Is Globalization Good for Workers? Definitions and Evidence from Latin America

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Abstract

Is globalization good for workers? Many scholars have surprisingly clear-cut answers. "Globalization is good for workers," say most economists. "Globalization is bad for workers," say most sociologists, anthropologists, and historians. This article takes a more cautious approach, defining first the different dimensions of employment quality which can be measured in order to track changes (Section 2). In a second step, it reviews some of the mechanisms through which globalization could either benefit or harm workers, both through changes in labor demand and new patterns of work organization in response to globalization (Section 3). Thirdly, the paper presents summaries of statistical data and existing studies of Latin-American countries (Section 4). Finally, in order to understand some of the more qualitative aspects of the impact of globalization on labor, Section 5 presents evidence from sectoral case studies for one Latin-American country, Chile. Section 6 concludes.

1. Introduction

Is globalization good for workers? Many scholars have surprisingly clear-cut answers. "Globalization is good for workers," say most economists. "Globalization is bad for workers," say most sociologists, anthropologists, and historians. This article takes a more cautious approach to this complex question, using the International Labor Organization (ILO) definition of "decent work" as a yardstick to assess the impact of different dimensions of globalization on the wellbeing of workers.

The topic is both extremely difficult to tackle and extremely relevant from the point of view of defining policies. It is difficult to tackle because globalization in itself has various dimensions that need not have a similar impact on workers. More importantly, in most countries globalization has been accompanied by simultaneous policy changes such as easing the rules to hire and fire workers or abolishing certain subsidies to enterprises, making it difficult to isolate the impact of globalization as such, although some would argue that these policy shifts are themselves responses to globalization. It is relevant for policy purposes because it is directly related to the design of both an adequate strategy of integration into the international economy and necessary measures to protect workers negatively affected by globalization.

While this article does not pretend to give a definitive answer to this question, available data suggest that on a number of accounts, the employment quality for most workers in Latin America seems to have deteriorated rather

International Labor and Working-Class History
No. 70, Fall 2006, pp. 11–34
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https://doi.org/10.1017/S0147547906000147 Published online by Cambridge University Press

than improved as a consequence of globalization, even though average incomes, at least in the formal sector, have increased.

This article explores these issues in several ways. The first section defines the different dimensions of globalization that are thought to have an impact on workers, as well as the concept of "decent work" and some dimensions of employment quality which can be measured in order to track changes. It also reviews some of the mechanisms through which globalization could either benefit or harm workers, both through changes in labor demand and new patterns of work organization in response to globalization (section 2). In a second step, the article summarizes statistical data and existing studies on Latin-American countries (section 3). Finally, in order to understand some of the more qualitative aspects of the impact of globalization on labor, section 4 presents some evidence from sectoral case studies for one Latin-American country, Chile. Section 5 brings the conclusions of these sections together in a final reflection on whether globalization is good for workers.

2. Globalization and Decent Work: Some Definitions and Conceptual Orientations

Globalization is a multifaceted phenomenon which has cultural, social, and economic dimensions. This article will focus on economic dimensions of globalization. Broadly speaking, economic globalization can be defined as the increasing interrelationship between national economies, as reflected essentially in the rapid increase of international trade, the intensification of direct investment flows between countries, the globalization of financial markets, and the increased international character of technological change. The latter dimension materializes mainly through the acquisition of capital goods incorporating new technologies and the dissemination of new technologies by multinational enterprises.[2]

There has been some discussion about whether the recent process of globalization is really as significant and unique as the public debate around the issue would suggest. Indeed, the dependency theory of the 1960s and 1970s already analyzed the socioeconomic development of Latin America in terms of the interrelationship between international and national economies.[3] Moreover, the comparison between contemporary trade flows and historical data leads to the conclusion that the trade/GDP ratio had already experienced periods of rapid growth during the nineteenth and early twentieth centuries. A similar trend can be discerned between 1950 and the early 1970s. Rather than recent globalization being a unique process, it is argued that we are observing long periods of increasing and diminishing trade openness. Some authors even believe that globalization is little more than a myth.[4] Although this historical perspective is enlightening, data on other dimensions of globalization confirm its accelerated pace during the last few decades. For example, short-term capital flows have increased dramatically, and in 1998 the worldwide daily turnover of foreign exchange markets was at least seventy-eight times the daily volume of exports of goods and services.[5]

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The debate on the outcomes of globalization for workers is often flawed by the lack of a conceptual framework to describe them. Beyond anecdotal evidence on "good" vs. "bad" jobs, this topic requires a more systematic approach. The ILO has coined the concept of "decent work," which has been defined as "work which can satisfy personal and family needs for food, health, and security, and educate the children. It is work which provides income on reaching retirement age and where fundamental labor rights are respected."[6] This definition is fairly open for countries to define their specific "thresholds" for decent work. However, progress and backlashes in indicators on incomes, social security protection, and fundamental labor rights can be used as a yardstick to assess whether a country is approaching the goal of decent work for all or not.

Dimensions of employment quality

- **Income**: Monthly and hourly incomes.
- **Non-wage benefits**: These may be granted voluntarily by the employer or they may be established by law.
- **Regularity and reliability of work and income**: There are several intermediate cases between a reliable, stable job and a completely temporary one. For example, a temporary assignment may be extended without a change in the employee's status. Also, performance-related incentives involve a fluctuation in monthly incomes even though the job may be stable.
- **Contractual status**: For salaried workers, this dimension refers to the type of contract: Is it a fixed-term contract, a contract for a specific task, or a permanent position? Is there any written work contract? It is obvious that different forms of contract involve differences in the legal and social protection of the worker? Self-employed workers have a different status altogether, but even they experience differences according to the degree of formalization of their business and their actual degree of independence. (Some self-employed workers depend on only one "client-employer" to the extent that their situation has been described as "disguised salaried employment.")
- **Social protection**: This includes pension funds, health insurance, unemployment insurance, maternity benefits, etc.
- **Representation of interests**: This refers to the unionization rate and trade union rights as well as other mechanisms of representation such as enterprise committees and work councils.
- **Hours of work**: Duration and distribution of working hours.
- **Intensity of work**: The intensity of work depends of tasks and the mode of remuneration. Requirements can be made at the enterprise level, but in many cases, performance-related payment systems give incentives for the worker to enhance work intensity.

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- **Risks of accidents or occupational illness**: Although in many countries "traditional" risks due to hard manual work or direct contact with dangerous chemicals tend to diminish, there are other, "new" risks related to the use of current technologies.
- **Physical environment**: In addition to the conditions that can affect the worker's health: (temperature, light etc.), hygienic facilities, eating areas, leisure facilities, etc.
- **Involvement in decisions concerning the work**: Autonomy and participation.
- **Possibilities for development of professional skills, personal skills, and creativity**: Opportunities given by the pattern of work organization and access to training opportunities within and outside the enterprise.
- **Career opportunities**: This issue depends on factors such as the segmentation of the labor market, the social structure of the enterprise, as well as access to training and credit (in the case of self-employed workers).

This approach connects to the literature on employment quality, broadly defined as all work-related factors that have an impact on workers' economic, social, psychological, and work-related wellbeing. Thus, although the level of earnings is a key indicator for assessing workers' wellbeing, the analysis should go beyond earnings.[7] Other dimensions are important as well, both for their immediate impact on workers' wellbeing (e.g., working hours that are not too long to enjoy family life) and for their importance on securing sufficient incomes in the long term (e.g. pension coverage and protection against accidents at work). (For the dimensions of employment quality, see Box above)

What impact of globalization on workers should we expect? Based on the definition of globalization mentioned above, a satisfactory answer will have to be multidimensional. As we have seen, economic globalization has various dimensions, not all of which necessarily have the same impact. Likewise, the concept of employment quality has a number of dimensions, and changes do not necessarily run in the same direction for all of these dimensions. Finally, workers are faced with globalization in different ways according to the country and economic sector they work in, as well as their skill profile, sex, and other socioeconomic characteristics.

