

Dear Colleagues,

I'm sending you a draft chapter (Chapter 3) that is part of a longer book project on Wal-Mart in Chile. This did not start out being a social movements book, but it has become one. Since I am not a traditional social movements scholar (most of my work has been on labor process and labor regimes), I will greatly benefit from your analytical and theoretical insights. Chapter 3 is my "analytical" chapter. It sets up the case studies in Chapter 4 and 5. It clearly needs a lot of work, so I am really looking forward to your insights.

A couple of background points. Since I am asking you to read a chapter in the middle of the book I should provide some basic context/facts along with a chapter outline. I hope you find this helpful as you read chapter 3. Thanks so much. Carolina

FACTS

- Wal-Mart bought D&S (one of the 2 largest supermarket firms in Chile) in Jan 2009.
- Wal-Mart in Chile has 4 different format stores with 4 different names. These stores are represented by over 80 different unions.
 - Híper Líder (like Super Walmart)
 - Líder Express (like Krogers)
 - Ekono (Like 7-Eleven, but a bit bigger)
 - Acuenta (Cash and Carry)
- In addition, it has 3 central warehouses, 2 of which are under the union LTS.

Chilean Labor Law

To appreciate the unique context of Chile it is important to understand some basics about Chilean labor law:

- Chile had one of the strongest labor movements in Latin America prior to Pinochet's dictatorship. By 1970 there was around 38% union density. The pre-dictatorship labor movement was organized by industry (mining, manufacturing, etc).
- During the dictatorship, the labor code was dramatically changed. One of the most important ways it was changed was to create enterprise level unions (shop by shop, rather than industry by industry). In addition, the law allowed for workplaces to have multiple unions. The enterprise model eroded union power, by creating small shops, often with multiple unions competing. Union density dipped to 10% in the 1980s and for the past few years has been stable at around 15%.
- In Chile, WM workers are represented by a variety of unions:
 - Híper Líder (like Super Walmart)- over 30 unions
 - Líder Express (like Krogers)- over 30 unions
 - Ekono (only 1 union, because of a weird tax-Id issue)
 - Acuenta (over 25 unions).
- Organization of Labor Movement Bureaucracy

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- Central (LIKE AFL-CIO)- There are 3
- Confederacion – More than 2 Federations (By Industry, in this case Commerce)
- Federacion- (By Employer, in this case Walmart)- There can be multiple federations for one employer
- Interempresa- (Union across multiple stores of one employer, but only if employer agrees to it)
- Sindicato Empresa (enterprise level union)
- Here is who I worked with in Chile (45 interviews, 7 months of ethnographic work)
 - Retail- Two of five retail federations, 5 different enterprise unions
 - Warehouse- One of two Warehouse unions (no federation).

Chapter Outline

Chapter 1- Introduction

Chapter 2-Wal-Mart in Chile/ Wal-Mart in U.S Comparison

Chapter 3- Strategic Capacity and Union Democracy at Wal-Mart Chile

Chapter 4- Warehouse Union-LTS- Bad Labor Practices and Fight Back- Economic Wins

Chapter 5- Retail Unions- Fenetralid y Federacion Autonoma- Bad Labor Practices and Fight Back- Symbolic Wins

Chapter 6- The Trials and Tribulations of Global Solidarity

- **UFCW and Change to Win in Chile**
- **UNI Global in Chile**
- **Partnerships and collapse of partnerships**

Chapter 7- Conclusion

Chapter 3- Militancy, Union Democracy and Strategic Capacity

Como el conocido relato biblico, el enemigo un verdadero Goliath, con formación militar, lleno de armaduras, escudo, lanza y jabalina, nosotros como David, solamente con la fe del deber tener que luchar, sin armas, sin preparación, sin estrategia militar. Entonces ¿Cómo pudimos vencer?, simplemente porque “no teníamos miedo.” Lo enfrentamos con todo y el enemigo fue doblegado. Just like the well-known biblical tale; the enemy a true Goliath with military training, armor, shield, and spears. We were like David, only with the faith of knowing we had to struggle, without arms, without preparation, without military strategy. So, how were we able to win? Simply because we were not afraid. We confronted him with all we had and the enemy gave in (Villagra Soto 2010- LTS BOOK)

