the ability to train and educate people as a group, something which is not feasible on an individual level.

The organization is important, also to train people. To be creating a consciousness of value, to value the workers, to value when one is working in the field, to value what one does in the packing, to value oneself as a woman and as a mother, because no one looks at this, the manager does not care while a woman is working there where her children are.¹⁷⁴

Also, it has been through the Union that there have been the programs to educate people about their rights as workers.

The formation of the Union has also been the first step toward the end of the wildcat strikes. San Martin feels it is crucial to realize that this type of strike shows the power the workers have, but is also an example of the abuse of this power. Such a drastic measure shows the need for rational alternatives on all levels. The workers need to better appreciate their power as an organized force if they are to be more unified overall, and not just in "wildcat" situations. The owners will potentially continue to face these severe work stoppages. In the long run, nobody gains by these strikes.

As we said, a large factor determining the formation of the Union was the cyanide scare, which resulted in massive layoffs. It was during this time that the Union experienced some of its greatest success, by defending a number of workers' contracts. Following the closure of the fruit markets,

¹⁷⁴ Author's interview with Tapia.

the Government gave the companies a substantial indemnity. The workers never saw any of this financial compensation, and were well aware of this fact. Muñoz alludes to the fact that Pinochet gave 500 million dollars to the owners so that they would pay the workers, but instead they pocketed it. He then asks, where is this money? Because really the Government gave them the indemnity for all the fruit workers.¹⁷⁵ During this period the Union was able to put its rhetoric into practice:

The Union activity during the process of emergence as an organization was to participate in the solution of the conflicts generated in the companies for the arbitrary firings, and it had a lot of success. The Union achieved payment for the days which were agreed upon in the contracts which existed.¹⁷⁶

Of course the Union was only able to defend the contracts of those people who came forward, so in this sense the number was not as large as it could have been. The significance of this achievement should not be underestimated in what it says about the importance of this type of union for the workers.

It was only in Santa María with the constitution of the Union, that they achieved their payments from the Military Government's indemnity to the industry. In the rest of the country, and in the very Aconcagua Valley, discouragement took place because of the unfulfilled responsibility by owners.¹⁷⁷

Another success of the Union has been the establishment of a new structure. The Union Secretary, Olga Gutierrez, outlines the Union's framework: Generally there are three or four meetings a year. The executive sees each other weekly, and there are at least one or two meetings a month of the directorate. Every two years there is a change in directorate, and five leaders are elected because it is a union with more

¹⁷⁵ Interview with Jaime Muñoz in 1991 for article written by Falabella, 1991.

¹⁷⁶ Author's interview with San Martín.

¹⁷⁷ Falabella, 1991, p.7.

than 250 workers. The five leaders are: the president, the treasurer, the secretary, and two directors. The directors are leaders just the same as the rest, but they may replace any of up to the three entitled officials, if necessary.¹⁷⁸ This is very important because it is indicative of the determination which is critical to the success of the implementation and operation of any organization.

The educational aspects of the Union have also yielded benefits, because people have learned to stand their ground with respect to certain rights. According to Tapia, "there are nice things within the organization. It has done valuable things such as, there are still people who have learned to insist on daycares within the companies."¹⁷⁹ In terms of education, the Union has played, and continues to play an invaluable role with respect to the labour legislation. Ibacache observes, "there is the need to be on top of the laws. We have to be buying the Labour Code every week, in case they are legislating something in our favour or against us. They are constantly making modifications and this has to be told to the people."¹⁸⁰

The relationship between the Union and the House was integral from the beginning. Flores informs us that when the Union was formed, it participated in all the activities which were at the House. There was a synergy between the House and the Union to work together on all the programs.¹⁸¹ The daycare was especially significant: it brought a lot of people from the community to the House, and hence into contact with the Union. Another activity which has been community wide is the *Festival del*

¹⁷⁸ Author's interview with Olga Gutierrez, Union Secretary, January 1994.

¹⁷⁹ Author's interview with Tapia.

¹⁸⁰ Author's interview with Ibacache.

¹⁸¹ Author's interview with Flores.

Temporero (Festival of the *Temporero*). This takes place in the summer and is an important social event for the workers. In the interviews and discussions with people in Santa María, everybody spoke about the Festival with enthusiasm. People write and perform their own songs which focus on the life as a *Temporero*. The members (particularly the executive) also see this as an opportunity to get new people interested in participating in the Union. The Union organizes a Christmas party for the children of the *Temporeros*. This is also very successful and brings people together from all the communities in Santa María. The popularity indicates the level of backing which there is for the Union, but at the same time it reinforces the idea that people find it easier to show support when the Union is visibly doing something beneficial for the people.

This question uncovers a very complicated situation, which is symbolized by the current relationship between the Union and the House. All of the above activities were initially developed by the Union and the House working together, and they logically took place at the House, the meeting place for the *Temporeros*. The Union was free to develop programs based on their ideas of the needs of the *Temporeros*. The House provided a structured support, mostly of resources. Gradually the Union began to distance itself from the House in many aspects, and today the Union has completely separated itself from any association with the House. As a result of this separation many of the community relationships and activities have been put in jeopardy.

Through discussions and interviews with people in Santa María the exact cause or the end of this relationship is not clear and the reasons given vary depending on the source. Essentially, one could conclude that there are problems related to control, and the politics of the two institutions.

More specifically, the difficulties are rooted in the contrast of the perspective of the professionals running the House, and that of the *Temporeros*/workers in the Union.

In the beginning the House provided various services to the Union. These services included the programs, a truck for their use, a telephone and a computer, to give a few examples. According to various *Temporeros* who are involved in the Union, access to the use of these things slowly became complicated and restricted for the Union at the time corresponding to the growth of the Union when such things were critical to its functioning. The Union's executive and many members interpreted this as the professionals of the House taking advantage of a certain amount of their power. These basic necessities were no longer available for unconditional use by the Union, which itself represented the *Temporeros* for whom these items and programs were originally purchased and set up. Instead these simple things, such as the truck and the telephone, began to symbolize the control the House wanted to maintain over the Union, as the leading institution in the community. Eventually there was a severing of the relationship between one of the leaders of the *Temporeros*, who had been instrumental in the set up of the House, and the Director of the House. At this point, it appeared to the Union as though the professionals had decided to run a purely professional operation, and the voice of the *Temporeros* and the Union was going to be moved to the sidelines. The professionals who had moved to Santa María with a vision of helping the *Temporeros* had formed familiar alliances among themselves, which by its very nature excluded the ideas of the *Temporeros*.

