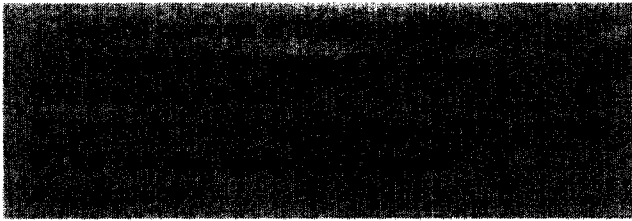


Chilean Culture: Entrepreneurs and workers

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We offer an overview of the culture and behaviour of entrepreneurs and organised workers in Chile. A thorough, though brief, description of the historical behaviour of the entrepreneurial class and the trade union movement enables us to show how both have been modelled by national culture.

Over the last one hundred years, Chilean entrepreneurs and workers have been influenced by two fundamental streams of thought. On the one hand, the deep changes to be perceived in the political, social and economic paradigm, which stem from both the thesis put forth by Karl Marx in *The Capital* as well as the *Manifest of the Communist Party*, and which express themselves in the movements of workers and peasants in Chile, from their inception at the beginning of this century.

The combinations of these two phenomena have created a

constant tension between the entrepreneurial and working classes, originating to some extent an antagonism of interests, expectations and objectives, which over the years have entailed deeper differences, rather than a sustained effort to come up with points of consensus which should involve concerted action by both groups in terms of overcoming their differences and becoming involved in joint undertakings. Differences which in our opinion are deeply built into a model to interpret reality which is common to both groups, both ways of thinking (that of entrepreneurs and workers) are a part of one single whole which is peculiar to our reality.

Over the recent decades Chilean society has undergone deep and costly changes in all domains of collective life. Within the framework of socio-economic patterning, the importance of organised private initiative to solve the economic problem has been excessively overstated. The private entrepreneurial sector has been considered as the dynamic agent of capitalistic economic development. However, it is also admitted that the scope of entrepreneurial action is restricted by both macroeconomic conditions and guidelines originating from the State (Muñoz, 1986b: 25-26).

Private enterprises have been given all the responsibility of coming up with the answers best suited to meet human needs, and hence the role of the State has been restricted to a regulatory function and subsidiary role of lesser relative importance. The country's legal and economic system has been restructured in order to create a framework that should act as a facilitator for private initiative and creativity, on the assumption that they are the building blocks of a new driving force for economic development.

For some, the influence of the private sector on economic development depends on the economic incentives that operate in terms of prices and the returns on investments with the implicit assumption of (i) a psychological frame of mind favourable to capital accumulation, (ii) the absence of problems on the demand side, and (iii) the recognition and legitimisation of entrepreneurial agents as a socially acceptable class.

For others, the dynamic forces of development are to be found in the technical progress that creates opportunities for entrepreneurial innovative. The implicit assumptions are (i) the existence of entrepreneurs with a creative and routine-averse personality, ready and willing to introduce changes in the traditional forms of production, (ii) a smooth-operating financial system that supports the real processes of investment, (iii) a competitive environment that allows efficient entrepreneurs to be successful and does away with those who are inefficient, thereby releasing productive resources to the benefit of the former, and (iv) a political and social environment that legitimates and accords social recognition to the entrepreneurial function.

There are, however, still others who, to the contrary, believe that conditions can be created by means of which the discretionary intervention of the State in terms of originating an effective demand such that the entrepreneurial class may accomplish its traditional investment functions. The State, through the management of the demand, is in a position to ensure employment and a high level of private investment. In Chile, there seems to exist a consensus that in order to attain economic development, a meaningful increase in productivity and competitiveness of national production is called for in the arena of international markets. Some of the characteristics that are present

in the recently successful industrialised countries (e.g., South Korea, Singapore, etc.) are high levels of spending in Research and Development, generation and production of goods intensive in technology, displacement of the production of goods to the frontiers of technology¹). In relation to the State's role in these industrialised countries, policies of State intervention, which are very straightforward, discretionary, selective and geared to benefiting specific sectors and leading firms have been observed. (Muñoz: 1990:6)

We will now address some aspects which illustrate these phenomena and provide general background information leading to a better understanding of the phenomenon described.

I. General overview of Chilean culture.

The explanations which account for the behaviour of entrepreneurs and workers in Chile have always tended to emphasise the political and economic aspects at stake, leaving the cultural aspect completely aside. If I consider that the interrelationships between entrepreneurs and workers, at least in terms of every day aspects within the firm, are evidenced in the manner that the firm is managed, which reflects the relationship existing between both groups. It is a relationship which in its macrosocial expression is channelled through political action.

The models of organisation of management define universal practices of a proven effectiveness, and where inefficiency and efficiency are a consequence of the greater distance which the observable behaviours have with respect to these models. These

1) Fritsch and Franco (1989) cited by Muñoz (1990).

assumptions seem to be doubtful.

The Chinese example can be useful to illustrate this idea. The Chinese cultural tradition is developed on the basis of Confucius' thinking, the central concept of which is the hierarchy of the relationships between people and groups of people. During Mao Tse Tung's government a sense of egalitarianism which did away with hierarchies prevailed, in open opposition to the cultural tradition which stems from Confucius'. With the passage of time, it can be seen how the practices based on Confucius are followed once again as the most efficient means to achieve efficiency in the firms. (Kao, Sinha and Sek-Kong: 1994)

The lesser or greater efficiency, the ways in which people relate and their consequences, as well as the degrees of satisfaction within the firm may be analysed and explained from a cultural perspective. It is likely that the efficiency indices are not due to matters alien to the models applied, and that to the contrary those models, by virtue of the cultural assumptions on which they are based, are not applicable to Chilean cultural reality.

Chilean culture is a part of the Latin American cultural tradition. Its origin and history are linked to the Spanish tradition, which is the source of its broader foundation: the language. It must be understood that it is a variant of the same way to understand the world, which is characterised by a tendency to fatalism and conservatism, some denial their own self identity, and a social construction based on social institutions such as, for instance, the "compadre system".

Several authors, ever since the day that Santiago was founded, have attempted to describe our culture as a country, as well as the traits which define our national character. Even in the works

of Padre de las Casas, up to those of Pablo Hunneus, I can observe some traits of our culture, which are relevant to be considered. History shows that our cultural heritage is characterised, among other things, by some contempt for trade and manual works. This heritage has been reinforced by the educational ideas of the great lay pedagogues of the end of the XXth century and beginnings of the XXth century, who held that all especial instruction, aimed at profit, tended in itself to materialise the soul. Thus, it was concluded that, in the spirit of which had been the object of commercial or industrial training, there was no other concern but to obtain wealth, leading invariably to an atrophy of the most noble and delicate feelings, to the point that it is beyond their understanding why the philanthropist and the politician are willing to devote their activity to non-productive endeavours.

The analysis of the great educational issues at the time evidences that there were antagonistic positions regarding the organisation of technical education, so necessary for a country's growth and that it was oriented to those who had less intellectual possibilities. Ultimately, to be enrolled in a technical school involved belonging to the middle class unworthy of becoming a part of the national intelligentsia, to the educated leading class.