Compared to this puzzling and unsatisfactory complexity that makes it difficult to come up with clear answers to our question, the beauty of the most widely taught theory of trade (the so-called Heckscher-Ohlin theory) is in its elegant simplicity. According to this theory, globalization will lead national economies to make the best use of their comparative advantage. In developing countries unskilled labor is abundant, while capital is relatively scarce: Globalization should thus favor the development of economic activities that

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make intensive use of unskilled labor. This, in turn, should increase the demand for unskilled labor and thus remunerations paid to unskilled workers. Income distribution should improve in developing countries, while it should deteriorate in developed countries.[8]

The evidence shows that this is not what has happened in Latin America. In fact, income distribution has deteriorated rather than improved and unskilled workers have lost relative to their more educated counterparts (see Section 3). Economics provide two main explanations why the predictions of standard trade theory have been wrong.[9] First, the new technologies that are introduced by enterprises in the context of more intensive competitive pressures of international competition tend to require more skilled labor while the demand for unskilled labor declines. For example, new equipment may require a minimum of functional literacy and capacity to handle digital devices from production workers. This is referred to as "skill-biased technological change." Second, beyond the dichotomy of capital and labor, many developing countries are rich in natural resources. Rather than fostering labor-intensive sectors, globalization may thus foster natural resource-intensive sectors without necessarily increasing the demand for unskilled labor.

Both of these explanations are obviously relevant in the Latin American context. But these approaches that focus on the aggregate demand for unskilled vs. skilled labor, useful as they are, cannot explain everything. Globalization can also lead to changes in the organization of production and work which, although driven by economic processes, often escape the economist's analysis. Summarizing the available literature beyond the economic mainstream, a number of possible impacts of globalization on employment quality can be identified.

The pessimistic view mainly focuses on the risk of cutthroat competition between enterprises of different countries which could lead to a "race to the bottom" and thus lower earnings and noncompliance with labor legislation in order to lower costs. The pessimistic view also sees large foreign investors setting up global production networks in which only a small share of core workers is employed under permanent contracts while the majority works in atypical employment relationships, or in small subcontractors. In both cases, employment is less protected and lower paid.[10]

A large group of authors writing on the topic expect economic gains from globalization both for enterprises and workers, but alert to several side effects that increase insecurity for workers.[11] First, structural changes in the economy in line with competitive advantage cause decline in some economic sectors and growth in others, forcing workers to survive a period of unemployment while looking for new jobs and possibly acquire new skills. Second, fluctuations in the price of products in the international economy can translate into variations of employment levels, which will cause job insecurity. Finally, short-term capital flows can have a major impact on countries' exchange rates which in turn can endanger the competitiveness of the real economy and cause job insecurity. Moreover foreign investors may potentially be more prone to move on to other countries than domestic investors. Again, this would lead to more job insecurity.

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On a more optimistic note, clients' vigilance worldwide may contribute to better compliance with basic labor standards to the extent that Non-Governmental Organization (NGO) campaigns and negative press reports make bad publicity. Also, international trade can lower domestic prices for certain goods, which benefits workers given that they are consumers as well, to the extent that their own livelihood does not depend on a sector hit by the negative impact of import competition.

3. Back to the Real World: Evidence from Latin America

After having reviewed various mechanisms through which globalization can have an impact on workers, what is the evidence for Latin America? This section will present available data and studies to analyze structural changes in the labor market and variations in some dimensions of employment quality related to decent work. The main time period for the comparison is between 1990 (or the early 1990s) and the most recent available evidence.[12]

It is obvious that labor markets have changed and that major restructuring has taken place across employment categories and across economic sectors. Some of these changes can be linked to globalization, although it is analytically very difficult to isolate the impact of globalization from the impact of other variables, such as the simultaneous policies of privatization and labor market liberalization applied in many Latin American countries. To some extent, however, these policies can be seen as responses to globalization.

In very broad terms, available studies by the UN Economic Commission for Latin America and the Caribbean (ECLAC) and the ILO indicate that globalization has not delivered the expected benefits.

While global competition has forced enterprises to increase productivity, this has often led to higher unemployment rates in the context of slow economic growth. Moreover, as enterprises operate in a more flexible regulatory environment (including more ease for hiring and firing), enterprises can adapt to economic fluctuations by transferring economic fragility into social vulnerability for workers.[13] Short-term capital flows contribute to macroeconomic volatility and therefore lead to increased labor market insecurity for workers.[14] Indeed, statistical data show that open urban unemployment in 2005 was higher than in 1990 in most Latin American countries. For the whole of Latin America, the unemployment rate has increased by more than two percentage points during this period, from 7.1 percent to 9.3 percent.[15]

Urban employment can be divided into informal sector and formal sector employment. According to this simple and internationally comparable approach, informal sector employment consists of own account and unpaid family workers (except professionals), domestic service workers and workers in microenterprises with up to five workers. Formal sector employment includes the public sector, workers in small, medium-sized, and large enterprises, as well the professionals among own-account and unpaid family workers. The formal/informal distinction can serve as a first proxy for the quality of employment,

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given that informal sector employment is generally characterized by low productivity, low earnings, and low social security coverage. Obviously, this formal/informal dichotomy has many shortcomings. For example, in some countries, domestic service employment is increasingly formal in nature (e.g., Chile) while employment in the larger enterprises has become more "informal" via subcontracting and various atypical forms of employment. The main advantage of the definition is that comparable statistical data are available periodically for most Latin American countries.[16]

Informality has existed in Latin America before the last wave of globalization. However, between 1950 and 1980, a substantial share of net employment creation took place in the public sector and in the private formal sector of the economy.[17] During the 1990s, the employment share of own-account workers and microenterprises in Latin America has increased, while the share of workers in the public sector and in small and medium-sized enterprises diminished. The tendency is unclear with regard to the larger private enterprises.[18] Measured this way, the share of informal sector employment has increased from 42.8 percent of nonagricultural employment in 1990 to 47.4 percent in 2003. This increase can be observed for both men (from 39.4 percent to 44.5 percent) and women (from 47.4 percent to 51.0 percent), but the increase has been stronger for men than for women.[19]

Real wages in manufacturing as well as legal minimum wages have increased in most countries between 1990 and 2004/5. In most Latin-American countries, real wages in 2005 (or the last available date) were between twenty and sixty percent above the 1990 level. The only countries with a strong deterioration of manufacturing wages during this period are Uruguay and Venezuela. Minimum wages in 2005 were on average more than forty percent above the 1990 level, and only a few countries, such as Mexico, Uruguay, and Venezuela have seen a strong fall in the purchasing power of their legal minimum wages.[20]

Likewise, the poverty rate decreased, from an estimated 48.3 percent of the population in 1990 to 39.8 percent in 2005. Extreme poverty has decreased from 22.5 percent to 15.4 percent over the same period. However, the absolute number of poor people increased from 200 million to 209 million.[21]

Beyond earnings, few indicators of employment quality are available throughout Latin America in a comparable format. One indicator that is now being measured by household surveys in several countries is the social security coverage of the occupied population. Focusing on salaried workers, ILO[22] and (ECLAC)[23] find that in most countries, coverage has declined rather than increased since the early 1990s. For Latin America as a whole, the share of salaried workers contributing to the social security system decreased from 66.6 percent in 1990 to 63.6 percent in 2003 (Table 1 in the appendix).