Clearly, there is some resentment toward the professionals in the House. They are seen as trying to run the lives of the *Temporeros*, while

giving the impression that they know what is best for the workers. Currently there is a project in the valley between the House and a Norwegian development organization. According to a member of the Union's executive, many representatives have come from Norway to Santa María and the people working in the House regulate the people the Norwegians meet and talk to. The Norwegians have not spoken to any of the Union's leaders and people feel that whatever the project is involved with it has nothing to do with the needs of the *Temporeros*.

There is also the notion widely held by many *Temporeros* that the House carries out fund raising outside of Chile, in the name of the Union, and that this money is never seen by the Union nor the *Temporeros* for their benefit. This exemplifies the common level of mistrust between the *Temporeros* who represent the working class, and the professionals in the House who represent the educated middle/upper class. The latter are able to raise money in the name of the former, because of their educated middle/upper class connections elsewhere. These connections may be within Chile or abroad. The *Temporeros*, i.e. the working class, do not have these connections and therefore must depend on such professionals to support their cause. As is the case with the relationship between the House and the Union, this rarely happens to the satisfaction of both parties involved. Ultimately it is easy to see how the *Temporeros* can lose either way and be taken advantage of.

Some people prefer to tender more diplomatic suggestions. For example Ibacache suggests that: "There is a great difference in terms of direction, the House is a nongovernmental organism which functions with salaried professionals, and the Union functions with leaders elected by an Assembly and without a salary. The direction is very different, and as such

in order that we could have our own identity we chose to meet at another place."¹⁸² This suggests that by meeting at another place, the *Temporeros* and their Union will not be forced to be intimately associated with the professionals at the House who do not understand the needs of the *Temporeros*, and only look on the relationship from a position of power.

Achieving this separate identity is proving to be extremely difficult for the Union. People tend to equate the House and the Union, as Tapia indicates when she says that, "this is another mess, that the people do not have clear exactly what is the organization and that which is the House."¹⁸³ Following the separation of the Union from the House, there was a period of apparent conflict and dissatisfaction on the part of the Union and many people believe the Union did not survive. In fact, this is not at all the case. The Union is now fighting for independence from an organization which appeared as though it could no longer be helpful and supportive. If it is able to gain this degree of autonomy people feel it will be in a better position to advance the needs of the *Temporeros*.

The future of the Union will depend on overcoming many of the obstacles and disadvantages that have been discussed. One of the most crucial issues which must be resolved is the end of the relationship between the Union and the House. The Union desperately needs an outlet through which it can be recognized in the communities for what it represents - the rights of the temporary workers. In fact, the political quandary which surrounds the breakdown of this relationship is so thick that if a person visits the House at this time anyone working there will say that there is no

¹⁸² Author's interview with Itacache.

¹⁸³ Author's interview with Tapia.

longer a union. The professionals in the House are trying to maintain some level of control in the community, because they have established other working relationships, such as with the Norwegians, which they want to continue. They do not want to admit that the Union could be surviving without their support, thereby showing that the House's presence in Santa María is no longer the solitary, dominant institution with regard to the lives of the *Temporeros*. Overall, this is a large hurdle for the Union to overcome if it is going to move forward effectively.

People involved in the current struggle of the Union now feel that the lack of resources is what is preventing them from constructive progress. There are two foremost needs: a vehicle for transportation and the means to build a headquarters. Flores mentions that, "the time will come when the resources will arrive to do more things, because that which the organization is missing is a means of transportation, to go to the *comunas*. A vehicle in the organization is very necessary."¹⁸⁴ A vehicle would be invaluable in terms of gathering the people together who are interested in the Union. Diaz wonders, "if there is the possibility that some country or organization will help us go forward, because we do not see where we can get the money to buy a piece of land, which is what we need in this moment."¹⁸⁵

On a more structured level, there is the requirement for changes in the labour legislation if the Union is to have more power in the future.

I think that if the law permitted us, the people of course would feel a support, obviously if one is supported by the law it is easier to make decisions, because if one knows their rights, the worker is conscious that they are acting in a corresponding manner and they do not have any fear.¹⁸⁶

¹⁸⁴ Author's interview with Flores.

¹⁸⁵ Author's interview with Diaz.

¹⁸⁶ Author's interview with Tapia.

Again this is an ambivalent situation because it is through unions, such as the one in Santa María, that the workers will be able to strengthen their position, and therefore, hope to see any change implemented in the legislation.

There are many people who are completely dedicated to the Union and undoubtedly see its potential for the future. Backing comes from not only these individuals, but also from the UOC. According to Oscar Valladares, the Confederation has the capacity to help the *Temporeros* with regard to technical management. Also the Confederation realizes that the Union is in the best position to determine and say what the necessities of the workers are.¹⁸⁷ According to the Union, this support system appears to be much more unconditional than that of the House. The Union sees the UOC as being composed of workers and purely representing union philosophy.

At this time there is a certain degree of discouragement among the Union's members and leaders:

You are going to find in your interviews that the people say; look we have done so many things, we have sacrificed so much, and we have gotten almost nothing. This reflects a feeling of dejection, because of the expectations which have been planted which are greater than the real conditions of change which could be accomplished.¹⁸⁸

The future of the Union, and for the work conditions of the *Temporeros* in general, relies on the determination and intelligence of individuals who can see beyond this confusion, and give confidence to others. Luckily, in Santa María, such people exist.

¹⁸⁷ Taken from a Union meeting held on January 16, 1994, with Oscar Valladares Gonzalez, President of the UOC.

¹⁸⁸ Author's interview with San Martín.

CHAPTER IV

The purpose of this Chapter is to provide an analysis of the empirical study in Chapter III, in terms of the hypotheses and the central question of the thesis, by referring to the literature review and theoretical framework established in Chapter II. Through such an analysis this Chapter will focus on the possible lessons arising from the research which might be applicable to the informal sector in general, both in Chile and in other Third World countries.

Various approaches to defining the informal sector were briefly discussed in Chapter II, which concentrated on the informal sector as being defined by either economic activities or the individuals involved. It is difficult in using such definitions alone to develop an appreciation of exactly what the informal sector is due to its largely heterogeneous nature. The informal sector may include, wage employment, outwork (subcontracting), self-employment, petty artisanal activities, domestic work, a high percentage of women, children, elderly, the least educated population, and migrants.

There is a good deal of discussion over what other categories should be included in the sector, such as those referred to in Chapter II regarding the urban/rural issue, whether or not to distinguish between the concept of agricultural versus non-agricultural activities, the issue of the inclusion of domestic workers and so on. Whatever the case, these definitions tend to position the informal sector and its workers in terms of the overall economy of a country, and as a result different activities and individuals may be incorporated depending on their contribution, or lack of

contribution, to the economy. These definitions indicate that it is not sufficient to discuss the informal sector on a purely economic basis centering on the activities and individuals involved, but rather the analysis must go beyond the economic perspective.