In general, when it comes to traditions, Chileans are trapped by a contradiction which involves on the one hand to deny their mestizo origin - half Indian and half Spanish - and showing a preference for the Anglo-Saxon and European way of life and traditions. They live under the pretence that they are something which they are not, and which leads to a permanent negation of their own identity, pretending to be somebody else, speaking always at two levels, with twofold messages, reflecting double

standards and double intentions. Therefore, this leads to generate great distrust as regards the abilities which are specific to the country and people, to uncertainties which unfold in a quest for certainties, of absolute values, of establishing laws and regulations in all types of domains, which make it possible to lessen the anxiety of the unexpected. When the day is over, there remains a strong conservatism which is up against any change and innovation.

A second trait of Chileans if related to the fatalism that guides their thoughts and actions. Chileans perceive themselves and human nature as subordinated to a natural order, where man is only a part of nature and not necessarily the most important part of it. There is a certain fate against which little if anything can be done. The persistent natural catastrophes - as for instance, the earthquakes - are a self-evident proof of how futile the efforts of human beings can be to attempt any form of control over nature. In the face of this situation, Chileans strive to live in the present, keeping history in mind as a permanent referent of the impossibility and uselessness of projecting themselves into a future which can not be controlled, that is unknown, and that can not be anticipated. The frame of reference for their decisions is the short-term, involving low risk, scanty savings and hardly any investment.

As an outcome of the latter, reality in its different dimensions is unstable, nothing that is observed in it will last for a long time, because, in all likelihood, something will crop up to destroy everything at any unexpected moment. The attempts to bring about changes are regarded as an attempt against that which is desired the most, security and stability. Within this context, laws and written norms become mechanisms which lessen uncertainty

and the context where it is possible to build every day life.

One characteristic, which may be traced back to Spain, is the permanent quest of personal contacts and influence and protection networks based on friendship, and whose most clear-cut-cut institutional referent is the "compadre system", which is a sort of next-of-kin relationship based on a social fiction, which in its origin can be traced back to the Christian ceremony of the baptism and the god-parents, but which formally goes beyond its actual limits. Primary relationships such as the extended family, the "compadre system", and friendship are the foundations of most of social relationships established between and among individuals, serving as a support to all the social fabric. This includes the work settings, the political arena, the economic domain, etc.. Individuals under these conditions will be regarded as whole-rounded persons which are entitled to a personalised treatment and great consideration in terms of the family or friendship bond.

According to Pablo Hunneus the most noteworthy traits in the character of a Chilean are a clear "... propensity to consume without the corresponding propensity to produce. In the advanced countries the consumption pattern matches the production pattern. Germans not only know how to enjoy their Mercedes Benz, they also know how to make them". A "...war-faring mentality. Sporadic activities which call for a truly heroic spirit [...] are tackled aggressively and with spectacular might, not for the sake of the payment, but for the sake of the heroic character which such task entails". A "... sociable disposition which is evidence in a strong inclination to welcome and take care of the stranger and/or foreigner with special solicitude and warmth". Where "... the native and the European mentality do not coexist

independently, disregarding each other. [...] the native mentality has tended to rule over politics and the civil service, while the European one has tended to govern industry, the private sector, which "... is manifested in the corrosive war waged between the State and the private firm, in the existence of irreconcilable public and private sectors and in the fact that when one faction manages to control the government, at an intermediate level the bureaucrat who works for the government still sees personal initiative as a natural enemy, and resorts to forms that will undermine it as far as possible. It should be interpreted that "... both mentalities are a part of one single whole which is peculiar to our reality".²⁾ (Hunneus: 1979: 12)

The historian Ricardo Krebs, posits that "in the process of shaping the Chilean character some geographic factors have exerted an influence, the insular nature of a country located at the end of the world; an early "mestizaje" process which gave Chilean society a considerable ethnic heterogeneity; the development of leaders able to combine the sense of hierarchy and a sense of leadership with the will to serve; the organisation of a centralised State under which there took place a process of national integration; a gradual process of democratisation favoured by developing personal contacts and relationships, certain spontaneous forms of living together and a strong national conscience. [...] As constant characteristics I can observe the desire for order, a cult for the law, the impersonal sense of authority, the that life should be taken very seriously, combined with a sense of humour and a marked sense of ridicule, the receptivity to assimilate the stimuli from other countries with a strong sense of national pride, serenity in the face of adversity

2) A "pirquinero" is a miner who wants to make a lucky strike overnight.

and the firm decision to assert themselves in the face of history." (Krebs: 1980:3)

On the other hand, the sociologist Hernán Godoy (1980: 112 - 224), who establishes a series of facts, which most definitely are useful to characterise Chilean culture writes "Chilean culture is understood as a variant of the Ibero-American culture, which displays differential traits and nuances, though it does not entail ascribing it any originality, and much less any autonomy." It is the result of the "the contributions of the aboriginal culture which subsist to date. ... [of] the Spanish culture which has deeply configured the substance of national being [...of the influence of] French positivism, the Italian opera, the German pedagogy, as well as the new stimuli coming from the rest of America." And he adds "that the social structures of the central valley (from La Serena to Concepción) are built around the "hacienda". In the "hacienda" (large land-holding) the power and authority is exerted by the "hacendado", characterised by a strong authoritarianism of a paternalistic type, where the value of social relationships is based on the certainty, on the part of the subordinates, of relying on protection at times of crisis and in the belief in the unlimited power of the boss". "The central figure which gives unity and cohesion to this geographic and social entity (the hacienda), is the "hacendado", father and master, paternal and authoritarian. In his character are condensed a vision of world and life in which are fused (...) the will to dominate and the magnanimity of the lord and master. The hacienda is his kingdom, those who dwell on it its sons and servants, to whom he gives security and trust . In the peasant culture of the central valley time is not conceptualised in the linear or progressive manner of the illustration, which computes its chronological and historical

duration not as something which keeps the sacred rhythm of nature and life, but is more cyclical than linear, more reversible than unrecoverable, hence their lack of concern as regards time

He then adds that in 1811 the government ordered the skippers of ships to transport the men of science who wanted to come to Chile free of charge. "All sea captains and skippers of any vessel whose destination is the kingdom are asked to convey without any charge and further cost to them any scientist, especially mathematicians, chemists, botanists and artisans, so that they may encourage the development of the country's sciences, agriculture and industry. They are entreated to so, in the certainty that, in addition to all costs being at the expense of the national budget, they will be treated as benefactors of the Father Land in recognition for their assistance in helping to propagate all useful knowledge, required to develop industry and to make trade thrive in these settlements". From the date of their independence, Chileans show "an avidity [...for] the expedient introduction in the country of any new development created in any point of the world" and quoting Andrés Bello, he records "the spirit of order which is a trait of the national character". Finally, he points out that, between 1870 and 1910, "the fusion of the old aristocracy deeply rooted in the land and the plutocratic groups of Nordic descent which had made their fortunes in export activities," banking, mining and industry is consolidated. The old Basque and Castilian families belonging to the elite of the country - Errazuriz, Larrain, Irarrazabal, Urmeneta, Balmaceda, Tocornal, Bulnes, Ossa, etc. - are now linked by family ties with the group which descended from northern European immigrants - such as the Edwards, Subercaseaux, Cousiño, Bunster, Lyon, Ross, etc. - who arrived in Chile after the independence and settled originally in

the north and in Valparaíso. The new group contributes to energise the national economy, develop mining activities, set up factories, manage financial institutions and foment foreign trade.