Another indicator that can be obtained for various countries is the share of salaried workers with written work contracts (Table 2 in the appendix). Available data suggest that the share of workers without work contract increased over the 1990s in Argentina, Chile, Mexico, and Peru while it

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TABLE ONE Social Security Coverage of Urban Salaried Workers by Segment of the Labor Market, 1990 and 2003[60] (Workers Paying Contributions as a Share of Total Workers in Each Segment, in Percentages)

			Informal sector			
Latin America		Total	Domestic service	Microenterprises	Formal sector	Total
1990	*Total*	29.2	17.6	34.7	80.6	66.6
	Men	32.5	35.5	32.5	79.1	68.4
	Women	27.0	16.6	39.5	82.8	65.1
2003	*Total*	26.2	23.3	28.1	79.3	63.6
	Men	25.2	33.6	25.4	78.6	65.2
	Women	27.2	22.8	35.2	80.4	61.8

remained unchanged in Ecuador and decreased in Colombia. Among those with contracts, the share of fixed-term or other temporary contracts increased in all countries except Mexico (Table 3 in the appendix).[24]

Finally, trade unionization rates and the coverage of collective bargaining have diminished in most countries, with some exceptions among the smaller countries of the region (Colombia, El Salvador, and Guatemala) (Table 4 in the appendix).[25] In an extreme case like Uruguay, the coverage of collective bargaining decreased from 88.8 percent in 1990 to 17 percent in 2003.[26] Again, this decline cannot be attributed to globalization alone, but rather to a combination of global pressures and the domestic policy response, in this case a shift from sector-based to enterprise-based collective bargaining.

The aggregate data presented in this section to some extent conceal the evidence on the distribution of incomes and other benefits. Among thirteen

TABLE TWO Urban Salaried Employment by Existence of Written Work Contract (Share in Percentages)[61]

Country	Around 1990		Mid-1990s		Around 2000		Variation
Argentina (Gran Buenos Aires)	1990	78	1996	67			−
Chile	1994	86	1996	84	2000	76	−
Colombia	1989	63	1996	69			+
Ecuador			1994	54	1998	54	=
Mexico			1996	62	2000	59	−
Peru (Lima Metropolitano)	1989	70	1997	59			−

Note: Data for Argentina, Colombia, Chile and Peru exclude public sector employment.

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TABLE THREE Urban Salaried Employment with Work Contract by Type of Contract (Share of Indefinite Contracts in Percantages)[62]

Country	Around 1990		Mid-1990s		Around 2000		Variation
Argentina (Gran Buenos Aires)	1990	97	1996	96			−
Chile	1994	89	1996	83	2000	82	−
Colombia	1989	89	1996	88			−
Ecuador			1994	81	1998	80	−
Mexico			1996	84	2000	85	+
Peru (Lima Metropolitano)	1989	71	1997	45			−

Note: Data for Argentina, Colombia, Chile and Peru exclude public sector employment.

Latin-American countries for which data on income distribution are available for the beginning and the end of the 1990s, in eight countries the ratio between the income of the richest ten percent and the poorest forty percent of the population increased. In only four countries there was a decline of this ratio and in one country there was no measurable change.[27] The wage gap

TABLE FOUR Unionization Rates and Coverage of Collective Bargaining as a Share of Salaried Employment, Early 1990s and Most Recent[63]

	Unionization					Collective bargaining				
	Early 1990s		Most recent			Early 1990s		Most recent		
	Year	Rate	Year	Rate	Variation	Year	Rate	Year	Rate	Variation
Argentina	1990	49	2001	42	−	1995	73	2000	65	−
Brazil	1992	42	2001	42	=					
Chile	1990	20	2003	17	−	1991	15	2004	8	−
Colombia	1990	26	1997	29	+					
Ecuador	1994	66	1998	67	+					
El Salvador	1990	29	2002	30	+					
Guatemala	1990	10	1997	12	+					
Mexico	1996	17	2000	17	=					
Nicaragua	1993	15	1998	6	−					
Paraguay	1990	15	2004	8	−					
Peru	1994	20	2000	15	−					
Uruguay	1990	30	2003	20	−	1990	89	2003	17	−

Note: Data for Guatemala and El Salvador as share of registered employment. Data for unionization in Argentina refer to salaried workers in urban areas only. Due to differences in methodology, data are not fully comparable across countries, but differences over time in any one country should be consistent.

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between less-educated and more educated workers has widened since 1990.[28] According to available studies, this increased inequality is partly due to globalization and more specifically to increased international trade.[29]

In sum, the changes in employment quality since the 1990s show a mixed picture. Incomes increased (following a period of decline in the 1980s), but the distribution of income deteriorated. Those dimensions linked to workers' security clearly suffered deterioration (contractual status, social security). As mentioned before, these changes cannot be attributed to globalization alone, but rather to globalization and the impact of the policy mix that in most countries has been applied in response to the challenges of globalization.

Economic studies that focus on detecting causalities (using statistical and econometric methods) are notoriously difficult to carry out as results depend strongly on the quality of statistical data and the methodology used in the analysis. Most studies find that trade flows contributed to inequality, although the importance of the direct impact is moderate.[30] However, skill-biased technological change has a stronger role in explaining increased inequality.[31] Studies also show that countries that have gone through periods of rapid trade liberalization have experienced stronger intersectoral employment flows, confirming the idea that globalization can contribute to increased turnover and job insecurity.[32]

The aggregate data presented in this section do not permit major insights into changes in technology and work organization and their consequences for workers. For example, in most countries, an increase in the use of subcontracting arrangements has been observed. While in many instances subcontracting is a legitimate strategy to increase productivity and could even contribute to the development of specialized service providers with good working conditions, in practice these virtuous forms of subcontracting are a minority. In many cases, subcontracting contributes to widen the gap between a small number of relatively protected core workers and a large number of subcontractor enterprises in which insecurity prevails. The next section will take the case of one specific country, Chile, and analyze sectoral evidence in more detail.

4. The Case of Chile:[33] A Successful Example of Globalization?

Chile is generally cited as a country that mastered the challenges of globalization successfully. Indeed, economic growth over the last decades has been impressive, and the rate of poverty has declined from 38.6 percent of the population in 1990 to 18.8 percent in 2003.[34] Yet the answer to the question "is globalization good for workers?" is not all that clear in Chile, because the positive development in incomes and poverty reduction since 1990 has to be situated in a context where the negative impact of globalization for workers has largely been felt prior to 1990 during the period of military dictatorship. Moreover, precariousness is a common feature of labor relations in Chile that globalization seems to have accentuated rather than diminished.

While informality in Chile is lower than in most other Latin American countries, the informal sector share has not decreased between 1990 and 2003

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and the share of written work contracts and the social security coverage among salaried workers have decreased rather than improved since 1990.[35]

Most studies on the impact of globalization on Chilean workers focus on the natural resource-intensive sectors that have most benefited from Chile's policy shift from import substitution to export orientation. Typical examples are the fruit and agro-industry, fishing and fish processing, and forestry and wood processing industries.