The biblical tale of David and Goliath is a powerful one that in many ways represents the struggle of Chilean workers against Wal-Mart and its predecessor D&S. In the quote above, Rodrigo, president of the Warehouse workers union points to it to describe their struggle for justice in the workplace. He argues that courage helped them win against the world's largest transnational organization. While it is true that courage played a role in the battle, in this chapter I argue that Wal-Mart warehouse and retail workers have made significant gains because they succeeded in understanding their target through a different lens. Like David, they understood that they did not have the power, financial resources, and political climate to win against D&S and then Wal-Mart. Like David, they understood that they would have to outsmart their enemy, rather than overpower it. In having nothing to lose but a bad job, workers, both in retail and warehouse, created innovative, militant, strategic and democratic unions that have served them well over the years. How do we make sense of workers' power in light of declining union density, a weak traditional labor movement, and the increasing flexibilization of labor?

The Chilean Wal-Mart unions that I have been working with mobilize resources (strategy and democratic participation) in different ways because of context, industry, and the different

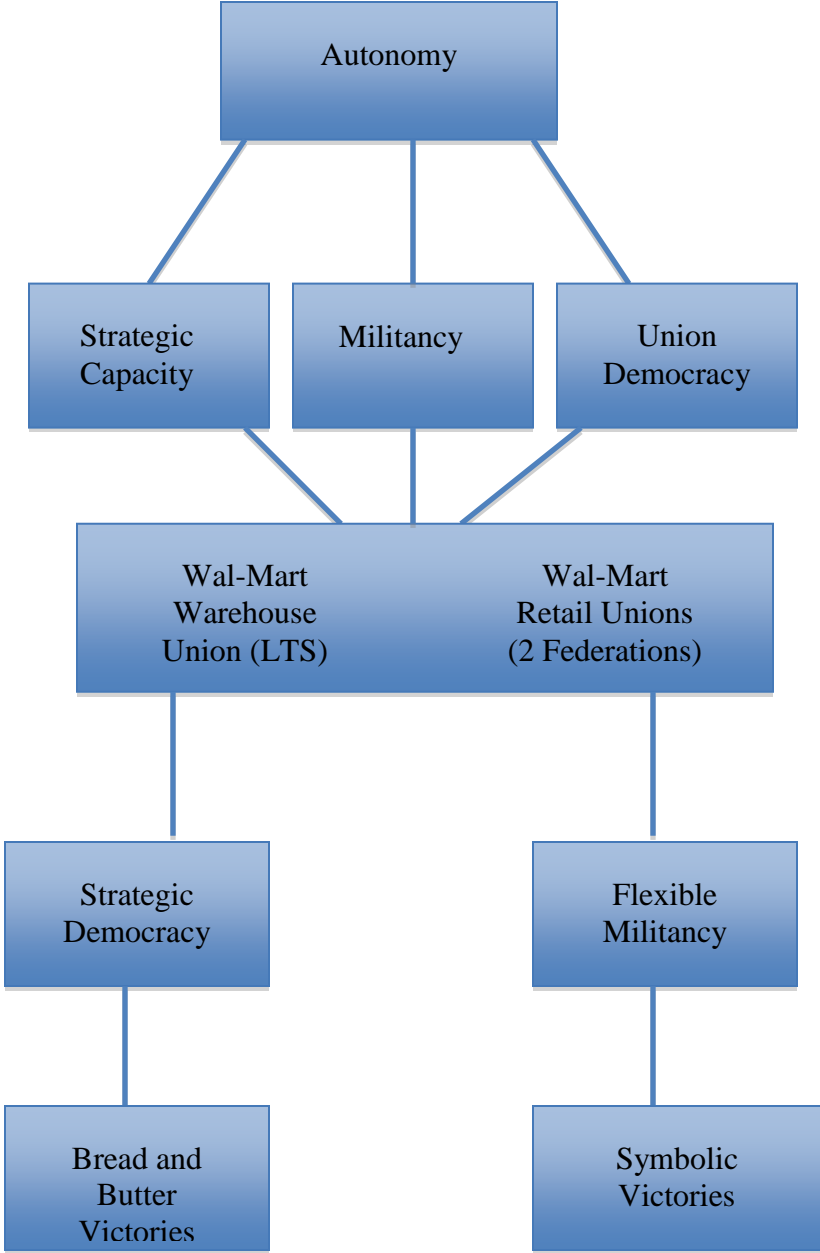
union cultures in each sector. So while both the warehouse and retail unions have been successful, they have achieved success in different ways and through different models. I characterize the warehouse unions as a model of *Strategic Democracy*, while the retail unions are a model of *Flexible Militancy*. These differences are in part shaped by what Erik Olin Wright (2000: p.962) calls associational power, versus structural power. Associational power is the “various forms of power that result from the formation of collective organizations of workers.” Structural power on the other hand is power derived from a particular structural location (ie. Industry). As we will see, the warehouse unions, because of the location of their industry, have both structural and associational power. The retail unions by contrast, have little structural power (which they do leverage), but a great deal of associational power. One area of unity is that both of these groups are autonomous from the mainstream labor movement and the Chilean political structure.¹ They are not affiliated with Chile’s largest labor federation, the Central Unitaria de Trabajadores (CUT) or the Commercial Workers Labor Federation. While individual workers are connected with political parties and tendencies, these unions as a whole do not participate in political parties. Within this context of autonomy these unions share a number of other important characteristics, including strategic capacity, militancy, and union democracy. However the way these unions leverage their strengths and power are quite different.