From Godoy's writings, there emerges a pattern of the Chilean character and culture which is very much related to the geographic politic and social context within which the discovery and conquest of the national territory takes place, as well as the personal and idiosyncratic traits and characteristics of those responsible for such a process.

Joaquín Edwards Bello (1983: 4 - 36) establishes some traits which make it possible to draw a profile of Chilean culture from a different and complementary angle, which due to its eloquence needs no further explanation. "The dweller of Santiago no longer has the face of a bandit and the spirit of a mugger". "Chile will be Chile the moment one of its sons learns to honour his promises and stops considering the cunning of the "criollo" a virtue, speaking well of those who swindle others". "In every Chilean who respects himself there sleeps a Consul. The world becomes small for them". "There is something that can not be touched and that is the healthiest thing about the country: the firemen and the boy-scouts". "We are serious in nature, and more than sadness, there is an element of social". "The importunate and the chatterbox are a legion and in many aspects they resemble the beggars." "Ask, ask, ask, it is the very essence of Chilean life. Nobody will get what he deserves, nor receive what he earned, if he does not ask for it, if he does not make an additional effort to get or if he does not, as Chilean people say, 'pull some strings to get it'". "Not a single President was free of the national fate inherent to our origin: the spirit of destruction. This spirit manifest itself unremittingly in (...) the permanent and

massive attack to anything that is a success". "Chilean workers are good builders, but are even better at demolishing". "An auction is the national holiday, because everything has gone to pieces and there is change. It is also a valve which relieves curiosity and envy." "If a person sees somebody else that prospers (...) he becomes envious. Why ? Why not ? People have no right to be successful. Therefore, a happy man in Chile does well if he downplays his achievements in order not to stir feelings of envy. What customs!!". "To downplay ones accomplishments involves belittling oneself in a special national way, coming from that other phenomenon which on other occasions we called 'a systematic cult of failure'". "Bend your back if you can, let your hair go grey, your corns are important. We are in Chile, friend, and to belittle oneself is the most important national industry". "Some Santiago-dwellers wake up thinking of their attainment for the day". "There is nothing more difficult than to keep Chileans happy". "The 'allegado' is a national institution". "The obstructionism which deserves the name of 'santiaguineria' consists in a cult of what is small, of what is mediocre, of what is insignificant." "Chile is a country of eight million envious people. Here, success is not forgiven, and the joy of somebody else's failure is extraordinary". "This attitude is very Chilean: to be an on-looker, not to do anything and to make life difficult for those who try to build or create something. In this way, those who enjoy greater peace of mind are those who are useless". "Here the words of praise are for the dead. People greatly enjoy speaking well of those who are dead. They no longer are a danger to anybody".

From the thoughts of Edwards Bello it is concluded that the traits of Chilean culture are neatly defined, as they express

themselves in clear and definite ways of behaving, which can be easily recognised in the everyday life of the people in Chile.

Finally, if I want to describe some traits which traditionally have been identified as specific to Chilean culture by scholars and travellers, it can be briefly said that the Chilean admire and greatly value anything that is foreign, particularly what comes from the Anglo-Saxon world, where they look for models of behaviour that be imitated or may substitute or become their own projects; it is an hospitable country; people feel unable, under logical conditions, to cope with new situations; people give way to fatalism, a sense of anticipated failure surrounds them, they are pessimistic, lazy; people have strong inhibitions, repressing the expression of emotions and feelings, resorting to jokes, more often than not with a double meaning, to conceal what they either feel or think; Chileans are afraid of ridicule, and therefore they avoid new situations or situations which they can not control; they are not very assertive, which leads to indecision in acting, allowing others to make the decisions, or allowing the law or the procedures to decide; they lack projects or mid or long term horizons, living in the present. They are afraid of what is new.

It can also be said that they are reticent to changes, that they are improvident, always improvising, lacking constancy in their actions, permanently changing their plans and activities, to the point that they are spendthrifts.

Chileans reject any form of criticism, due to the fact that they can not separate the person from his or her actions, people are what they do, and therefore to levy any criticism against a person's work is to criticise the person. Consequently, Chileans prefer to work on an individual basis and in a setting which involves low control and no, or hardly any, evaluation of the work

done. Chileans are not demanding in terms of themselves or others, they do not complain about the quality of products or services. This may reflect a sense of insecurity as to their own worth, which is correlated with the fact that their self-esteem is low, invariably the others are better, what others have or do has greater worth, etc. Chileans are permanently procrastinating.

Chileans tend to form groups, they have a gregarious spirit. They seek truth through social consensus. They have a strong sense of belonging which is expressed in a strong need for social affiliation and recognition. They seek success through the "compadre system", social contacts and permanence (tenure and loyalty to the groups which they belong to).

Chileans are afraid to excel or stand out in any manner, they never want to be among the first not the last, in the middle they feel safe. They are jealous of others, like to disqualify them, and easily give way to envy. They always want to be in harmony with their setting, to compromise and conciliate everything.

They are extremely "machistas" in their public language, at home they submit to the will of their wife and children. They stick to traditions,, showing a great respect for laws, the norms and social hierarchies. Extremely moralistic, Chileans want and seek to live a happy and easy life.

II. The historical behaviour of the Chilean Entrepreneurial Sector.

The vision that history renders (Vial:1986) as to what the Chilean entrepreneurial class was from the last Century until the crisis of 1930 differs to a great extent from the ideal type of

entrepreneur that fulfilled a key role in the development of industrialised economies. The Weberian entrepreneurs, who work in an incessant manner to increase their wealth, motivated not by the pleasure of consumption, but by increasing their accomplishments in this life, were the model for the European entrepreneurs who brought about the development of capitalism, a model that the Chilean entrepreneur did not have in the past and does not have at present, either due to the negative social valuation of profit, to the "*mentality of a pirquinero*"³⁾ that seeks to make a quick fortune through a lucky strike, rather than by means of methodical and systematic toil (Hunneus:1987, 37).

The historical image does not in any way come close to the Shumpeterian entrepreneur, whose function is defined in terms of an innovative pursuit. The Chilean entrepreneur does not belong to an industrial tradition and he does not industrialise an invention or an innovation, but rather he is an adventure-like individual within a capitalistic context and subsequently protected by the State during the industrialisation phase. In Chile, no industrial bourgeoisie was patterned following the European style, but to the contrary, the Chilean entrepreneurs never rend their social ties with the old land-holding and mining oligarchy. They sought to be as close as they possibly could to power, easy profits and a consumerist style of life. (Montero:1992, 94 - 97)

The industrial class, according to Muñoz (1990), began to develop in the last decades of the XIXth century, at a time when an industrialisation process and a diversification of the productive structure starts to arise, basing itself more on the economic policies and on the current international situations, that on the

3) A more technical and lengthy analysis of this historical period is found in Muñoz G., O.:1991; French-Davis, R. in: Gazmuri, Jaime:1989:195

favourable or unfavourable attitudes of the social groups. Muñoz (1990) clearly points out that a series of factors were determinant in the development of the Chilean industrial class. First, the crisis of the decade of the seventies in the past century generates pressures due to a greater tariff protection; later, the War of the Pacific and the wealth generated from nitrate strengthens the State from an economic standpoint and hence greatly enhances public investment; the multiplying effects of the latter and the setting up of an intermediate sector which arose as an outcome of the building of the Railroad, a network of roads, ports and the increasing demand for capital goods by the export-oriented sectors; the diversification of the demand for consumption generated by an increase in income, demographic growth and urbanisation. Furthermore, there were immigrations of technicians and entrepreneurs with commercial know-how who contributed to modernise the administrative capability of Chilean entrepreneurs.