Scholars have analyzed both the economic gains from the export boom and deficits in working conditions and occupational health.[36] To mention just one example, work in the seafood processing industry is highly seasonal, consists largely in the repetition of monotonous movements at high speed, and takes place in a cold and wet atmosphere.[37] Another major theme of the available studies is the increase of economic opportunities for women due to the boom of natural resource intensive industries, albeit at the price of difficult working conditions, lack of job security, and long working hours.[38] All leading export sectors in Chile have a high rate of job-related health risks: there are many accidents in forestry, fishing, and mining, as well as problems with pesticides in agricultural exports.[39]

Subcontracting and the use of temporary employment agencies are widespread and provide large enterprises with a mechanism to diminish their involvement with human resource management. However, subcontracting takes place not only in new export sectors and import-competing industries, but also in traditional export sectors such as copper mining and non-tradable sectors such as financial services.[40] Employment quality in subcontracted enterprises is generally worse than is the case for similar work in the client enterprises and the use of temporary employment agencies causes a triangular pattern of employment relationships (the agency handling the contract while the client enterprise is the actual employer) in which the responsibility for social security obligations and work accidents is often blurred.[41]

Both the increased economic opportunities, especially for women, and the precarious and often exploitative working conditions in export-oriented sectors, are part of the impact of globalization. The recent Free Trade Agreements with the European Union and the United States include clauses on social aspects and specifically on labor in the case of the agreement with Washington. It is likely that in the future the mechanisms of supervision and the technical cooperation between law-enforcing agencies, as well as the consumer pressure from developed countries' markets will contribute to improvements in working conditions in export-oriented enterprises.[42]

In this article however, the analysis will focus on the textile and clothing and on the metalworking sectors, for which the economic opportunities under conditions of accelerated globalization are much less clear-cut. The emphasis is on the strategies that enterprises use in response to globalization and their impact on employment quality. Comparative investigations published by the ILO identify two strategies of economic restructuring in the face of competitive challenges with radically different consequences for the labor force.[43] The first,

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called "low road," consists in seeking competitiveness by means of low labor costs and a deregulated institutional environment. In addition to negative consequences for the work force, competitiveness gains reached by this method can be of short duration because deficient working conditions tend to cause high levels of worker turnover, hindering necessary investments in human capital. Unrestricted competition between enterprises based on low prices implies degrees of rivalry that can hinder forms of cooperation between enterprises in order to jointly access resources, infrastructure and economies of scale.

The second strategy, called "high road," consists in developing constructive competition, increasing efficiency, and applying innovative measures. Hence, economic progress allows salary increases and improving working conditions. This strategy needs some basic rules to avoid competition by lowering salaries and working conditions. A mix of competition and cooperation also forms part of this strategy. This second strategy is more desirable than the first one not only in terms of the quality of employment, but also in terms of enterprise development. Sengenberger and Pyke thus maintain that good working conditions and competitive development do not exclude each other, but can rather mutually reinforce each other, although for the enterprise the beneficial effects of a good quality of employment may be more difficult to measure than its costs.[44]

Textiles and clothing: continued decline or revival? In the textile and clothing industry, it is common knowledge that globalization has brought more harm than good to its enterprises and workers.[45] Indeed, as textiles and clothing are typical import substitution industries, trade liberalization brought a major decline in both production and employment, as resources shifted toward natural resource-intensive export sectors.

Historically, the textile and clothing industry is a classical example of import substitution within the Latin American experience of industrialization. Imports predominated prior to industrialization—in 1917/1918, 55.7 percent of textile, clothing, and shoe products were imported—but were quickly replaced by domestic products. In 1952/53, import penetration was down to 6.1 percent and then remained more or less constant (6.6 percent in 1963/1964).[46]

With regards to work organization, a "pre-Taylorist" paternalistic system seems to have been predominant during the era of import substitution. In the large enterprises, this system was characterized by regular and permanent employment relationships, a moderate work pace that permitted the development of strong social links within the enterprise (*compañerismo*), and low wages complemented by various social benefits. The introduction of a Taylorist system with time studies in every working post enabled Yarur, one of the main textile producers of that time, to reduce its labor force by half without reducing its production and without significant technological changes.[47]

In the clothing industry, the first large enterprises of ready-to-wear clothes appeared at the end of the nineteenth century. In spite of the increasing

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industrialization of garment production, tailor-made clothes still held a considerable market share of 21.5 percent in the mid-1960s.[48] Industrialization did not cause the home work production to disappear either.

The main characteristics of the clothing industry during the ISI period were similar to those of the textile industry: vertical integration (although to a lesser degree than in the textile industry), diversified production, and heterogeneous technology. However, the most relevant limitations to the industry's productivity did not lay in the machinery, but rather in the deficient flow of the work in process within the enterprise, problems in input sourcing and the absence of time studies for the different productive processes.[49]

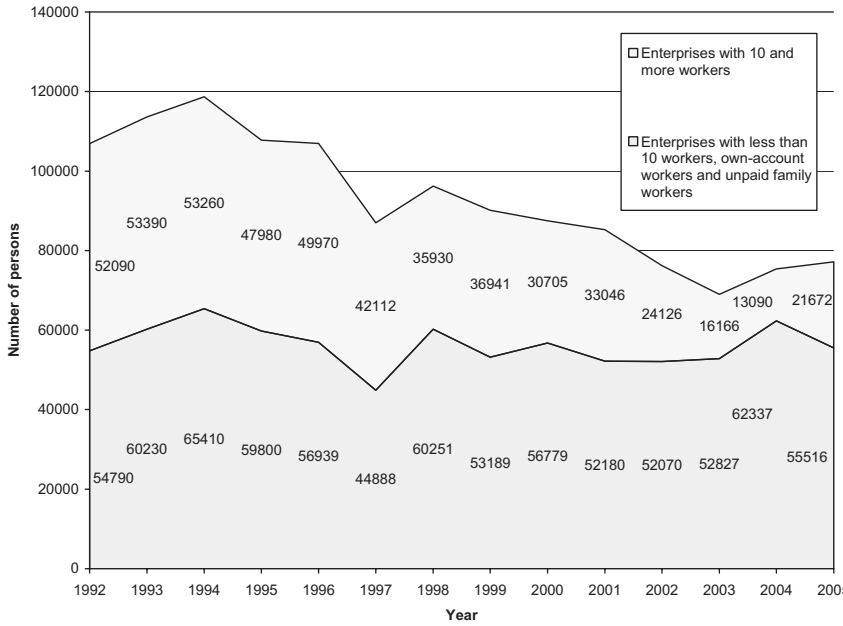
Being import-substituting industries par excellence, the textile and clothing sectors were among the most affected by the abrupt commercial opening and the recessions of the 1970s and 1980s. The declines in production and employment were more substantial than for the manufacturing industry as a whole. During the second half of the 1980s, the sector as well as the manufacturing sector in general experienced a strong recovery. This recovery was based on the massive incorporation of cheap labor and the use of unused productive capacity. However, over the years, import competition in these industries proved to be especially tough. As of 2002, import penetration in textiles, clothing, and shoes is as high as 60.9 percent, which means that significantly more than half of all products sold in Chile are imported. By comparison, the rise of import penetration in manufacturing as a whole was less dramatic, reaching 40.1 percent in 2002.[50]

As a consequence, the textile and clothing industry has suffered continued decline and huge job losses, due to a large extent to competition from imports at lower prices, at higher quality levels, or with more fashionable design than Chilean production. In the clothing industry, production is down to one third of its level of the early 1990s. In the textile industry, production has dropped by one third during the same period. The weak performance of both industries contrasts with that of the manufacturing sector as a whole, which increased its output level continuously during the same period, except for a minor decline in 1998 and 1999.

While Chilean consumers have benefited from declining prices as import competition rose, trade liberalization has led to a clear decline in production and employment in the Chilean textile and clothing industry. In addition, the composition of employment has changed in favor of microenterprises and self-employed workers, partly because survivalist enterprises have to maintain operations despite declining incomes for lack of alternatives, and partly because larger enterprises increasingly subcontract production to small workshops or home workers. The drop in total clothing employment seems to be exclusively due to a decline of employment in enterprises with ten or more workers (although the data for 2005 suggest a slight recovery) whereas employment in enterprises with less than ten workers (including own-account workers and unpaid family workers) has been almost stable (Figure 1).

This trend is partly connected to the fact that most enterprises within the Chilean textile and clothing industry have responded to the competitive challenges of globalization by resorting to cost-cutting strategies that frequently

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1. Composition of employment in the clothing industry, 1992–2005.