It is useful to view the informal sector in terms of underlying commonalities which are independent of the particular activities or individuals included in the usual definitions. For example, we suggest that it is worthwhile to see informal sector participants as all those who work beyond the regulatory institutions of the State. It is this extra-regulatory characteristic which largely accounts for the conditions facing the informal sector. The informal sector encompasses very low earnings, long working hours, the absence of safety and welfare standards, lack of social security and the lack of access to unions, or to any level of organization. These characteristics closely parallel those of the *Temporeros*, who have been marginalized by the system which is dictated by the political and economic powers of Chile, thereby largely excluding them from the labour legislation.

The Chilean economy is largely controlled by industrial interests, such as the owners of the fruit-export companies and the land owners. These individuals and/or companies are in the position where their interests are protected by the policies and regulations of the State. One regulatory tool is the labour legislation which determines the rights and conditions facing the workers on all levels. Any changes to labour legislation are heavily influenced by the elite economic class and its political representatives. It is exactly in this manner that groups of workers, such as the *Temporeros*, can be excluded from labour legislation, therefore making the defense of their rights difficult. The *Temporeros* are also marginalized

from the majority of legal rights and benefits because of the vagueness of their contracts, if and when a contract even exists. In theory *Temporeros* have the same rights as any worker in Chile (when a contract exists); but this is not the case in practice. As was indicated by the information taken from the interviews, the *Temporeros* earn below the minimum wage, work very long hours in conditions which lack compliance with safety standards, and are generally not in the position to organize. It is mainly because of their relationship to the regulations of the State that the *Temporeros* are subject to such inadequate working conditions.

The majority of the *Temporeros* fit into the taxonomy of individuals which are often found in the informal sector. They have very low levels of income, may start work at a young age, and a large percentage are women. These are the vulnerable groups of society which are generally associated with the informal sector. Figure 10 (pg. 75) clarifies the point that the majority of women working in Santa María are *Temporeras*; in fact according to this data women represent just under 50% of the temporary work force. The most vulnerable groups of society are also those which are most easily marginalized by the regulations of the State. The vulnerability of these groups of people is experienced on many levels both personally and in the workplace. Women and children for example, do not have much previous work experience, and are therefore most likely not aware of their rights. This is associated with the role of women in the family and the community, that is, those persons who have traditionally not been the decision-makers and who have not been taught to defend themselves. Also, as the interviews showed, women have little or no time to devote to any active defense of their rights at work because they have the further responsibility of family and home. Individuals earning a very low

income also must work very long hours, with minimal time for anything else. Becoming active in the Union can also put further strain on these family relations. This may be for a couple of reasons, as stated by Maria Tapia in her interview. "I also believe one of the reasons why I separated was the Union, because belonging to the Union is like love, and little by little one does not know how they can dedicate so much time to it. . . Many lose a lot. I for example lost my marriage, and many women were at this point because the man also was not use to the woman taking some initiative and as a result he lost control of everything."¹⁸⁹ Due to the fact that the *Temporeros* are so marginalized, their fight to unionize is even more intense than usual. This movement requires individuals who are absolutely committed, with a clear vision, which often involves putting other aspects of their lives at risk. The State (and employers) can take advantage of this reality when implementing policies and regulations because they will not be questioned by these particular groups.

Referring to Table 1 (pg. 17), many of the features of the informal sector coincide with those of the *Temporeros*. Specifically, the work of the *Temporeros* is labour intensive, their bargaining status is extralegal, and the official policy is such that they are not protected. It is interesting to note that the fruit companies for which they work parallel the features of the formal sector, according to the same table. These companies are very large, corporate, and have significant barriers to entry in terms of capital. Our analysis of the *Temporeros* will therefore involve an understanding of the relationship between the two sectors.

The *Temporeros* represent a quintessential example of the use of and exploitation of informal sector workers to expedite the capital

¹⁸⁹ Author's interview with Tapia.

accumulation process in the formal sector. This view has been reinforced by Falabella who points to the system of work of the *Temporeros* as being one which allows for the development of capitalism by "flexing" labour relations in favour of capital.¹⁹⁰ The data in Figure 9 (pg. 70) provides evidence of the drastic increase in the number of temporary workers, corresponding to the equally drastic decrease in permanent workers since the early 1970's. This trend is particularly dramatic after 1973 when the Pinochet government began implementing neoliberal policies which resulted in the rise of agro-export industries in the rural areas. These industries rely on high capital investment and a large cheap labour force. Valladares substantiates this point of view when he indicates that this system is well thought out as one which allows for the realization of the greatest profits through the exploitation of the marginalized rural workers.¹⁹¹ The *Temporeros* are in fact being marginalized by the process of growth in the formal sector.

The interviews with the *Temporeros* themselves reveal that although many workers are aware of their subordinate position, they do not see any possibility for change because this is the only type of work available to them. Often the companies which employ these workers, such as the fruit-export companies in the Aconcagua Valley, are very large and have firmly established their control as employers in the area. This control is reinforced further by the regulations of the State, such as the extant labour legislation, which allow for the use of this type of labour in order to protect capital's interests, specifically profits. The situation in Chile has been one which has produced and then protected a system which favours

¹⁹⁰ See Falabella, 1990, 1991, and 1992.

¹⁹¹ Valladares, 1993.

the profits and security of the owners of capital (e.g. land and industry). Our data suggest that the *Temporeros* provide a ideal example of this relationship between capital and labour. The conditions and rights of the latter are manipulated and often sacrificed to the advantage of the former.

A large percentage of the *Temporeros* are women, as is generally the case with "outwork" or subcontracted labour which is connected to the formal sector. The very long work hours and lack of benefits (e.g. the lack of daycares) place an enormous burden on the women who must work in these conditions; women must still look after the home and the children, which is often difficult given the length of the work day. As the interviews in Chapter III indicate, the social and personal cost is severe, frequently causing the break-up of families. These are social costs associated with the relationship between the informal sector and the formal sector which go beyond those which have a monetary value and hence may be generally measured in terms of economic growth. The capital/labour dichotomy results in serious social problems for the workers. The example of the cost to the family is one social issue among many. In the interviews with the *Temporeros*, they also spoke of the lack of available education for their children (and themselves), shortage of proper nourishment in the winter, and the bleak future their children face working as *Temporeros* because of the scarcity of other work opportunities. These conditions all reflect negatively on social outcomes for this class.