Following the crisis of the year 1930, the State became concerned with industrialisation by creating the Chilean Economic Development Agency (Corporación de Fomento de la Producción CORFO). Technocrats, guided by a spirit of public action and influenced by a developmental ideology contributed to no small degree. The State favoured the interests of the private sector by means of subsidised credits, the transfer of State-owned assets in mixed companies to the private sector at more than convenient prices, within a frame of tariff protection and the creation of public infrastructure. The outcome of this was a diversification of the industrial structure and the development of a new entrepreneurial class, more dynamic and modern-oriented, though dependent on the State and the industrial policies.

Subsequently, during the period immediately after the Second

World War, the political parties begin to exert a greater influence on the trade union movement, and owing to the nature of the policies implemented, a greater tension originates in the relationships between entrepreneurs and workers. On account of this, the entrepreneurial sector changes its strategy in its relationships with the State, adopting an attitude characterised by a spirit of greater confrontation in order to protect its interests and due to the need to muster a greater discipline in the labour force and to bring about a greater efficiency in the economic policy. A direct effect of this was a fall in investment, not only private, but also public. The next fifteen years were characterised by an intensification of the policy orientations of the entrepreneurial sector, with an interlude of a few years in which more liberal approaches were adopted (the period of the KleinSacks mission, in the first half of the Alessandri administration). The confrontational climate became more acute with the structural reforms that reached their peak in the period from 1970 to 1973.

The military intervention which took place in 1973, and modified the orientation of the State in what respects its relationship with the private sector (Muñoz:1989) -- sought to convert the private sector into the wheels of development and hence limited the action of the State in keeping with the so-called subsidiary principle (or "hands-off" policy). The first stage of this process ended by suffocating those which it was intended to benefit, reaching a generalised situation of indebtedness, both internal and external, that leaves the entrepreneurial sector in a situation of great vulnerability. During the crisis of the years 1982 and 1983, the State had to financially bail out and subsidise the private sector in the face of the latter's virtual default of payment

of its financial obligations. During this period the entrepreneurial sector experienced a clear improvement in terms not only of its profitability and lower risks in terms of capital, but also of its competitiveness and efficiency in the operation of the markets. However, simultaneously to this, the private sector had to withstand the burden of a strong indebtedness. (Muñoz: 1989)

III. Economic policies applied between 1973 and 1992.

In Chile, at least during the last two decades, a more neo-liberal model has been applied and which has been characterised by a strong emphasis on the market, minimal enforcement of regulations and the State intervention geared to macroeconomic and trade activities; only with the government of democratic transition some emphasis has been placed on regulations that point to some very specific aspects: environment, health, public safety, among the most important. The basic general characteristics of the economic policies applied during the second stage of the military regime, after the approval of the new Constitution, show a clear continuity in terms of vindicating traditional capitalism, that was characteristic of this regime from its beginnings (Muñoz:1991, and French Davis:1989, page 195).⁴⁾

The chief objectives of the policies implemented by the military government were:

- (a) to ensure a high and stable rate of growth, which according

4) At the time the country had a political structure based on a parliamentary system, in which the Congress held the power, and the President has a secondary or a merely decorative role. The different party alliances and combinations reflected much lobbying, which exclusively represented the interests of the oligarchy. Aylwin, M. et al. (1992)

to the military government had been seriously threatened in the preceding periods, by a combination of erroneous strategies (based on imports substitution, that is, the ISI stage), with unsuitable instruments (tariffs, prohibitions, price controls and exchange rate controls, etc.);

(b) to eradicate extreme poverty and to achieve full employment through highly productive activities.

(c) to achieve stability in both prices and economic policy.

(d) to achieve an economic decentralisation necessary for attaining a political decentralisation and in setting the foundations for an efficient democratic organisation (Hachette and Lüders: 1991,14-16).

The basic assumptions on which it was based were: the existence of competitive factor markets, presence of homogeneous productive factors, perfect concurrence in the substitution between capital and labour and the absence of institutional rigidities (Muñoz:1991, 13 - 14). The means whereby these objectives would be attained were defined as:

(a) Restoration of the market as key instrument in the decision-making process related to the economy;

(b) Restoration of the private sector as the primary agent for development, implying not only an in-depth review of the responsibilities of the public sector, but also a reduction of the size of this sector, as well as a reduction of its participation in economic activities. On these grounds, the privatisation of State-owned enterprises was necessary.

(c) Greater liberalisation of the economy to the external markets.

(d) Non-discriminatory treatment of all productive sectors in order to improve the quality of resource allocations.

(e) The development of an efficient financial market.

(f) The use of general economic instruments, such as, for instance, interest rates, exchange rates and money supply.

As a part of a deep set of reforms, the privatisation of the State-owned enterprises was one of the instruments resorted to in order to decentralise and evenly distribute economic power in the country. The primary objective of these privatisations was to finance the public deficit, that is to say, to maximise short-term revenues by tying them up to an improvement of the efficiency of the enterprises. Due to the acute recession and the financial crisis (from 1981 to 1983) many of these enterprises once again came to be under State control.

The importance of the State-owned enterprises when the privatisation process began, during its first round in the year 1974, was equivalent to 39 percent of Gross Domestic Product. By the time that the first 500 enterprises were turned over to the private sector, the participation of State-owned enterprises went down to 16 percent of Gross Domestic Product. Over the period spanning from 1974 to 1979, the ownership of non-traditional State-owned enterprises (firms that had been either intervened or had been acquired by the State as a result of a purchase or a bankruptcy, but with the exclusion of the enterprises that had been created through a Bill of Law or had been obtained through a nationalisation process) was transferred to the private sector.

During the period going from 1985 to 1989, there was a second privatisation round and this time the objectives were:

(a) The normalisation of productive and financial institutions;

(b) The generation of resources needed for the payment of the public debt and to defray the investment required in public

services and economic infrastructure;

(c) The optimisation of State-owned enterprises;

(d) The increase of the number of instruments available, especially for the Pension Funds and the strengthening of capital markets in general;

(e) The distribution of property by offering favourable conditions for the purchase of the assets involved.

As an implicit objective, privatisations were carried out as quickly as possible, so as to reduce the economic power of the State to a reasonable minimum. Some relationship must have existed between these actions and the real political possibilities of continuity for the military regime over and beyond the year 1988. The privatisation in the social sector begins by the end of the decade of the seventies and beginnings of the decade of the eighties within the frame of the so-called process of "modernisations". One of the crucial changes was carried out in the Social Security System (pensions and health); in addition, important changes also took place in education (Hachette and Lüders:1991, 51 - 71 and 83 - 87).