As I explained in Chapter 1, it is important to have accurate definitions of these concepts. By militancy, I am referring to the tactical repertoires these unions have utilized since their creation. In particular, I define militant action as involving significant risk for participants, for example, strikes and direct action strategies. For strategic capacity, I use Marshall Ganz’s

¹ Historically it has been common for Chilean unions to be part of a political party. So some unions were members of the socialist party, communist party, etc. These unions are unaffiliated and therefore not able to be influenced by political parties.

definition where he characterizes the three principle components of strategic capacity as high levels of motivation, access to salient knowledge, and deliberations as venues for learning. These together help create better strategy (Ganz 2009). Finally, union democracy involves formal democratic structures, such as union elections and committees, but also a high level of membership participation, and strategy from below.

	x	LTS	Fenentralid	Autonoma	Ekono
Union Democracy	Associational Power	x	x	x	x
	Structural Power	x			
	Membership Participation/Decision Making	x	x	x	
	Formal Democracy	x	x	x	x
	Leadership Development	x		x	
Strategic Capacity	High Level Motivation	x	x	x	
	Salient Knowledge	x	x	x	
	Learning from Deliberation	x	x	x	
Militancy	Direct Action		x	x	x
	Strikes	x	x		x



This chapter is divided into three main areas. First, I discuss industry differences in Logistics and Retail. In order to better understand how these unions developed differently we

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first need to understand the importance of industry structure. Next, I look at the unions' histories, particularly seeking to understand how they were created, their culture, and their leadership politics. Finally, I give a detailed description of *Strategic Democracy and Flexible Militancy*. In Chapters 4 and 5, I go into the case studies and illustrate how these different models lead to different kinds of success for the different groups of unions.

Logistics and Retail: Industry Differences and Social Power

Militancy, strategic capacity and union democracy are all important variables that help us understand the success of the Chilean independent Wal-Mart unions. However, these are not applied equally across all unions. The differences in the incorporation of these elements in the different unions and federations can be largely explained by industry differences, the creation of the union, and political histories. In the following sections I discuss important differences in industry that in part explain the variances in the histories of the warehouse versus retail unions.

Logistics Sector

In the last decade, Chile's logistics industry has seen significant growth, in part because the import and export industry in Chile has taken off. As a result, the logistics industry has been growing at a steady rate of 10-15% per year (emb.cl). For example, as of 2009 there were over 750,000 square meters (approximately 200 acres) of warehousing space concentrated in four areas on the outskirts of Santiago (Cintrón 2009). This is a result of the industry recognizing that large, centralized warehouses are more efficient and productive than individual warehouses attached to stores. Large supermarkets have been innovators in this respect. As recently as the year 2000 many of the large supermarkets in Chile had warehouses directly attached to them, so goods would be transported from port to store. However, the rapidly increasing retail sector

made this system incredibly inefficient and expensive. Most supermarkets today have moved to a centralized distribution system that goes from port, to centralized warehouse, to retail stores.