Our argument throughout this thesis has been that the absence and/or weakness of legally implemented labour standards contributes greatly to the existence of the informal sector. It is also because of the lack of labour standards that the informal sector workers are pivotal to capital accumulation in the formal sector, giving the formal sector companies

access to a large and cheap labour force. There is no doubt that this is the case with the *Temporeros*, which as a labour force has been very important in Chile's economic growth; yet, they are among those labourers in Chile who endure the worst conditions of work. The *Temporeros* not only provide an inexpensive labour force but also a very productive one. Fear and uncertainty dominate the working lives of the *Temporeros*. This reflects on their personal lives as well, especially during the winter months when available work is minimal. The result is that the *Temporeros* work at a high level of productivity, because each person individually fears for his/her job and rate of pay, both of which depend on their output at work. This high level of productivity results in high levels of profits for the companies, which itself is the underlying factor of this capital/labour relationship.

It is not in the interests of the formal sector firms to encourage changes in labour legislation and other regulatory institutions of the country which would allow for improvement in the working conditions of the informal sector. Such changes would greatly remove the leverage which the formal sector companies currently have over informal sector workers. In this sense the greatest potential for the informal sector as an engine for growth is by maintaining this labour force in its current position with regard to the economic system. The *Temporeros* have been largely responsible for the fact that the agro-industrial sector (especially the fruit-export industry) has been converted into one of the principal driving forces of the Chilean economy. This relates back to the theoretical perspective discussed in Chapter II, which has its roots in Lewis' labour surplus theory, as well as in Marx's idea of the "reserve army". The *Temporeros* represent a large, unskilled labour force whose cost relative to the formal-

capital sector is very low, and therefore it can be used efficiently in the capital accumulation process.

The discussion of the relevance of the relationship between the formal sector and the informal sector to a large degree supports the position of the structuralist school of thought. The structuralist school, as outlined in Chapter II, emphasizes economic factors in the origin and growth of the informal sector with the State as the key player in the country's development. This school also places importance on the exploitation of labour markets, unequal exchange, class opposition, and trends in world capitalism. The relationship between the *Temporeros* and the agro-export industry epitomizes these factors. The data show that the number of *Temporeros*, as a labour force, is increasing in response to the country's economic strategy for development. Chile's economy over the last decade has been at the center of attention in development fields because of its high levels of growth, especially in comparison to other Latin American or Third World countries. This economic success is considered to be possible because of the neoliberal model for development which has directed the country's economic policies toward export-led industry, such as the fruit-export industry in the rural zones. This economic strategy also has relied (and continues to rely) on support from the State. The State is able to ensure the continual nature of the temporary labour force via State policies. These policies, which have completely excluded the *Temporeros* until only recently from protective labour legislation, illustrate the connection between the economic interests of the country and the political decision-makers. Capital interests intrinsic to the agro-export industry have been protected, especially by governmental policies such as the

Pinochet Constitution and the Labour Plan which continue in force under the current democratic government. The creation of the environment necessary to sustain this economic success has been due to the growth of a marginalized and exploited labour force, such as the *Temporeros*, the latter now numbering between approximately 400,000 - 550,000 individuals.

Through an analysis of the situation of the *Temporeros*, the other concepts common to the structuralist school come into prominence. The position of the *Temporeros* with regard to the labour legislation is structural and these workers are easily exploited by the owners of the agro-export industries. However, because the *Temporeros* are greatly isolated from the rights and privileges of the labour legislation, the exploitation of this labour by capital interests is facilitated. Thus, legalism again proves to be correct. The outcome is that the owners are able to generate high levels of profit which reflect favorably on the State as the leader of the country's economic growth.

In any Latin American country, class opposition is a fundamental dynamic. The class structure has always been particularly predominant in Chilean agrarian society. The land owners and industrial owners form the elite, upper class which has historically controlled the economic interests of the country. Because of the upper class' supremacy economically, it has also had a great influence over the working class labour force. Our interviews stress the level of domination which the owners of the fruit-export industries have over all aspects of the *Temporeros'* lives. Finally, the trends in world capitalism are particularly relevant since the country's economic growth largely depends on an export oriented industry. Exports are subject to high levels of international competition, which means that industries involved in the production of exports have every incentive to hy-

pass legislation that may result in higher costs. The fruit-export industry is highly competitive and therefore Chilean companies want to keep their market prices as low as possible. The best way to keep these prices low is by maintaining control over production costs, especially labour. As a result, legislation is designed to encourage the availability and use of cheap labour in these industries, such as is represented by the *Temporeros*.

This particular case study is indicative of the relevance of the interaction between the two sectors on the level of the national economy. The formal sector in Chile definitely benefits from the presence of the *Temporeros*. The advantages that the *Temporeros* experience from their relationship with the formal sector are ambiguous. The most significant advantage is that the formal sector companies provide jobs which otherwise might not exist at all. However, as the data show, the working conditions of the *Temporeros* are unjust and should not be tolerated even given these "job opportunities".

Any type of organization among informal sector workers is extremely difficult because it is hindered by the very conditions which these workers would like changed, if they could only organize to do so. This situation is paradoxical which helps explain not only the reality of the informal sector but also the growth of this sector. This paradox consists in the fact that the individuals, and very often the activities, which comprise the informal sector are operating outside the legal structures. The legal system is maintained so as to keep these workers in a position such that any type of organization, e.g. the formation of a union, is very difficult and is often impossible. The legal structures, such as the labour legislation, represent the greatest barrier to the organization of the informal sector workers, as has been shown in the case of the *Temporeros*. The fact that

the *Temporeros* do not have the right to collectively negotiate on their own prevents their Union from struggling for the defense of their other rights and the improvement of their position. Hence, unless the labour legislation is changed, there will not be a significant change in the situation of the *Temporeros*. This emphasizes the relevance of the legalist position.

At present, the labour legislation appears to be the largest obstacle to the *Temporeros*, as they themselves have become particularly aware of since the formation of the Union. Our data support in part the argument put forward by the legalist school. The legal structures do have relative autonomy, while at the same time the economic and political structures associated with ensuring economic growth play an undeniable role in the creation of such legal policies.

Our case study indicates that in Chile agricultural workers have been historically marginalized by the State. Figure 8 (pg. 64) illustrates the irregular nature of national union membership in the agricultural sector. This figure indicates the degree to which the sector is influenced by government policy, in that the level of organization in this sector at any one time is directly related to the political disposition of the current government. This is particularly and most recently the case during the Pinochet dictatorship, the period in which the *Temporeros* grew as a significant labour force; Figure 9 (pg. 70) makes the exponential growth of temporary workers after 1973 very clear. The labour legislation of the Pinochet Constitution did not refer to the *Temporeros*, and their marginalized position has become a modern structural reality in Chile. Underlying Pinochet's labour legislation, policies was the notion of the importance of protecting the industrial, capital interests which were going to be the cornerstone of Pinochet's economic development program. In

this sense, the structuralist school is correct in its assumption that the market forces account for informal sector workers, i.e. marginalized labour, because of the economic and political structures which are put in place to protect capital, and in doing so are diametrically opposed to the needs and rights of labour. However, we have also shown that there is more to the dynamic of the exploitation of agricultural labour under neoliberal policies, and this necessary addition has come by way of the school of Latin American legalism.