It was in this way that, during the period lapsing from the mid-seventies to the beginnings of the eighties, capital was dominant, especially financial capital. The liberalisation of the economy and the opening to the external markets placed the Chilean economy within the frame of the international system and subordinated the internal activity to the international financial fluctuations. The external impacts that derived from the oil crisis impoverished all the economy. The returns on financial capital increased in a considerable way, while wages fell to a great extent. The economic policies applied during the crisis increased unemployment up to levels that came near to 30 percent of the

labour force in the country.⁵⁾ (Muñoz: 1991: 20-22)

When the system entered a process of growth that could have involved a distributive trickle down, the crisis of 1981 took place and once again there occurred a backtracking of the distributive and macroeconomic conditions. The external adjustment generated a greater decrease in real wages, in government and social spending and an increase in unemployment that was already very high. As of 1984 the macroeconomic policy was reoriented through a policy of financial normalisation, in which the private financial sector was heavily subsidised and the State bore the losses generated by the crisis; this led to a sustained rhythm of recovery and finally of accelerated growth. Growth was stimulated by the development of the productive sectors, especially those oriented to exports, and by a reduction of the indebtedness by resorting to the foreign debt-equity swap mechanism. In this manner, a favourable climate was created for private investment, which reacted very positively.

However, during this same period, there took place a decrease in the rate of gross investment per worker (with a negative impact on the worker) and changes in the occupational laws that were detrimental to the interests of the workers. The average wage in 1989 was 8 percent below that which prevailed in the seventies; the minimum wage went down by 9 percent, and its coverage decreased considerably. Additionally, family allowances were also cut down, to the point that in 1989 they were 71 percent below the level they displayed in the seventies. Public spending in health, education and housing by inhabitant also nose-dived, showing a decrease of 22 percent with respect to that

5) Report for the Government Program of the Christian Democratic Party. Christian Democratic Party, Santiago, December 1962.

which had prevailed in the decade of the seventies. (Ffrench-Davis: 1992:36 - 41)

Mention has to be made of the serious deterioration undergone by the National Health Service, which reached its peak in the second semester of 1992 when the physicians of the primary attention services (emergencies) went on strike demanding resources so that they might adequately carry out their health function and, in the second place, at least in what they said, to vindicate their wages.

In general, the period that went from 1980 to 1988 was characterised by the active presence of explicit and deep political conflicts and a slow economic development, with marked variations in production and retrogressions in the distribution of income. It is this combination of circumstances that compels the democratic government, which took office in March 1990, to deal with a set of very important challenges in the economy: the need to solve problems that had affected the operation of the Chilean society for a considerably long period of time, such as, for instance, slow growth, low levels in saving and investment rates, inadequate distribution of income, etc.. However, the new government also had to contend with other problems that had originated in the crisis of 1981: unsatisfied basic needs worsened the living conditions of large segments of the population and a financial burden that limited the possibilities for investment and growth over the following years.⁶⁾ The strategy followed by the new government both in the economic arena as well as in the social field, can be described in terms of four basic aspects:

(a) to set up a stable institutional and legal framework for the development of economic activities. This involved the introduction

6) Sixth National Congress of the CUT, Santiago, December, 1971.

of gradual changes in the operation of the economic system, through the development of a broad consensus in order to ensure that the changes would be totally legitimate. Among other fundamental reforms, changes in the occupational legislation were introduced so as to reinstate a legitimate organisational and bargaining framework for workers.

(b) to maintain a market economy open to the external markets. This involved that many important changes which had taken place in the economic organisation of the country had to be incorporated as a necessary and permanent element for future democratic strategies aimed at development. Among these, the growth and diversification of exports deserves to be highlighted in a special manner. In conjunction with this, there also existed the need to introduce regulatory elements in those cases in which the market cannot operate adequately, as is the case of the environment and natural resources, which has not been fully accomplished as yet.

(c) to give priority to the elimination of poverty. This involves a gradual but sustained improvement of education and health care, in addition to improving the pensions of the passive sector of the labour force. Additionally, there was also an increase of the resources apportioned to improve the conditions of the groups in extreme poverty, as well as specific programs oriented to youths in particular. The foregoing meant a great amount of additional resources, which were obtained through the tax reform aimed at financing an increase in spending.

(d) macroeconomic stability and gradualism in improving social progress. Since it was considered more important to maintain the macroeconomic equilibrium, the resources supposedly intended for social spending were closely related to any new surpluses that

the economy might be able to generate, no relevant changes in the redistribution of income were attained over a period of four years. (Vial, Butelmann and Celedón: 1989:64 - 86; Ffrench-Davis: 1992: 49 - 50)

The analysis of the behaviour of entrepreneurs in the decade of the seventies and the eighties enable us to ascertain that Chilean entrepreneurs had lacked any sense of cohesion as a class, since they had been unable to see beyond their own particular interests in order to safeguard the principle of the private enterprise and had not developed any awareness at all of the social problems affecting the country. Entrepreneurs in the decade of the seventies and the eighties lacked a collective and definite alternative project, and this is why when the military government took office there is a ceding of power in terms not only of economic leadership, but also of political leadership to the Armed Forces and to a technocracy of economists so that the military might safeguard the interests of the entrepreneurial. (Campero: 1984: 16)

These attempts to convert the private sector into the wheels of economic development were bound to fail despite all the favourable conditions that had been granted to them. The successful results of the entrepreneurial class depend, to a large extent, on the exceptional rent-seeking opportunities afforded to them by the military regime. Some are unique opportunities, as is the case of the privatisation of State-owned enterprises, never to be repeated again under the same conditions and terms in the future. Other opportunities, such as the tax reductions (between 1985 and 1988) and the favourable labour market conditions that allowed them to keep real wages at a low level, could hardly have any chance to maintain themselves within a democratic

regime. (Muñoz:1986a)

In the analysis of the role played by Chilean entrepreneurs in the development of the country, a whole set of explanations have been put forth and policies based on them have been implemented.

In the first place, it has been stated that the Chilean society has never given due recognition to the industrial entrepreneurial activity and that, to the contrary, there has been a marked preference for other forms of activities such as the practice of liberal professions and employment in the Civil Service.

A second explanation makes a reference to the structural insufficiency of entrepreneurs. Both the technological weakness and the limited investing ability of the entrepreneurial sector in a small and open economy as is the Chilean one has been fully recognised, as well as the historical need for the State's intervention in order to foment a national industrialisation project. The opportunities for industrial growth depend on the guidelines of the economic policies and on the situation of the external sector. Hence, the development of the entrepreneurial sector may have taken place in a manner which was very dependent on the State and the economic policies issued by it.

A third approach attempts to explain the inefficiency and slow growth of the Chilean economy in terms of the state intervention that prevailed over the decades that followed the crisis of the year 1930, bringing about a paralysation of the private sector due to excessive bureaucracy and to the progressive loss of social discipline. These factors would have compelled the entrepreneurial class to adopt a short-term defensive attitude.