Source: Author's calculations based on special tabulations of the Encuesta Nacional del Empleo (Instituto Nacional de Estadísticas), October-December of each year.

Note: Given that the employment survey was not designed for the disaggregation at subsectoral level, figures should be taken as rough indications.

have negative effects for workers. One such strategy is the externalization of costs and risks through subcontracting. Another such strategy is hiring workers on fixed-term contracts or without a formal contract at all. In 1996, for example, scarcely more than one-half of the workers in the textile and clothing industry worked as salaried workers in permanent employment situations with formal, written work contracts.

Workers in nonstandard employment suffer significantly poorer employment quality than their colleagues with open-ended formal contracts. This is reflected by lower average earnings, lower social-security coverage, and far less access to job-related training. In some cases, flexibility is provided by the hiring of workers through temporary employment agencies.

Average incomes in the Chilean textile and clothing industry are slightly lower than in other manufacturing sectors. As in other sectors, salaried workers in permanent employment situations with written contracts earn substantially more than temporary workers and those without written work contracts. Temporary workers earn slightly more than half of what permanent workers receive.

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More strikingly, perhaps, wages in the textile and clothing industry are significantly less reliable than in other manufacturing branches. The reliability of wages depends on the pay systems used, the degree of transparency in the implementation of the system, and on the presence of a trade union acting as a bargaining partner in wage setting. In the clothing and knitwear sectors, piece-rate wages were already common under the Import Substitution Industrialization (ISI) strategy and continue to be very widespread.[51] Compared to previous practices, the system has undergone considerable changes. During the ISI period, there were minimum hourly wages set for each profession and nationally fixed minimum rates for each operation on different types of machines. Today, by contrast, piece rates can be freely set by the enterprise; the only existing regulation is the nationwide monthly minimum wage. In spinning and weaving, the predominant system is that of fixed wages (sometimes combined with group-based productivity incentives), given that the pace of production is determined more by the rhythm of the machines than by the rhythm of the workers.

There were also important changes in other dimensions of employment quality beyond incomes, such as differences in social security coverage and training and working hours for different categories of workers. Social security coverage is almost universal for permanent salaried workers with written contracts, somewhat lower for temporary salaried workers with written contracts, and very incomplete for those without written contracts and the self-employed. With regard to job-related training, while figures in general compare unfavorably with the manufacturing sector as a whole, temporary workers and those without written work contract receive almost no training. This confirms the hypothesis that workers who are not expected to stay in the enterprise are very unlikely to be given the opportunity to upgrade their skills. They may, therefore, easily become "trapped" in low quality, low productivity jobs. Finally, about one fifth of workers work over forty-eight hours per week. Self-employed workers and employers are the most likely to have very long working hours. Among the salaried workers, those without written work contracts have the highest incidence of long working hours.

In those enterprises where it was possible to talk directly to production workers, their complaints were not only about low wages and lack of social benefits. They also complained about what they perceived as "unfair treatment" by direct supervisors or enterprise owners. Other problems of employment quality included lack of adequate heating, lighting, and ventilation as well as weak representation mechanisms to defend the workers' interests.

This is also related to emergent trends in the organization of work within the textile and clothing industry. While there has been some degree of modernization in patterns of work, these have not involved a systematic upgrading of skills for production workers. Participatory approaches are rarely, if ever, used. There is a very rigid division of labor between production workers, on the one hand, and supervisory staff, on the other. Some enterprises widen the gap between these categories (even though sometimes workers may work in relatively similar positions) with different colors of uniform on the production site and

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separate lunch facilities. It is common for managers to expect workers to leave the trade union once they have been promoted to white-collar status. Another changing aspect of work organization is the degree of "functional flexibility," that is, the capacity to move workers from one task to another. In several enterprises, work groups or "modules" had been introduced by 1996 in order to allow for the rotation between work posts. This has not increased the workers' autonomy. The module leaders are generally perceived as supervisors, which is why despite their official title "head of module" (*jefa de módulo*), workers and trade union leaders refer to them as "supervisors" (*supervisora*). Ultimately, functional flexibility seems to mainly give the employer greater freedom to control the labor force and carry out transfers according to the enterprise's needs. The emphasis on control is confirmed by the fact that in two enterprises, management supervises the workers through video cameras installed for that purpose. These examples illustrate the development of a hierarchical management style that is often characterized by a lack of trust between management and workers.

Most enterprises have used strategies that do not help the industry out of the crisis, and only a small minority meets the requirements to take up new opportunities provided by the Free Trade Agreement with the United States. In those enterprises which export to the United States, compliance with basic labor laws is fairly high, and the control of quality and working conditions through the client enterprises has added an incentive for compliance. Moreover, production for the domestic market is often contracted out to small workshops while production for export to the United States tends to remain in-house. However, in most enterprises, working conditions have deteriorated as a consequence of cost-cutting strategies which permitted survival in the short term but hinder more ambitious development strategies of product upgrading in the longer run.

While short-term flexibility strategies have helped enterprises survive, the sector has entered into a "low productivity/poor employment quality" trap. In many ways, the textile and clothing industry is a typical example of a "low road" adjustment strategy. A major obstacle to development is the vicious circle of enterprise strategies causing poor employment quality and, in turn, poor employment quality blocking more innovative enterprise strategies.

To reduce costs and increase flexibility, enterprises subcontract parts of the production process to workshops and home workers. The subcontracting chains lower prices because subcontractors grant fewer social benefits and have lower fixed costs than those of larger enterprises. There are, however, problems of productivity and quality control.

Workers in Chilean textile and clothing enterprises suffer from poor employment quality, owing to the flexibility strategies on the part of enterprises and weak bargaining power on the side of the workers. Enterprises use flexibility strategies that affect employment quality through various channels: a) lack of stability due to fixed-term contracts and piece-rate wages; b) lack of opportunities for job upgrading and c) lack of participation. Low quality of employment, in turn, limits enterprises' choice of flexibility strategies.

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The predominance of short-term survival strategies becomes also evident in the very limited access to job-related training. The percentage of workers having participated in such training is only around half the percentage for the manufacturing sector as a whole. Training is virtually nonexistent for temporary workers and those without written contracts. A segment of the textile and clothing labor force is flexibly employed when the necessity arises, but does not benefit from enterprise investments.

The metalworking industry: adapting to competitive pressure Like the textile and clothing industry, the metalworking sector is under constant adjustment and restructuring pressures due to the openness of the Chilean economy and the fierce import competition. Like the textile and clothing industry, the sector has suffered several crises during the 1970s and 1980s in which a huge number of jobs were lost. However, unlike the textile and clothing sector, more recently the metalworking sector was able to face the competitive challenges rather successfully as the production has expanded during the 1990s, except during the recent 1998/1999 recession.