The legalist school of thought delineates the legal structures as the principal factors determining the reality of the informal sector. When discussing the informal sector and the issues which surround it, the legalist school demarcates the politico-legal institutional framework, rather than market relations, as the basis for the maintenance and growth of this sector. All activities which take place outside of the legal structures are considered to be part of the informal sector, as are the individuals who work in any situation which is separated from these structures. This school of thought emphasizes the fact that there has been an historical process which accounts for the formation of the existing legal structures. This process has been one in which select groups of people have manipulated the formal institutions to their advantage. The structuralists identify these "groups of people" as classes, and thus class analysis is brought into a symbiotic relationship of relative autonomy with legalism. The *Temporeros* are undoubtedly in a situation where any advancement in their organization and any improvement for them as a labour force are being prevented because of their status with respect to the labour legislation of the country. As De Soto states, the legal system is such that it maintains the structures

which make the acquisition of a legal status impossible for informal sector activities and workers.¹⁹²

In Chapter III, the interviews with San Martín stressed the relevance of the exact position of the *Temporeros* today as it is acknowledged by the labour legislation. It was only very recently that the *Temporeros* were mentioned at all in the legislation, although this labour force has been steadily increasing since 1970. They have just recently been given the right to some measure of collective negotiation, but only by attaching themselves to a union of permanent workers representing the same companies. This exemplifies a very complicated situation which was explained by San Martín.¹⁹³ It ultimately keeps the *Temporeros* marginalized and from becoming part of the permanent work force, in which latter case they would have the freedom to negotiate. In this sense, the *Temporeros* are subject to blatant legal discrimination.

Another issue of a more debatable nature which is raised by the legalist school is that private property rights are essential for the efficient pursuit of any economic activity within the modern, capitalist legal system. This is evident when we consider the difference in the position of the agricultural workers between the period surrounding the Agrarian Reform and the period following the Labour Plan. The former supported the *Campesino* movement and actually enabled *Campesinos* to own land. The result was an increase in union activity and an overall improvement in the lives of the *Campesinos*. The Labour Plan of the dictatorship implemented drastic reforms in the countryside, including the massive return of expropriated land to its original owners, again leaving the *Campesinos*

¹⁹² De Soto, 1989.

¹⁹³ For details of interview with San Martín: see Chapter III, pages 97-98.

landless and greatly weakening their position and taking away many of their previously earned rights. The Labour Plan did come under adverse international criticism, and was questioned by diverse social and political foreign interests because of the unequal and repressive nature of the labour legislation and legal structures it supported. It is exactly this policy which today remains unchanged, as the Pinochet Constitution is still supported by a large proportion of the powerful governmental bodies, such as the Senate.

It is critical to include the approach taken by the legalist school in any discussion of the informal sector as the legal structures represent a conspicuous obstruction to the improvement of the informal sector with regard to their conditions of work. The legal structures can directly prevent workers, such as the *Temporeros*, from changing their situation, by excluding them from legislation, or by allowing them the rights to unionize and to have an active union only in a complicated and roundabout manner. This thesis has advanced the argument that the legal structures and labour legislation of a country, such as in Chile, can be intrinsically unjust and not only create but also elaborate the inequalities in society. The informal sector is one such example of the essence of this legal inequality, as the individuals working within this sector often do so under severe and exploitative conditions due to their marginalization and exclusion from the labour legislation of the country. To this extent, the *Temporeros* support the legalist school's theoretical position.

However, there is an intimate connection between the labour legislation and the political and economic structures. The legalist school does not account for the international market relations which contribute to the formation of these structures, especially within the neoliberal model of

development which presently dominates much of the Third World, including Chile. This neoliberal model is based on outward oriented development, which is governed by market forces. The overall result of this type of development is that the economic and political class interests which are in the position to control markets (including labour markets) are protected, where possible, by the legal structures. Thus, we may say that our data support the theoretical position of the relative autonomy of legal structures.

The meaning of such relative autonomy, although complicated, is clear. In Chile, neoliberal policies have focused on agriculture and its potential as an export industry to help integrate the economy into international markets. As the economy came to emphasize the agro-export industry, there was also an increasing use of temporary workers in this industry. The dictatorship's Labour Plan was essential to the establishment of a neoliberal development framework in Chile by creating impediments to organized agro-labour. This Plan was clearly supportive of industrial interests and provides an example of the way in which labour relations can be "flexed" to preserve capital's interests while simultaneously taking away much of labour's protection. It is the class origin of such legislation which allows the owners of the agro-industry to control the *Temporeros*, keeping the latter positioned as a lucrative labour force. As a result, the exploitation of informal sector workers such as the *Temporeros*, are directly linked to the success of export-led industries in Chile and many other Third World countries.

The legal structures, and the manipulation of these structures by class interests are nonetheless very important in an analysis of the informal sector. The legalist school of thought allows for a more dynamic analysis

to be pursued. This analysis focuses on the problems facing workers such as the *Temporeros*, when they attempt to organize. Political economy plays a role in the development of the labour legislation and the overall structural framework of a country. In Chile there is a strong relationship between the government and its legislation, the political parties, and the unions; this tripartite relationship has worked to protect the capital interests of the country, while undermining labour in the informal sector. The neoliberal perspective, according to Valenzuela, maintains that unions obstruct development, that they raise labour costs, generate conflicts and strikes, make the management of the companies difficult, place impediments on the free and flexible functioning of the labour markets, and make the intention to convert the organization of the work base to new technologies much more difficult.¹⁹⁴ It is exactly these conditions which the owners of the agro-export industries want to avoid by using marginalized labour, such as the *Temporeros*. For this reason, the *Temporeros* are prevented from unionizing by technicalities of the labour legislation which are currently in force. Another issue which was raised in Chapter III is with regard to the problem of having a protective labour legislation which corresponds to the enormous labour supply found in the informal sector. You may recall that this was particularly important, according to Portes, considering that the basis for much of Third World labour legislation is from the industrial countries, which themselves are not faced with the issues attached to a very large, unskilled labour force which is being incorporated into a neoliberal model of development.¹⁹⁵

¹⁹⁴ Valenzuela, Samuel J., "Sindicalismo, Desarrollo Económico y Democracia: Hacia un Nuevo Modelo de Organización Laboral en Chile," *Revista de Economía y Trabajo*, Year 1, No. 2, July-December, PET: Santiago, 1993, p. 69.