Another approach and which is linked to the previous one originated in the entrepreneurs themselves when they justify the

inefficiency of the sector in terms of the strong instability of the economic policies when there is a change of government or when there are changes in the governments themselves. In their view, a secondary element deserving consideration would be the existence of a strong control of the economy exerted by the State in its role as an intervenor. And, finally, the lack of social legitimacy of the entrepreneurial activity and an adverse attitude from the State, the intelligentsia and the workers.

The aforesaid characteristics point to the fact that the role of the private sector has in no way become a dynamic contribution to development, a fact which can be clearly perceived in the low rate of investment, no matter which political regimes has been prevalent, as well as in the slow effort aimed at capital accumulation along with the low long-term results in the use of productive resources. The problem of the role of entrepreneurs goes far beyond the political regime; the most important political actors in Chile agree that whichever the political and social organisation that the State might possibly have, there is a need for a dynamic entrepreneurial sector able to implement the development of the economy. (Muñoz:1988: 56)

Within the frame of the above outline it would seem that neither the traditional industrialisation strategies which were applied in Chile nor the more recent neo-liberal approaches have been successful in encouraging the development of a long-term dynamic entrepreneurial sector such that it would adequately complement and support the investment effort made by the State. The team of social scientists at CIEPLAN, that has had an active participation in the decision-making process during the government of the democratic transition, put forth a scheme in which they define a number of variables that, in some way or

another, affect the efficiency of the entrepreneurial sector and, consequently, of economic development (Muñoz:1991):

The motivations of the entrepreneurs encompass issues such as, for instance, accepting profits as a result of the productive effort and of the risks taken, even if they do involve inequities in the primary distribution of income; demanding for stability in the institutional rules, especially with respect to the property and the legitimate rights that ownership accords; and, urging for macroeconomic stability, that enables them to define long-term investment plans.

The economic institutional framework fulfills a central role in the variables that affect entrepreneurial efficiency. This institutional framework is to be defined by the role played by the State and by the role of the regional and local institutions and hence allow for the incorporation of local and community agents, all of which creates the conditions to attain a more effective leadership. It exerts an influence on motivations, through cultural and educational policies, by developing creativity and learning through social interaction.

The institutional framework also exerts an influence on the implementation of the productive development strategy, which implies definite sectoral options that are critical in defining the allocation of resources and instruments of economic policy that are coherent with these options. Within this context, the institutions that should assume a leadership are the State-owned enterprises, the public agencies responsible for promoting and defining policies and the institutional framework of the private sector in a coordinated manner with the previously mentioned ones.

Both the economic policies, as well as the sectoral options,

define a structure of incentives that will have an indirect bearing on entrepreneurial development. In addition, the development strategy incorporates an objective of learning and technological adjustment and an optimisation of planning and monitoring processes of both production and inputs.

Another group of variables that have a direct influence are those generated by the global political framework. They also exert an influence on, among others, motivations, the rules of the institutional game, the property system and the possibilities for social concertation. They also affect the relationships with the trade union movement as well as the relationship between the State and the private sector, as in the case, for instance, of the level of the tax burden, the system of State-owned enterprises and the methods for the regulation of the macro-economic framework, in general, and of the financial system, in particular.

Finally, it is necessary to point out the mechanisms which provide the system with feedback and are generated by a greater entrepreneurial efficiency in terms of a more accelerated economic growth, allowing for an increase of the entrepreneurial income and experience and hence reinforcing, on an overall manner, the set of relationships that have been indicated above. (Muñoz:1991)

These favourable conditions for the development of an entrepreneurial sector also involve, among others, some commitments and responsibilities that have to be safeguarded if real development is expected and not economic growth alone:

(a) the existence and development of creative and innovative behaviours, that provide a quick response to both technological innovations and changes in the markets and, consequently, avoid social costs and inefficiencies that should not take place at all and that are, in addition, directly related to private losses or gains.

(b) an equitable and redistribute behaviour with respect to the workers, in harmony with the results and behaviour of the markets, where negotiation is the primary course of action to come up with beneficial agreements to both parties, the enterprise and the workers.

(c) a process of technological optimization attended by a modernization of the administrative and social processes within the enterprise.

Larraín (1990), in relation to the entrepreneurs and their role in the process of development, emphasises the importance of entrepreneurial qualifications and the necessary elements that are required:

Access to financing: In this respect, Larraín proposes the establishment of a fund of risk capital in Chile, or otherwise that the effort be jointly undertaken by the private sector and the National Economic Development Agency (CORFO) and the International Financial Corporation (IFC) of the

World Bank. This would make it possible to generate social benefits in terms of creating employment, increasing tax revenues and expanding exports. The objective is not only to support the projects which involve breakthrough technology, but also to support the creation of services that would solve a need of the society by resorting to a simple technology, or also by applying the technological advances attained in other countries.

Stability of the setting in which the entrepreneur conducts his activities: In this regard, Larraín claims that entrepreneurs are more willing to take on risks than depend on their performance (that is to say, those of organisation, production, etc.) and less willing to become involved in those which are beyond their control. The role of the State and of society is that of reducing

some of the risks that do not depend on the performance of the entrepreneur. In the first place, the right to property should be fully warranted and, in the second place, economic policy should not undergo any sharp changes.

Universities and entrepreneurial training: In this connection, Larraín advocates that it is necessary to foster and develop entrepreneurial vocations, by either offering courses, establishing close ties between the universities and the firms, etc.. In addition, it is also necessary to provide guidance on ethical aspects and on the social responsibility of an entrepreneur.

Image of the entrepreneur: In relation to this aspect, Larraín emphasises the need for a positive attitude towards the entrepreneurial activity. *"The gains of an entrepreneur are more often than not viewed with misgivings and even with blunt hostility in some sectors"*, he states. In order to change such an attitude, entrepreneurs should share their benefits with the workers in good times, so as to modify the negative attitude and also create a suitable atmosphere to obtain workers' help in hard times. Improving the image of the entrepreneur is a joint effort, affecting the State, the entrepreneurial sector and society.

At present, the situation of entrepreneurs seems to differ from the historical vision and over recent years the entrepreneur has become a social actor that is duly acknowledged by Chilean society as a whole, especially in the discourse of the political actors. This change is expressed in a greater social legitimacy of the entrepreneurial class and of rent-seeking, in a more active political role and in a quest of a new type of relationship between entrepreneurs and the State. However, this is also attended by the fact that entrepreneurs distrust the State, along with their strong proclivity to expect everything from the State.

The Government of democratic transition vis à vis the private enterprise has opted for an indirect action and oriented its efforts primarily to create adequate macroeconomic conditions (cut inflation down, establish a realistic exchange rate policy, regulate interest rates within reasonable levels, foster a policy of saving and long-term investment) to create incentives so that the entrepreneurial sector maximises its efforts, and to take direct and specific action with respect to the regulation of the social and environmental disequilibria. (Muñoz: 1990)

The new government assumes that the private sector will take up a greater responsibility in formulating and implementing either productive initiatives, investment projects or technological innovation. To do so, the country needs an efficient entrepreneurial class willing to stake its resources and energies for the country's sake. But, the country also needs workers who firmly believe that their efforts will benefit them. As stated by Muñoz Goma "This is the foundation [] to sustain a long-term social and economic development". (Muñoz: 1989: 22)

The history of the Chilean entrepreneurial class and the projections that can be made on the basis of the data available, show that it has developed under the protection of a paternalistic State from its beginnings. Ever since the foundation of Sociedad Nacional de Agricultura (National Agricultural association), in the middle of the past century, until the setting up of the main economic groups which now exist in the Chilean economic context, it is observed that the action of the government aimed at protecting and supporting entrepreneurs to the detriment of other groups in Chilean society. As an example, at the beginnings of the Military Government (1973-1974), the National Development Agency (Corporación de Fomento de la Producción - CORFO)

invited and selected specific groups of entrepreneurs in order to transfer companies, which had been taken over by the State during Allende's government, and for which it created financing, assistance and management support instruments .