These changes in the logistics sector have produced opportunities and challenges for workers. On the one hand, the industry has benefitted by changes in the labor code that have given management increasing flexibility, especially in part-time employment and subcontracted work (LOPEZ?? 2007). Workers in the industry earn a meager \$350-500 per month, which is only slightly above the minimum wage in Chile. This does not adequately allow them to meet their basic necessities. Their work is physically challenging and they often labor under bad working conditions in warehouses that are either too hot or too cold. These workers tend to be invisible in the supply chain. On the other hand, the concentration of warehousing into a centralized distribution system has offered workers the opportunity of social power. Logistics is a key part of the supply chain and if there are disruptions such as protests, slow-downs, and strikes in the warehouse industry it can paralyze the entire supply chain (Silver, Bonacich and Wilson). However, we have not seen widespread organizing in the warehouse sector of the logistics industry in Chile to date.

In contrast to the general state of the logistics sector, which is plagued by low wages, bad working conditions and subcontracted labor, Wal-Mart logistics workers have some of the highest wages in the industry, better working conditions, and limited subcontracted labor. How can we explain this dramatic contrast? In short, it's not enough to have industry leverage. Workers must also have associational power and strategy. Logistics workers have a significant amount of disruptive power (Piven), but if they are not organized or don't know how to use it strategically, this structural power has little value. In general there is a lot of variation in how logistics workers leverage their power in Chile. For example, Port workers are able to leverage

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their power very strategically and are also very organized and earn high wages. Warehouse workers on the other hand are a mixed bag. Many do not know how to leverage their power. However, Wal-Mart warehouse workers are an example of a group that has figured out the power of organization, democracy, strategy and leverage.

Wal-Mart logistics workers in Chile have benefitted from a centralized distribution system where the three main Wal-Mart warehouses for the entire country are located in Santiago. Therefore a strike would largely paralyze the supply chain. Organizing a union (and in particular the kind of union they created) gave them the capacity to utilize their social power effectively. Before organizing, these workers were also plagued by low wages and poor working conditions, but now they earn one of the highest wages in the industry. The retail industry, on the other hand, has had a different development.

Retail Sector

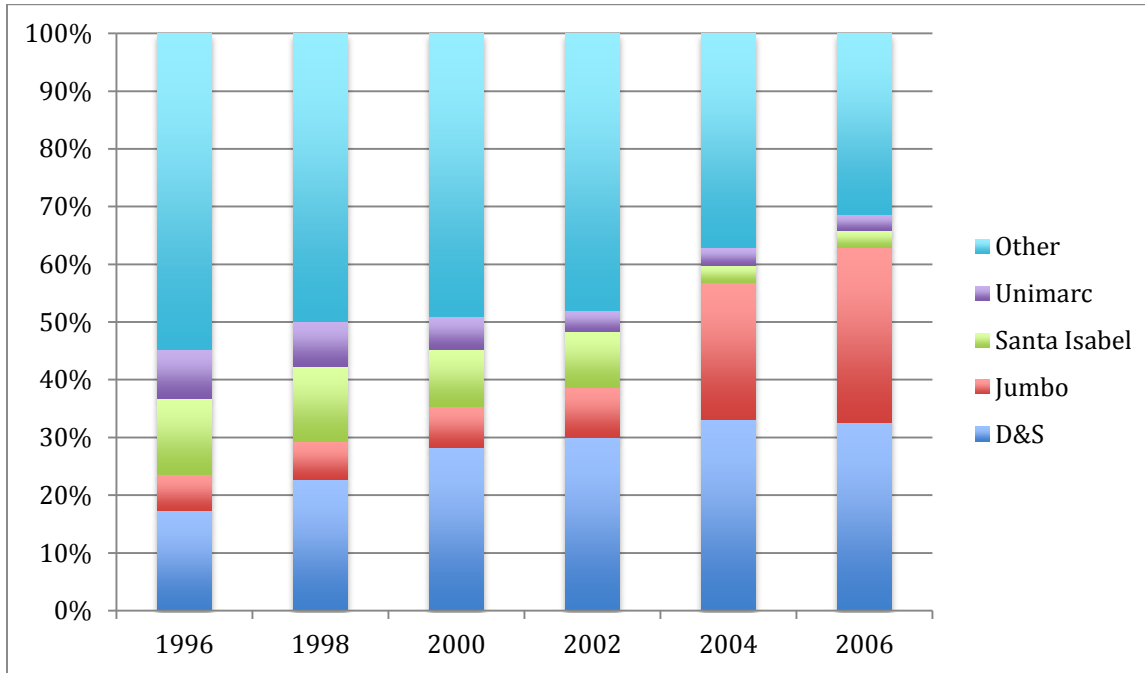
Over the last two decades the Chilean retail sector has exploded. Currently the retail sector represents 22 percent of Chile's Gross Domestic Product (GDP) up from 8 percent in the 1990s (fundacionsol.cl). As of 2008 the sector employed over 1.2 million Chileans and represented nearly 20% of overall employment in the country. Interestingly, the sector employs nearly equal numbers of men and women (Duran and Kremerman, 2008). There are a number of reasons for the rapid rise of the retail sector. First, the implementation of the neoliberal regime greatly expanded consumption, as we saw in Chapter 2. Second, retail power has been concentrated in the hands of a few corporations (Cencosud, Falabella, D&S, and Ripley). These corporations have been very strategic in both their national and international development and have followed similar trajectories. Many have bought out small national chains, developed a financial services component (credit cards, which yields 7-10 percent of total income) and then