¹⁹⁵ Portes, 1991.

The discussion of both the structuralist school and the legalist school within the context of our data on the *Temporeros*, indicates the combined relevance of concepts from each school. As a result, the second hypothesis (pg. 4) is supported by our case study, namely that a dynamic synthesis of the two schools of thought is essential to any theoretical explanation of agricultural worker exploitation in Chile.

In terms of the unionization process in Chile, the agricultural workers and their initial unions have been subordinated to the economic and political needs and concerns of the formal-capitalist sector; any change in the situation of the informal sector which might occur through organization of the workers in this sector will be difficult. You will recall that there are many factors which restrict the possibility for organization among informal sector workers. First, there is the heterogeneous nature of the informal sector which creates distance among the workers and does not easily allow for the discovery of common concerns and/or goals which could bring the workers together to organize themselves. According to Valdés, the *Temporeros* differ from one another with regard to origin, age, family status, and work history; the *Temporeros* for example may be single, abandoned by a husband, young single mothers, married or part of an extended family. They range from 14 to 60 years old, but many of the older people in the communities started working when they were only 12 years old. They also come from many different previous working backgrounds.¹⁹⁶

Secondly, the fragmentation of the production process keeps workers in isolation, in direct competition with each other, and in a position where they are not aware of the importance of their contribution to the overall

¹⁹⁶ Valdés S., 1992.

production process. The degree to which they work in isolation and in competition with each other is dramatic, and is strongly reinforced by the managers and the structure of the work. This makes the possibility for organization almost nonexistent because the *Temporeros* do not feel any sense of camaraderie or loyalty while at work and are therefore prevented from acquiring a vision of the benefits associated with cooperative action.

Finally, there is the issue of the lack of knowledge among informal sector workers with regard to the labour legislation and/or legal regulations which affect their working conditions. In many situations the workers either simply do not know their rights, or because of their vulnerable position choose not to question their rights. This is a serious problem with respect to the organizational potential of these workers because it represents an obstacle which requires substantial educational efforts to overcome: the *Temporeros* do not have the resources available which would give them access to these types of educational opportunities.

However, the formation of the Union of *Temporeros* in Santa María does indicate the potential for improvement in the situation facing workers in the informal sector through organization. Although this Union is very young, it has made some significant contributions both to the individuals involved and to the community. Most notably, the Union was in the position to defend the *Temporeros'* contracts following the firings due to the cyanide scare. This was discussed in some detail in Chapter III. The Union remains in the position where it can give support to those *Temporeros* holding a contract who are being taken advantage of in the workplace. Examples of this include: *Temporeros* who work more than the maximum 48 hours per week designated by the Labour Code, and are not properly paid for the overtime hours, and the female workers who are

abused by the managers/supervisors. The greatest problem rests in the fact that the majority of *Temporeros* do not realize that the possibility exists to defend their rights, not to mention the fact that they probably do not even know what their contract says; they may not even question the treatment they are receiving at work as being unsatisfactory. When workers occasionally do come forward with a particular issue, the Union is very often in a position to provide the necessary help to resolve the issue. We witnessed this first hand at union meetings during our field research.

The Union also represents a support network which is very important in the community. This includes agitating for daycare facilities in the companies as well as the provision of food during the extended work days. The education programs supplied by the Union are paramount in increasing the possibility for improvement in the working conditions of the *Temporeros*; the Union as an entity is able to provide many educational opportunities which would otherwise not be available to the workers.

As mentioned in Chapter III, the *Temporeros* have, in theory, the same labour rights as any worker, when a contract exists. The workers generally do not know their rights, which is also apparent from the interviews in Chapter III. The most logical and efficient way in which these workers could learn their rights, and therefore be in a position to defend them, is through organizing, in other words by forming a union. Yet, the *Temporeros* are impeded at every step from such organization by the existing labour legislation. The *Temporeros* in Santa María, who have been in the process of organizing for the last five years, make the issue of the relevance of the legal structures very clear. But the Union has reached the point where any further achievements will require changes in the country's labour legislation. This represents an ambiguous situation

because these changes will only take place through increased union pressure, but such pressure will only be possible when unions of *Temporeros* are able to negotiate collectively in practice and not just in theory. At the present time this seems very unlikely as the present government is not in a position to completely change the existent Constitution, or more specifically, in our case, the Labour Code. The governmental bodies which institute this type of change are still heavily represented by appointees from the Pinochet Regime who support the current Constitution and its current class orientation. This Constitution largely rests on neoliberal ideology, in other words, an ideology which favours the protection of capital over labour at any cost.

The Union in Santa María is extremely important in that it provides an example of informal sector workers who have made the effort to mobilize and organize themselves into a union. However, there are a number of advantages and disadvantages for informal sector workers, such as the *Temporeros*, who manage to organize. In the beginning, the Union in Santa María had a very close relationship with an NGO (the House) which had been recently established in the area. The House set itself up in Santa María specifically to work with the *Temporeros*. After the formation of the Union, the relationship between it and the House began to disintegrate, until it was finally severed by the Union. The breakdown of this relationship was largely based on the political and ideological differences associated with the class differences of the two institutions and the individuals leading each institution. The House, being made up of professionals, ultimately represented a different class-based philosophy

from that of the *Temporeros* themselves: and yet the former insisted that they knew what was best for the workers.

The interviews indicate that the fundamental problem was with the level of mistrust which is inherent between the two classes. The *Temporeros*, or working class, did not believe the professionals at the House were either aware of the problems which surrounded temporary work and the workers, nor were they really interested in resolving these problems. Rather, the *Temporeros* saw that the House, by speaking in the name of the *Temporeros*, was able to gain external financial support for the NGO which the *Temporeros* themselves never acquired for their purposes. In this way the professionals, or middle class, were able to use the *Temporeros* as a vehicle for the development of the NGO. In the beginning the *Temporeros* saw the necessity of having a relationship with the NGO because they are isolated by the system and did not have the contacts needed to enhance their cause. In the end the level of mistrust was great enough that the *Temporeros* chose to risk separation from this establishment. In this situation it was the Union that gave the *Temporeros* the strength and support to defend themselves and to decide what they thought was best for their own situation.

The Union also played a key role in bringing the workers together to realize that they had common problems and common ideas of what would make their working conditions better; this is a critical point given the difficult nature of uniting such a heterogeneous group to work toward a mutual goal. By organizing the workers the Union has also been able to provide education and training, both of which have been crucial in helping to improve the lives of the workers. This education includes a focus on the labour legislation and teaching the workers to defend their rights.