Briefly stated, the history of the development of the Chilean entrepreneurial class shows that it subordinated to the orientations and guidelines that originate in the State - which favours it when the government is made by members of its own class, either through direct or indirect subsidies, policies which prioritise their interests, etc. - and, a strong abidance of and respect of law and order - of which the active role played by a part of the entrepreneurial class during Allende's government is an exception.

IV. The historical behaviour of workers

The history of Chilean trade unionism, from its very inception at the beginning of this century, is strongly influenced by the experiences of workers' movements in Russia and Germany, and the movements of North American workers to vindicate rights (Chicago Movement) and English workers (Movements of miners and textile workers at the end of the last century). This influence has meant that the actions to vindicate rights in Chilean unionism are based on a view which acknowledges: a) the hierarchic and vertical character of Chilean society; b) a strong abidance and respect of standing laws, though it may not be favourable to them; and c) a class feeling, in which workers are in the periphery of the economic, social and political decisions, which have an impact on national life.

At the beginning of the century, the Chilean trade union movement perceived oligarchy as a conglomerate of social sectors which wielded the power and controlled an alien world through their peculiar ways of acting at the political level, managing the State and establishing interrelationships among themselves and with the rest of the society. (Campero:1985, 214; Pizarro:1990, 87). An expression of this view was the driving idea which was present in the initial steps of the FOCH (Chilean Worker Federation - Federación Obrera de Chile) so as not to become contaminated, not to become involved in the political structures which at the time were a part of powers of Chilean society.⁷⁾ An idea which is expressed in the stand taken and which stressed that "neither the oligarchic society, nor its political system had been conceived leaving any room for the participation of the popular sectors (or of their values), but rather thinking in terms of their exclusion" (Campero:1985, 220)

From its origins, the FOCH operates in terms of a world view that, on the one hand, excludes it from power, and, on the other hand, encourages mutualism, self-help within the community and solidary action with regards to its internal components. This outlook in terms of the world was bolstered in the Chilean trade union movement by the strong influence of the Catholic Church and, particularly, Leo XII's words - *Rerum Novarum* -, on which was founded the idea that in the face of existence of an unjust society, which excludes workers, they must find autonomous ways to solve their problems through actions based on mutualism and self-help. Even though, from its origins, the trade union

7) Decree Law No. 1 of September 11, 1973 which revokes the juridical personality of the CUT. Decree Law No. 198 of December 10, 1973, which restricts, inhibits and controls trade union activities. Military Band of September 13, 1972, which suspends the right to submit petitions.

moment evidences the coexistence of catholic, socialist and anarchist ideas, which usually differ as regards their proposals and actions, all of them converge in terms of the notion of developing and becoming an autonomous social actor, in which internally the relationships of the members are aimed at mutualist and solidary actions.

The incorporation of the middle class sectors in the power apparatus of the State when Arturo Alessandri took office as President of the Republic gave rise to a number of legal initiatives which included some of vindications of the workers. However, these initiatives were arrested by the oligarchic power, among others the Labour and Social Security bills of law. It is with the military intervention in 1924 that the Congress enacts some laws which acknowledge some of the rights of workers: a) compulsory social security in relation to labour accidents, b) legal recognition of professional and industrial trade unions, c) the right to go on strike, d) labour contracts, and e) institute courts to settle and conciliate labour conflicts. Thus, the State takes up an important role in defining the system of relationships for workers. (Aylwin et al.: 1992, 120 -121)

The increasingly greater influence, first of the Partido Obrero Socialista (Socialist Workers Party) and then of the Communist Party in the trade union movement, emphasised the contradictory character and its conflict with the dominant groups, but in practice retained their subordination to the same rationale of social structuring. With the political triumph of the Popular Front, the trade union movement yielded to the State the initiative in the generation of a process of changes which would include solutions to their most urgent problems (Aylwin et al.: 1992, 164 -165). Along with the organisation of the Confederación de Trabajadores

de Chile (Chilean Federation of Workers - CTCH) in 1936 the orientation of the trade union movement shifts to an institutional vocational, which was favoured by the space opened up by the laws regarding the setting up of trade unions and the development of trade union movements associated with industrial progress. (Pizarro: 1990, 107 - 108 and 119)

The CTCH acknowledges that it is a part of the national political system by establishing strong bonds with the parties which support the Popular Front, in whose government it feels it is a part. On the basis of the connection with the institutional political apparatus, in special with some of the political parties, the action of trade unionism becomes subordinated to the guidelines which stem from them. (Masón: 1986, 60 - 63; Muñoz: 1986b, 96 - 97)

This situation remained unchanged until 1945-46. The conflicting initiatives of the anarcho/trade unionist groups of workers, brought together workers from printing shops, footwear factories, maritime activities, among others in the General Federation of Workers (Confederación General de Trabajadores) aiming to uphold a free trade unionism, though not within the law. They were not able to become an alternative to the CTCH. (Barría: 1967, 36)

The 1946 political crisis led the trade union movement to question the effectiveness of the political parties in terms of representing it, particularly as regards the social interests of the trade union and workers. In addition to this, trade unionism also cast a doubt over the validity of belonging to a society in a process of political and economic development which expands the rights of all its citizens.⁸⁾ (Campero: 1985, 230). A reaction to the

8) Revista Que Pasa, November 17, 1977, interview to the Minister of Labour, Mr.

crisis of confidence in the State's political and administrative institutional framework to solve the problems of the workers will be perceived in the strong support given to Ibañez in 1952. Ibañez represented the "caudillo" able to do away with the political and administrative immorality which prevailed and was an obstacle to finding a road to the solution of the problems of the workers. (Aylwin et al.:1992, 190 - 191)

In February 1953, a new stage in the Chilean trade union process begins, with the creation of the Central Unica de Trabajadores (CUT), which will "reflect the articulation between an insightful understanding of the crisis and the recovery of the principles for action which had been the foundation of the CTCH".(Campero:1985, 224 - 225). During this reconstruction stage of the trade union movement, in which the law for the defence of democracy had been in force, it is the workers from the services sector, both public and private, and which belonged to the middle classes in society, who played the most active role in leading the trade union movement. (Moreno: 1988, 86)

Despite what has been said above, the declaration of principles of the CUT in 1953 had a strong Marxist content, though it did not in any way exclude other currents of thought, such as, for instance the social/Christians, who will have an important role in moderating the discourse towards the beginnings of the sixties (Barría: 1968). During this period, as stated by G. Martínez (1985, 7), "even though the trade union movement is geared preferably to vindicate rights and oppose the government, it operates within the frame of the political system and accepts on a de facto basis,

Sergio Fernández. the politisation and use of intermediate organisations such as the trade unions call for a period in which their activities are subject to some constraints Jaime Guzman E, Diario La Tercera, September 13, 1976.

despite its [declarations] of principles, the rules of the game". Thus the CUT is born "within the frame of the national political institutions" and it is there where it will devote all its efforts to "fight for the structural changes".