The beginnings of the Chilean metalworking sector date back to the nineteenth century. From the beginning of the import substitution process at the end of the 1930s, the steel and metalworking sector was considered a strategic priority. By virtue of a 1944 law, steel producers exploiting national mineral resources obtained tax breaks and other important benefits. The Chilean Development Corporation (Corporación de Fomento de la Producción [CORFO]) launched a large-scale enterprise called *Compañía de Acero del Pacífico* which began to produce steel in 1950.[52]

During the 1950s and 1960s, the sector continued to develop under the conditions of the ISI strategy. Although many goods would not have been internationally competitive in terms of quality and prices (and depended thus on the significant degree of import protection under the ISI scheme), there was genuine technological development. Chile produced metalworking products of a considerable technological complexity, mainly for the domestic market, but also for export to the partner countries of the *Pacto Andino*, a regional trade agreement signed in 1969 with which special trade agreements existed.[53]

In the case of the household appliances industry for example, a Chilean enterprise was set up to produce compressors for refrigerators, the "heart" of a refrigerator and one of the technologically most complex products the Chilean metalworking sector has produced. This production expanded to cover not only the domestic market, but also the regional market of the partner countries in the *Pacto Andino*. With its radical shift in trade policy after 1973, Chile withdrew from the *Pacto Andino*. The enterprise therefore lost its export markets, while it was also suffering from more competitive imports in the domestic market. As a consequence, the enterprise had to close down in 1979 and its installations were sold to Brazil. Ironically, during the 1980s Chilean refrigerator producers bought their compressors precisely from

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the Brazilian enterprise that had acquired these installations, and used exactly the same technology as prior to the closedown of the domestic enterprise.[54]

The radical shift in trade policy in particular after the 1973 military coup and the 1982/1983 recession had a devastating impact on employment and production in the metalworking sector, with a huge decline in production in all subsectors ranging from the machinery industry to the transport equipment.[55] The share of imported products in the total consumption of metalworking products in Chile increased from twenty-nine percent in 1970 to fifty-six percent in 1986.

The technological level of the metalworking sector also declined as many products ceased to be produced in the country and products that had been assembled with domestic inputs were increasingly assembled from imported inputs. Among the products that ceased to be produced in Chile are electric motors, some types of hydraulic pumps, some types of compressors, machine tools for metals, machine tools for wood, components of agricultural machinery, some types of mining equipment, some components of cars, train wagons, and compressors for refrigerators.[56]

From 1983 onwards, the metalworking sector recovered, without however reaching the importance prior to the trade opening. Enterprises adapted to competitive pressures by introducing innovations in technology and work organization. However, Chilean metalworking enterprises are not offensive innovators. They do not have the ambition to situate themselves in an international *avant-garde* position. Rather, their strategy consists in imitating technologies available elsewhere (reverse engineering) and occasionally adapting and improving them.

Enterprises constantly adapt the mix between their own production and imports according to shifts in relative prices in domestic and international markets. Subcontracting relationships between manufacturers of final products and their provider are a key element in the flexibility strategies, but the division of labor between both sides is relatively more stable than in the textile and garment sector. Subcontracting is generally not used to cover temporary production peaks, but rather to develop a specialization in well-defined parts of the production process. In the case of the Chilean household appliances industry, the manufacturers of final goods largely restrict themselves to assembly, while most pieces and components are either acquired from national providers or imported. The situation is somewhat different in the metal fabricating industry, which has been able to keep up the whole chain of producing goods for export by focusing on simple, easy to manufacture products.[57]

Both in the electrical appliances and the metal fabricating sectors, managerial flexibility is achieved through numerical flexibility (use of temporary workers), internal flexibility in the amount of labor (shift and overtime work) and wage flexibility (variable element in wages). The use of these flexibility strategies is by no means restricted to the smaller enterprises. On the contrary, the large manufacturing enterprises appear to be relying on them as much as the smaller enterprises do.

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In the electrical appliances sector, Chilean enterprises apply global strategies regarding the sourcing of inputs, technology transfer agreements with foreign enterprises, and imports of final goods for resale. On the other hand, there are regional expansion strategies in Latin America that have a stronger emphasis on opening up export markets and establishing strategic alliances with enterprises in other Latin American countries.

The consequences of these strategies for the quality of employment are ambiguous. Real wages and benefits have increased during the 1990s, but there does not seem to be any substantial improvement with regards to job security, the opportunities for workers' participation in the enterprise and the interest of work. As in other sectors of the Chilean economy, the reliability of employment and income (job security) has decreased since 1973. The widespread use of temporary workers with fixed-term contracts is one of the main reasons for this decrease. In most enterprises, temporary workers receive lower salaries and social benefits than permanent workers. The changes in the work organization have generally increased the intensity of work in the Chilean metalworking sector and there has been no systematic improvement in the interest of the work. Many production workers still work in monotonous tasks of loading and unloading, and only a minority participates in the more skill-intensive tasks of programming and planning. Generally, production workers have fared worse than administrative workers.[58] While overtime work beyond the limits set by the labor law is quite common, on the whole the degree of compliance with the minimum standards fixed in the labor legislation is better than in the textile and garment industry.

The restructuring strategy of the Chilean metalworking sector can be situated between the "high road" and the "low road" strategy. On the one hand, Chilean metalworking enterprises have increased their productivity and this enabled them to compete successfully in international markets. However, the sector does not completely fall into the "high road" category. Cooperative contacts between competing enterprises are quite weak, market fluctuations are mostly compensated by varying employment levels, working hours, and salaries. The workers have thus to bear the major part of the costs of these fluctuations. More generally, while some improvements in wages and benefits have occurred, there is no progress with regards to most other dimensions of employment quality. This is directly linked to the fact that enterprise strategies focused too much on commercial and engineering aspects, neglecting the technicians' and blue-collar workers' role in the production processes.

In sum, after a period of crises and downsizing with important job losses, Chilean metalworking enterprises have coped with global competitive struggles applying dynamic innovation strategies that have enabled them to increase their productivity and expand their production. They have also grasped the opportunities of the globalizing economy with active global and regional trade and procurement strategies. At the same time however, the dynamism of these enterprises has been limited by the contradictions inherent in the economic and institutional characteristics of the "Chilean model." For example,

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enterprises depend more and more on workers' commitment and motivation as new productive challenges arise, but the labor relations within most enterprises are characterized by unilateral management control and workers' passivity. Trade unions are often weak and fragmented. The strong use of fixed-term contracts and other instruments of numerical flexibility also runs against strong workers' commitment.

Beyond the negative impact on enterprises' development perspectives, workers suffer the immediate negative impact of these contradictory strategies as they are affected by authoritarian labor relations with few opportunities for meaningful participation and job insecurity.

5. Conclusions

Summing up the available evidence on changes in job quality in Latin America during the 1990s, average manufacturing wages have increased in real terms, but other dimensions of job quality have deteriorated. Informality has increased and the coverage of social security has declined. On most other dimensions of employment quality, no comprehensive evidence is available. While these general data would suggest that "globalization is good for workers' incomes but bad for their security," this answer needs to be qualified in at least two important aspects.

First, the aggregate statistical data tend to conceal the huge differences between countries and within countries. Changes in employment quality vary from country to country, from economic sector to economic sector, between unskilled and skilled workers. For many workers, changes may be positive on some dimensions of employment quality and negative on others.

Second, it is difficult to assign changes in a straightforward manner to the impact of globalization as many other variables may have contributed to labor market outcomes. For example, policies of privatization and labor market flexibilization are often seen part of a package of policy responses that countries choose as responses to globalization, but they are by no means the only possible response. The right policy choices to enhance the positive potential and limit the negative impacts of globalization are key in explaining differences much beyond the basic principles of good governance.[59]

On balance, it is safe to say that so far at least, globalization has not delivered on its promise to provide "decent work" for workers in Latin America. The debate on the social impact of globalization is largely a debate on the distribution of opportunities and risks that arise from globalization. To the extent that capital has become much more mobile than labor (despite large migratory flows), the main burden of economic downturns is likely to fall on workers' shoulders.

The more detailed analysis of the Chilean case has shown that while enterprises are successfully adapting to the challenges of globalization and poverty is declining, the picture in employment quality is not all that rosy. In many regards, workers bear a disproportionate share of the burden of economic fluctuations

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and suffer from job instability and precarious contracts. In many cases, subcontracting mechanisms have created confusion for workers as to who their employer is and allowed enterprises to elude responsibility for benefits and working conditions. Therefore, even in the case of countries like Chile which have integrated successfully into the international economy, decent work does not come about automatically and in Latin America has generally yet to appear.