Another advantage stemming from the formation of the Union is the level of cohesion it brought to the community through such activities as the Christmas Party and the Festival of the *Temporero*.

The principal disadvantages were discussed in Chapter III, such as the risk to members of being "black-listed", and the weakening of the position of the Union because of its separation from the House. Both of these disadvantages are indicative of the fact that the Union represents a development path separate from those traditionally followed by the working class, which has almost always included some kind of attachment to middle class structures. The case of the Union in Santa María shows that there are many difficulties which can arise when informal workers attempt to organize within the formal structural framework. This Union was only able to initially prosper by being attached to the NGO and its group of professionals. Eventually the Union chose to work on its own and is presently attempting to function as an autonomous labour organization, but within the existing labour legislation. This last point is critical. The Union sticks closely to the regulations of the labour legislation, and the rights they have as a union. As the legislation has allowed gradual changes over the years, such as with the issue of collective negotiation, the Union has adapted its position and its actions accordingly. In this sense the Union is legitimate in every sense of the word, and therefore represents a positive outlook for the future of the *Temporeros*. If the Union, as an independent entity, is able to maintain the support it has and the interest of the workers it could be very successful in the future.

Through consideration of the hypotheses and our data on the *Temporeros* some conclusions may be ventured regarding the informal sector: Firstly, the informal sector should not be defined purely with

regard to the different activities and individuals which make up this sector. Rather, the position of the workers in this sector with respect to labour legislation and regulatory institutions is paramount in an analysis of the informal sector. Secondly, this position plays a role in the ensuing relationship between the informal sector and the formal sector and the organizational potential of informal sector workers both in terms of the State and the worker's internal characteristics. Thirdly, the obstacles which informal sector workers face in the movement toward organizing are first put, and then kept in place, by the institutional legal structures which are themselves designed and reinforced by the politico-economic connection between the interests which govern national economic development. The informal sector debate has been largely divided along two schools of thought, the structuralist school and the legalist school. The discussion of the data in this thesis has drawn on points of analysis from both schools. This suggests to us that because of the inherently heterogeneous and controversial nature of the informal sector and its relationship to the legal, economic, and political structures of the country, a theoretical synthesis of these two schools of thought is the most useful conceptual vantage point for understanding its role in development.

Lastly, we raised the question in Chapter II of what the exact role of the informal sector was with regard to the overall economy. It was suggested that it might serve as a buffer for those workers who cannot find employment in the formal sector, that it may be growing at the expense of the formal sector, or that it may be the source for keeping wages low as producers of cheap goods and as a "reserve army" of labour. Of these three possibilities, the last one seems to explain most accurately the *temporeros*. Our data show that there appears to be a great number of

institutional forces at work to maintain the temporary character of the labour force in the fruit-export industry in Chile. The *Temporeros*, because of their vulnerability and hence their increasingly marginalized position, are not able to find work in the formal sector. This situation has become exaggerated as illustrated by the fact that the majority of *Temporeros* who do work in the winter months, away from the fruit industry, do so in other informal sector jobs such as artisanal activities, thereby keeping these workers permanently isolated. In this particular case it is difficult to envision the informal sector as growing in power at the expense of the formal sector. Rather, our research emphasizes the fact that the formal sector firms have manipulated and regulated the system such that they are able to take advantage of the *Temporeros* as a labour force for the benefit of the capital accumulation process.

We also raised the question in Chapter II of whether or not the informal sector allows for capitalism to initiate social progress, or if it reflects capitalism's social and economic failure. There is no doubt that the existence and growth of the *Temporeros* as a labour force has been engineered to promote the success of Chile's agro-export industry. Both the data and interviews in Chapter III strongly suggest this conclusion. However, this question is not a simple either/or question: although the *Temporeros* may reflect the informal sector's potential to benefit the progress of capitalist society, they are also indicative of the social and economic costs associated with capitalism. The social costs have been outlined and discussed in Chapter III, particularly in the interviews in which the *Temporeros* discuss their own lives. The *Temporeros* do pay a price for their jobs, not only while they are at work, but also individually and with regard to the family. The wildcat strikes which were discussed in

Chapter III are an example of a possible economic failure of capitalism associated with the informal sector. Because informal sector workers are marginalized by a system which encourages their exploitation, they have no means to protect themselves. In the case of the *Temporeros*, the result is wildcat strikes, which ultimately jeopardize the well being of the owners as much as the workers. This shows the explosive nature of the relationship between the formal-capitalist sector and the informal-labour sector, and the fact that the exploitation of the latter to allow for the advancement of the former is dangerous, unpredictable, and unstable.

This leads to the further question of what the possibility or advantage would be in making informal sector activities nationally accountable, i.e. in terms of the GNP, while at the same time accommodating informal sector participants. This level of economic accountability might include the payment of taxes and the strict regulation of wages, and would bring the *Temporeros* to the level at which their legal accountability was also more visible, meaning their inclusion in the labour legislation would be mandatory. The Union in Santa María is a perfect example of informal sector workers trying to make this happen. Their vision is not only for themselves and for their community, but also for the *Temporeros* on a national scale. Their Union is fundamentally interested in justice in the workplace, mainly that owners and employers should have to honour the contracts and the basic legal regulations governing every worker in Chile. By making such activities accountable, such basic rights of the workers would be more easily monitored and enforced.

However, there remains the question of the effect that making such activities nationally accountable would have on the economic growth of the country, and the related question of what the informal sector's potential

would be as an engine of growth. It is difficult to speculate on this issue when discussing a labour force such as the *Temporeros*. This labour force has clearly been positioned by the system in the manner which appears to be the most economically advantageous in terms of the national economy. The only question then is whether or not the social and political advantages in making this labour force accountable in this manner would outweigh the current economic advantages on society as a whole. The neoliberal position holds that increasing economic growth based on exports is the best way for all workers to experience the benefits of development. The conditions surrounding the lives of the *Temporeros* themselves illustrate the fact that this position is false. The Union in Santa María represents the belief that by making this labour force accountable, society would be more democratic, which in the long run would be more stable and socially just.

CHAPTER V

The many policies of the different Chilean governments during the period covered in this thesis have profoundly affected the agricultural/rural sector, and have largely contributed to the advent of the *Temporeros* as a labour force. The conclusions arising from the discussion of the hypotheses in Chapter IV emphasize the fact that governmental policies determine the institutional framework, which in turn determines the position of workers such as the *Temporeros*, or in a more general sense, the informal sector workers. The final theoretical perspective arising from the discussion in Chapter IV is one that agrees with the legalist school in that the legal structures are paramount to an analysis of the informal sector; at the same time this perspective recognizes that the legal structures have only relative autonomy because they are influenced by the political economy underlying the country's development strategy; a recognition which therefore acknowledges the structuralist school's central argument.