Slowly, but progressively, the CUT becomes subordinated to the guidelines issued by the political parties which recover their legitimacy in exerting leadership and influence within the trade union movement. According to Campero (1992: 225 - 226), within the CUT all the political tendencies of the different parties which were dominant those years had a place, and at times it became the setting where the national problems were analysed. During the period 1958-64 trade union activity was marked by general and/or national strikes summoned by the CUT, all of them aiming at salary adjustments and improvements.

As from 1964, Frei Montalva's Christian Democratic party's government promoted important changes in the State's wage policies. Among others a) the unionisation of workers, b) salary adjustments indexed to 100 percent of the inflation, c) industrial and agricultural minimum wage, d) tenure laws, e) on labour contracts, f) on accidents, g) medical assistance, h) travel, etc. In addition, the political program put forth included new resources for the educational reform, housing and health, which recognised new and broader rights for the workers.⁹⁾

The period 1970-73 was characterised by the trust which a significant part of the Chilean trade union movement placed on the State's policies and on the fact that the Executive power was in favour of the interests of the trade unions and the workers, independently from whether their specific contents were or not

9) Historias y conflictos de la Transición, Diario la Nación, especial issue, May 11, 1994. Cortazar, Ren (1992)

shared.¹⁰⁾ Once again, though with characteristics which differed in many aspects, as it was during the period of the Popular Front, the trade union movement subordinates itself to the leaders of the political parties, and as it happened before, there arises the initiative of a parallel trade union movement through the Frente de Trabajadores Revolucionarios (Front of Revolutionary Workers) promoted by the MIR (Leftist Revolutionary Movement), which had a weak development, though it was significant in some urban areas through the "industrial belts". (Bascuñan: 1990, 83)

With the coup d'état on September 11, 1973, the trade union movement faced a process which tore it apart, repressed it and persecuted it until it was practically annihilated. Nevertheless, its action was one of the factors which gave more political visibility to the resistance of the citizenry to the military government. (Garretón: 1993, 82). It was the only social body which displayed a clear anti-authoritarian conscience in the face of a political system based on institutional coercion. (Hurtado: 1985, 117). During the first stage of the military regime, labour policy was characterised by the repression of trade union organisations and leaders, control of trade union activity, elimination of all types of elections, prohibition to go on strike and suspension of collective bargaining.¹¹⁾ The Minister of Labour at the time stated that the relationships between workers and the firm had to be regulated and interpreted within the frame of an obligatory settlement and arbitration in which the firm integrates and attains the harmony between capital and labour.

As a reaction to the actions of the military regime, the trade union movement, organised in several groups of trade of unions

10) CUT Transición para la Democracia, April, 1989

11) CUT La CUT frente a la situación política del país, November 19, 1990

such as the Unión Democrática de Trabajadores (de Democratic Union of Workers, connected to the Christian Democratic Party), the Coordinadora Nacional Sindical (National Trade Union Coordinator) and the Frente Unitario de Trabajadores (Unitary Front of Workers), manage to develop a movement of reaction, rather verbal and symbolic, in terms of complaining about the situation of the workers, about violations of human rights and trade union rights. (Falabella and Campero: 1993 , 136)

By 1988, trade union actions are subordinated to the guidelines of the political leaders which channel their efforts to create the Central Unitaria de Trabajadores (Unitary Federation of Workers), which will have an important public role in the period of the transition to democracy, notwithstanding the fact that it allowed - so as to allow the stabilisation of the democratic process - the political parties to take the initiative in developing the plans and programmes of change. Under the presidency of Patricio Aylwin, the trade union movement, organised as the new CUT, undertakes a number actions which allow it to reach agreements with the entrepreneurial sector, where the State participated in its role as a mediator and overseer of labour relations, with respect to the basic socio-economic guidelines, the reform to the labour legislation and some short term measures such as minimum wages and family allowances. These agreements regarding salary improvements were possible to the extent that they were based, first, on a common vision of social, political and economic development of the country and subsequently, in the commitment of the workers to find the mechanisms that would make it possible to overcome the historical situation of confrontation between entrepreneurs and workers.

As in the case of the government of the Popular Front, the

trade union movement felt that the government of democratic transition met its expectations. The CUT stated "its firm resolution to actively participate in the national effort to restore democracy". On the one hand, the Government committed itself with trade unionism to give it a more active and protagonist role in the definition of the new policies, but on the other hand, the trade union leaders - as an expression of their support to the government - had to take up a role in terms of holding back the great number of unsatisfied demands which affected workers, so as to give the development of the democratising process some stability.

During the period of transition, some sectors of the workers, such as FENATS, The Teachers Association, the miners from Chuquicamate, among others, mobilised themselves and took up conflicting positions with respect to the agreements made at the highest level between leaders of the CUT, the entrepreneurs and the Government, questioning the loyalty of trade union leaders to the vindications of workers. To sum up, from its beginnings and to our days, Chilean trade unionism seems to have held a symbolic power in relation to all other social actors, but especially in what respects the popular world, which has seen it historically as the vanguard in the fight to improve their living conditions. At the same time, during all the history of the trade union movement in this century, it is possible to observe a great reliance and involvement of the political power regarding its scope and action.

V. Conclusion

Finally, by way of a conclusion, and considering the

background information provided in this chapter, it can be said that the relationship of the State with the different agents which compose it (the entrepreneurs and workers), must be analysed on the basis of an understanding of the cultural model which governs the behaviour of the different actors.

The social, political and economic behaviour of the entrepreneurs, the workers and the State, responds to a specific valuation and location of each social actor within the culture, some of the keys of which, that emerge from the description made, manifest themselves in a manner which is peculiar to them: a high valuation of the hierarchies through which behaviour is modelled, and which is taken to be as a part of the social structure; a sort of blind subordination to laws and written norms which is associated with a great distrust in the capabilities of the individuals, the groups and the country as an entity; a fatalism which leads to a tendency to conservatism and a lack of initiative, at many levels, accompanied by some type of messianic heroism to face natural and/or social crises and disasters.

In the same manner as the process of decoding some of the cultural keys adds, at a general level, an element of judgement which enriches the understanding of the relationships which have existed between the entrepreneurial groups with the State and with the workers; this same effort to describe the culture at an organisational level enables us to add a point of view to find the deepest sense which underlies the activity, structure and way of life of the organisations, the behaviour of the entrepreneurs, of the managers and of the workers.

Finally, if the behaviours, movements and actions of those agents gain meaning when understanding the cultural keys which are expressed through institutions, laws and norms of behaviour,

and if organisations, as intermediate entities between the individual and the State, are the key element in the social structuring within the dominant paradigm, then it becomes relevant to know the content and sense of the organisational culture of the firm and to identify the relationships which it has with the results, processes and structure of the firms in Chile. It is a pending task.

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