NOTES

1. Specialist on Employment Policies, International Labor Organization Subregional Office, Santiago de Chile. Email: reinecke@oitchile.cl. The views expressed here are the author's and do not necessarily coincide with the ILO's. A previous version of this article was presented at the Miniconference on Labor and Globalization, October 6, 2004, Las Vegas. I would like to thank Peter Winn and Joel Stillerman for their useful and constructive comments.

2. Raymond Torres, *Towards a Socially Sustainable World Economy: An Analysis of the Social Pillars of Globalization* (Ginebra, 2001).

3. Fernando Cardoso and Enzo Faletto, *Dependency and Development in Latin America* (Berkeley, 1979).

4. Paul Bairoch, "Globalization. Myths and Realities: One Century of External Trade and Foreign Investment" in *States against Markets: The Limits of Globalization*, ed. Robert Boyer and Daniel Drache (London, 1996).

5. International Labor Organization (ILO), "Country Studies on the Social Impact of Globalization: Final Report" (Geneva, 1999).

6. ILO, "Globalization and Decent Work in the Americas" (Geneva, 2002).

7. For more detail on the concept of employment quality, see Gerry Rodgers and Gerhard Reinecke, "La Calidad Del Empleo: Perspectivas Y Ejemplos De Chile Y Brasil" in *Reestructuración, Integración Y Mercado Laboral. Crecimiento Y Calidad Del Empleo En Economías Abiertas*, ed. ILO (Santiago, 1998); Ricardo Infante, ed., *La Calidad Del Empleo. La Experiencia De Los Países Latinoamericanos Y De Los Estados Unidos* (Santiago, 1999); and Gerhard Reinecke, *Inside the Model: Politics, Enterprise Strategies and Employment Quality in Chile* (Hamburg, 2000).

8. For an overview largely in line with the Heckscher-Ohlin approach, see Adrian Wood, *North-South Trade, Employment and Inequality: Changing Fortunes in a Skill-Driven World* (Oxford, 1994); For a critical overview of the empirical evidence, see Donald Robbins, *HOS Hits Facts: Facts Win; Evidence on Trade and Wages in the Developing World* (Cambridge, MA, 1996).

9. Bernard Hoekman and L. Alan Winters, *Trade and Employment: Stylized Facts and Research Findings* (Washington, DC, 2005); Torres, *Towards a Socially Sustainable World Economy.*

10. For example, Folker Fröbel, Jürgen Heinrichs, and Otto Kreye, *Umbruch in Der Weltwirtschaft. Die Globale Strategie: Verbilligung Der Arbeitskraft/Flexibilisierung Der Arbeit/Neue Technologien* (Reinbek, 1986); Bennett Harrison, *Lean and Mean: Why Large Corporations Will Continue to Dominate the Global Economy* (New York, 1994); Anita Chan, "A "Race to the Bottom". Globalisation and China's Labour Standards" *China Perspectives* 46 (2003).

11. For example, Dani Rodrik, *The New Global Economy and Developing Countries: Making Openness Work* (Baltimore, 1999); Dani Rodrik, "Why Is There So Much Economic Insecurity in Latin America" (Cambridge, MA, 1999); Torres, *Towards a Socially Sustainable World Economy.*

12. 1990 is a good point for comparison because according to most indicators of trade and investment flows, globalization accelerated during the 1990s. However, this does obviously not mean that globalization suddenly started in 1990.

13. José Luis Machinea and Martín Hopenhayn, *La Esquiva Equidad En El Desarrollo Latinoamericano. Una Visión Estructural, Una Aproximación Multifacética* (Santiago, 2005).

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14. Rodrik, *The New Global Economy and Developing Countries: Making Openness Work*; Rodrik, "Why Is There So Much Economic Insecurity in Latin America"; Torres, *Towards a Socially Sustainable World Economy.*

15. ILO, *Panorama Laboral 2006* (Lima, 2006).

16. Recently, the ILO has defined the concept of the "informal economy" in addition to the informal sector, recognizing that informal employment relationships exist even in the so-called formal sector ILO, *Decent Work and the Informal Economy: Report VI. International Labour Conference 90th Session 2002* (Geneva, 2002). However, complete statistical indicators are not yet available for cross-country and over-time comparisons. For a more class-based approach using the same statistical data for operationalization, see Alejandro Portes and Kelly Hoffman, "Latin American Class Structures: Their Composition and Change During the Neoliberal Era" *Latin American Research Review* 38.1 (2003).

17. Emilio Klein and Víctor Tokman, "La Estratificación Social Bajo Tensión En La Era De La Globalización" *Revista de la CEPAL* 72 (December 2000). For reasons of data availability, the older series refers to nonagricultural instead of urban employment. For some countries, the cut-off point for microenterprises is ten instead of five workers.

18. Economic Commission of Latina American and the Caribbean (ECLAC), *A Decade of Social Development in Latin America, 1990–1999* (Santiago, 2004); ILO, *Panorama Laboral 2005 (Avance Primer Semestre)*; ILO, *Panorama Laboral '99* (Lima, 1999).

19. ILO, *Panorama Laboral 2005 (Avance Primer Semestre)*. The last available data for 2005 show some return to formal sector employment, but do not allow for direct comparison with the 1990 data (ILO, *Panorama Laboral 2006)*.

20. ILO, *Panorama Laboral 2006*.

21. ECLAC, Panorama Social de América Latina 2006 (Santiago, 2006).

22. ILO, *Panorama Laboral 2005 (Avance Primer Semestre)*.

23. ECLAC, *A Decade of Social Development in Latin America, 1990–1999.*

24. Leonardo Gasparini, *Protección Social Y Empleo En América Latina: Estudio Sobre La Base De Encuestas De Hogares* (Lima, 2003); Víctor Tokman and Daniel Martínez, eds., *Flexibilización En El Margen: La Reforma Del Contrato De Trabajo* (Lima, 1999).

25. See also ILO, *World Labour Report 1997–98. Industrial Relations, Democracy and Social Stability* (Geneva, 1997).

26. Marisa Bucheli, Adrián Fernández, Magdalena Furtado, and Juan Manuel Rodríguez, *Regulaciones E Instituciones En El Mercado De Trabajo De Uruguay* (Montevideo, 2004).

27. ECLAC, *A Decade of Social Development in Latin America, 1990–1999.*

28. Klein and Tokman, *La Estratificación Social Bajo Tensión En La Era De La Globalización*.

29. Gerhard Reinecke and Raymond Torres, *Studies on the Social Dimensions of Globalization. Chile* (Geneva, 2001).

30. Hoekman and Winters, *Trade and Employment: Stylized Facts and Research Findings*; Robbins, *HOS Hits Facts: Facts Win; Evidence on Trade and Wages in the Developing World*; Torres, *Towards a Socially Sustainable World Economy. An Analysis of the Social Pillars of Globalization*.

31. Hoekman and Winters, *Trade and Employment: Stylized Facts and Research Findings.*

32. Torres, *Towards a Socially Sustainable World Economy.*

33. The sectoral case studies in this section are based both on a summary of the available literature on these sectors and the author's field research. For a more detailed presentation and methodological aspects see Gerhard Reinecke, *Flexibilidad, Innovaciones Y Cadenas Productivas: La Industria Textil Y Del Vestuario En Chile* (Santiago, 1997); Reinecke, *Inside the Model. Politics, Enterprise Strategies and Employment Quality in Chile*; Reinecke, *Negative Constriction or Potential Opportunity? Globalization, Enterprise Strategies and Labour in the Chilean Textile and Clothing Industry* (forthcoming).