The overall conclusions from the discussion, which are crucial to keep in mind for policy recommendations, are as follows: (1) examination of the position of the workers in this sector with respect to the labour legislation and regulatory institutions is essential in an analysis of the informal sector; (2) this position plays a role in the relationship between the informal sector and the formal sector and the organizational potential of informal sector workers both in terms of the State and internal characteristics; (3) the obstacles which informal sector workers face in the movement toward organizing are first put, and then kept in place, by the institutional legal structures which are themselves designed and reinforced by the politico-economic connection between interests which govern

national economic development. These obstacles have been discussed with respect to the transitional process facing the *Temporeros* in the creation of their Union, indicating the more salient obstacles we observed in this process.

Since 1991 the Aylwin Government has introduced a limited number of policies which acknowledge the *Temporeros*, given the obvious exponential growth of this labour force. In 1991 the Labour Code was modified to allow for collective bargaining by interenterprise unions. In 1993 policies were implemented regarding the contracts of the *Temporeros*. The new democratic government has not made any dramatic policy amendments of the kind made by Frei and Pinochet, either positive or negative. The new government elected in 1994, that of Eduardo Frei Jr. is expected to make changes, although it is still not in a position to make itself completely independent of the policies of the former Pinochet regime. These vastly different policies of the different governments and their determinate effects on the agricultural sector indicate the ultimate power wielded by the political economic forces enforced through legal structures.

The Interenterprise Union of Temporary and Permanent Workers of Santa María, which forms the basis of our case study, is only one of many current unions of temporary workers, although it is a very important one because it was the first such union in Chile. If policy were implemented which allowed for less restricted collective negotiation for *Temporeros'* unions, then the number of unions would most likely grow to more accurately represent the size of this labour force. Such unions could ultimately comprise over 500,000 Chilean workers, a number which is probably going to continue growing given the politico-economic structure

of Chile's export oriented economy. The Union in Santa Maria is principally focused on the fight for justice in the workplace. Because these workers are isolated from the legal, economic, and political structures they are to some extent an invisible labour force. To move forward, they must be specifically named in the Labour Code, thereby designating them as workers who are entitled to the same basic rights as all Chilean workers. This specific inclusion would also help to increase awareness of the conditions facing these workers. This is a development policy recommendation which could be applicable to many informal sector workers.

To date, the Union has primarily addressed the legal structures because it is in this way that it envisions the possibility for change. On occasion, the Union has effectively used the language of the Labour Code to push for the resolution of problems; and the Union has chosen the legal structures as the vehicle for their development because this is the level on which the middle and upper class owners and managers operate socially, economically, and politically. The Labour Code is devised by the latter group, and therefore the *Temporeros* must try to communicate on this level if they hope to be heard. Again, informal sector workers in general who want to pressure for policy changes will do so in this manner if they are to stand any chance of improvement within the current political economic structure.

This thesis has argued that policy change to the legal structures, while representing the critical avenue for improvement in the situation facing the *Temporeros*, is not the only direction for change which is necessary. The legal structures are greatly determined by the economic interests associated with neoliberal development strategy and the political

representatives which in turn support the economic interests through the implementation of policies in their favour. The *Temporeros*, or informal sector workers in general, encounter an extremely difficult path with respect to potential for policy changes on this structural level. Economic policy is designed to protect the economic interests which drive growth, not the interests of those workers who are exploited precisely to augment this growth. It is for this reason that policy recommendations and revisions concerning the informal sector must first be made to the legal structure, which represents a more convenient arena in which all concerned parties can temporarily negotiate.

It is also important to take into account the idea that with the appropriate policy changes to the legal structures, the *Temporeros* and their unions would be able to gain further support of national institutions and/or organizations. For example, in Chile the UOC and CUT would unquestionably like to assist the *Temporeros*, but they are also blocked from doing so to any significant degree by the restrictions set out in the labour legislation. This would also apply to international union organizations which might readily support such unions of *Temporeros* if such unions are "formalized". The most efficient way of making these concerns and goals apparent, is through collective negotiation.

The specific case of the Union in Santa María, is only a small part of a much larger picture. The number of temporary workers in the agricultural sector in Chile is substantial. As a result, this labour force cannot be ignored indefinitely and the government must devise policies directed toward the education and training of these workers on a national scale. These programs, such as those in Santa María, could focus on training the *Temporeros* for alternative employment in the off-season.

This would be worthwhile for the country by assuring that this labour force could be productive year-round. One of the tenets of the neoliberal development model is that market orientated strategies are ultimately the best way to guarantee that the benefits of development are experienced by all groups of people. The case of the *Temporeros* in Chile has disproved this notion. There is a need for specific fiscal policies to direct financial support to this sector, which would allow for the improvement in the educational and training facilities available to this labour force, again on a national scale.

Perhaps the most valuable lesson arising from this study is related to the way in which development operates within the international context, and not solely and necessarily on the national level of the independent countries. The past and present relationship between the Union in Santa María and the House, indicates the way in which the individuals for whom the development and aid and support is directed, very often are not the recipients. These individuals are frequently exploited by domestic NGOs and/or international development agencies, in order to facilitate the establishment of relationships between the latter, in the name of the former. Once these relationships are created, e.g. the relationship between the House and the Norwegians in our case study, very little attention is given to the development needs of the individuals of the lower, working class, in our case the *Temporeros*.

In Chapter III, Rosa Diaz, a lifelong *Temporera* wonders if perhaps there is a chance that some country or organization will help them (the *Temporeros* and their Union) move forward. This type of help must go directly to the individuals themselves, not via other bureaucratic and middle/upper class professional organizations, who ultimately must answer

to their own needs and requirements. It is these professional organizations which determine the development path; they do the consultations, design the projects, and make all the contacts with national and/or international development agencies. The only way in which development can really take place is if these organizations are willing to work directly with the people involved, such as the *Temporeros* and make their experiences the basis for support.

The Union in Santa María is led by highly competent individuals who have a very clear vision for the future of their Union, and for the *Temporeros* in general. If the previously mentioned lesson is to be translated into a policy recommendation, then there exists the overwhelming urgency for direct relationships between the individuals concerned at the base level, and those organizations and researchers interested in development. The Union in Santa María, by severing its ties with the House, makes this issue very obvious. They are hopeful of less conditional and more direct support for their cause; but in the meantime they would prefer nothing to a form of support which exploits them or demands that they sacrifice their goals and dreams.

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