34. National Socioeconomic Characterization Survey (Encuesta Nacional de Characterizacion Socioeconimica [CASEN]).

35. ILO, *Panorama Laboral 2005 (Avance Primer Semestre)*.

36. Rafael Agacino, Cristián González, and Jorge Rojas, *Capital Transnacional Y Trabajo. El Desarrollo Minero En Chile* (Santiago, 1998); Elías Apud, Silvia Lagos, and Fabiola Maureira, *Estudio Ergonómico En Plantas Salmoneras De La X Región, Cuaderno De Investigación 17* (Santiago, 2003); Stephanie Barrientos, Anna Bee, Ann Matear, and Isabel Vogel, *Women and Agribusiness: Working Miracles in the Chilean Fruit Export Sector*

https://doi.org/10.1017/S0147547906000147 Published online by Cambridge University Press

(New York, 1999); Priscilla Délano and David Lehman, "Women Workers in Labour-Intensive Factories: The Case of Chile's Fish Industry," *European Journal of Development Research* 5.2 (1993); Estrella Díaz, *Transnacionalización De La Industria Salmonera. Aspectos Socio-Laborales De Un Proceso En Curso* (Santiago, 2003); Solange Duhart, Antonio Infante, and Jacqueline Weinstein, *Condiciones De Trabajo Y Salud Ocupacional De Los Trabajadores De La Flota Pesquera De Arica E Iquique* (Santiago, 1987); Solange Duhart and Jacqueline Weinstein, *La Industria Pesquera En La Región Del Bíobío* (Santiago, 1991); Patricio Escobar and Diego López, *El Sector Forestal En Chile: Crecimiento Y Precarización Del Empleo, Colección Estudios Sectoriales 12* (Santiago, 1996); Rachel Schurman, "Uncertain Gains: Labor in Chile's New Export Sectors" *Latin American Research Review* 36.2 (2001).

37. Rachel Schurman, "Shuckers, Sorters, Headers, and Gutters: Labor in the Fisheries Sector" in *Victims of the Chilean Miracle: Workers and Neoliberalism in the Pinochet Era, 1973-2002*, ed. Peter Winn (Durham, NC, 2004).

38. Barrientos et al., *Women and Agribusiness*; Délano and Lehman, "Women Workers in Labour-Intensive Factories."

39. Reinecke and Torres, *Studies on the Social Dimensions of Globalization: Chile.*

40. Magdalena Echeverría, Valeria Solis, and Verónica Uribe-Echeverría, *El Otro Trabajo. El Suministro De Personas En Las Empresas* (Santiago, 1998); Thomas Miller Klubock, "Class, Community, and Neoliberalism in Chile: Copper Workers and the Labor Movmenet During the Military Dictatorship and the Restoration of Democracy" in *Victims of the Chilean Miracle*, ed. Winn.

41. Laís Abramo, Cecilia Montero, and Gerhard Reinecke, "Cambio Tecnológico, Encadenamientos Productivos Y Calificaciones Del Trabajo En Chile: Un Balance" in *Competitividad, Redes Productivas Y Competencias Laborales*, ed. Marta Novick and María A. Gallart (Montevideo, 1997); Echeverría, Solis, and Uribe-Echeverría, *El Otro Trabajo.*

42. For example, textile and clothing enterprises that export their products to the United States are routinely subject to audits on behalf of the client enterprises. Compliance with labor legislation is one of the main topics of these audits, together with the quality of the product and environmental standards (Interview with Mario García, President of the textile and clothing business association *Instituto Textil*, Santiago, May 2006)

43. Werner Sengenberger and Frank Pyke, "Industrial Districts and Local Economic Regeneration: Research and Policy Issues" in *Industrial Districts and Local Economic Regeneration*, ed. Werner Sengenberger and Frank Pyke (Geneva, 1992).

44. Ibid.

45. Rafael Agacino, *Evolución Económica Reciente De Los Sectores Textil Y Del Vestuario, 1986–1990* (Santiago, 1991); Patricio Frías, Magdalena Echeverría, Gonzalo Herrera, and Christian Larraín, *Industria Textil Y Del Vestuario En Chile, 3 Vol.* (Santiago, 1987); Peter Winn, "'No Miracle for Us': The Textile Industry in the Pinochet Era, 1973-1998" in *Victims of the Chilean Miracle.*

46. Teresa Jeanneret, "El Sistema De Protección a La Industria Chilena," in *Proceso a La Industrialización Chilena*, ed. Oscar Muñoz (Santiago, 1972), 66.

47. Peter Winn, "El Taylorismo Y La Gran Huelga Yarur De 1962," *Proposiciones* 19 (1990), Peter Winn, *Weavers of Revolution: The Yarur Workers and Chile's Road to Socialism* (Oxford, 1986).

48. Consultores en Ingeniería y Administración de Empresas (CADE) *Estudio De La Industria De Confecciones* (Santiago, 1967).

49. Ibid.

50. Author's calculations based on Banco Central de Chile and Instituto Nacional de Estadísticas.

51. According to a survey carried out in 1991 among 325 female workers of the clothing and knitwear industries, 63.4 percent received a piece-rate wage. This share would be even higher if only the seamstresses were considered, excluding supervisors and those workers in charge of cutting machines. See Ximena Díaz and Norah Schlaen, *La Salud Ignorada. Trabajadoras En La Confección* (Santiago, 1994). Among men, the share of piece-rate workers is lower because they rarely work as seamstresses.

52. Guillermo Gandarillas, "Importancia Para Chile De La Producción De Acero En Gran Escala" *Occidente* 8.69 (1951).

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53. Sergio Merino and Jacqueline Weinstein, "La Industria Metalmecánica" in *La Industria Chilena: 4 Visiones Sectoriales*, ed. Centro de Estudios de Desarrollo (Santiago, 1986).

54. Álvaro Díaz, *Chile: Dinámica De Largo Plazo En El Cambio Tecnológico De Una Empresa Metalmecánica* (Santiago, 1992); Instituto Chileno de Acero, *La Industria Metalúrgica Chilena En La Década Del 70* (Santiago, 1980); Merino and Weinstein, "La Industria Metalmecánica."

55. Merino and Weinstein, "La Industria Metalmecánica."

56. Ibid.

57. Magdalena Echeverría and Gonzalo Herrera, *Innovaciones Y Trabajo En Empresas Manufactureras Chilenas: La Visión Sindical* (Lima, 1995); Joel Stillerman, "Disciplined Workers and Avid Consumers: Neoliberal Policy and the Transformation of Work and Identity among Chilean Metalworkers" in *Victims of the Chilean Miracle.*

58. For an illustration of this point based on the case of a specific enterprise, see Stillerman, "Disciplined Workers and Avid Consumers."

59. ILO, *A Fair Globalization: Creating Opportunities for All* (Geneva, 2004).

60. ILO, *Panorama Laboral 2004* (Lima, 2004).

61. Tabulations based on the CASEN survey 2000; Gasparini, "Protección Social Y Empleo En América Latina"; Tokman and Martínez, eds., *Flexibilización En El Margen*.

62. Tabulations based on the CASEN survey 2000; Gasparini, "Protección Social Y Empleo En América Latina"; Tokman and Martínez, eds., *Flexibilización En El Margen*.

63. Estimates based on data from ILO data base on trade union membership, websites of relevant authorities, Ministerio de Justicia y Trabajo (Paraguay); Bucheli et al., "Regulaciones E Instituciones En El Mercado De Trabajo De Uruguay"; Dirección del Trabajo, (Santiago, 2005); Gasparini, "Protección Social Y Empleo En América Latina"; ILO, ed., *Chile. Crecimiento, Empleo Y El Desafío De La Justicia Social* (Santiago, 1998); María Luz Vega-Ruiz, *Libertad De Asociación, Libertad Sindical Y El Reconocimiento Efectivo Del Derecho De Negociación Colectiva En América Latina* (Geneva, 2004).

https://doi.org/10.1017/S0147547906000147 Published online by Cambridge University Press