expanded to neighboring countries such as Peru, Argentina, and Brazil, when the national market neared saturation in the 1990s (Calderon 2006). The retail sector in Chile has concentrated its energies in department stores, supermarkets, and home improvement stores. In the early 2000's Chile began experimenting with "integrated retailing" after industry analysts came to the realization that they could not achieve sufficient scale in their limited domestic market. At that point firms started consolidating. For example, Falabella, a department store bought out some home improvement stores, and later the supermarket Tottus. Cencocud, another retail giant, owned Jumbo, a large supermarket chain, and bought Almacenes Paris, a department store (Calderon 2006). These kinds of massive conglomerations have been very successful. Finally, changes in the organization of work have dramatically changed the retail industry. In particular, the flexibilization of labor and the growth and expansion of part-time and temporary work, night and weekend shifts, subcontracting, and cross-trainingⁱ have all been contributing factors to the refashioning of the industry (Stecher, Godoy, y Toro 2010, Palacios-Valladares 2011, Berg 2005). Until relatively recently, department stores and even supermarkets in Chile had shorter Saturday hours and were closed on Sunday. New forms of work organization have made it cost effective and in fact very profitable for the retail industry in Chile to sustain longer store hours and opening on Sundays.

Chart 3.1 produced by the non-profit Fundación Sol in Chile (www.fundacionsol.cl) shows the rapid increase in market share by supermarket chains from 1996 to 2006. We see the strong growth of D&S and Jumbo, while the "Other" category diminishes significantly in terms of market share by 2006. Between 2006-2010 we see significant stabilization of market share particularly by the merged conglomerates Cencosud/Jumbo and D&S/Wal-Mart. During this

period Cencosud holds about thirty percent market share while D&S holds about thirty-three percent.

Source: Gonzalo Durán, Fundación Sol, based on ASACH and FNE Data. Translated by Author.



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Demographics of Workers in the Retail Industry

Workers in the Chilean retail industry tend to be young, have low levels of education (many haven't completed high school) and have low socio-economic status (Stecher, diss). The average industry wage in 2010 was about 247,000 pesos or \$495 a month. This is slightly above the minimum wage in Chile, which is currently 193,000 pesos or \$386 dollars per month. Over fifty percent of women in the labor market work in the industry and sixty percent of young people under age thirty-five are employed in retail. Yet, retail also employs a significant number of workers over 45. (Stecher 2012, diss) reports that the industry essentially hires people with

few or no options for other employment. Like in the U.S., this was not always the profile of retail workers. Until the early 1990s the old retail industry was very similar to the one Nelson Lichtenstein (2009) describes for the U.S. Traditional retail workers in Chile were middle class people, who earned decent wages, and were able to provide excellent customer service. They felt a sense of professionalism and were loyal to their firm. A majority of them worked in large department stores that were unionized (Stecher 2012 diss). In contrast, the model since the 1990s has completely changed and the project of hiring young, working class people has served the industry well. Retail is the ultimate precarious employer and the industry has deeply profited in its transformation. Retail workers are no longer particularly loyal to their employer, nor do they receive extensive training (Stecher 2012). They understand that they are considered to be cheap and disposable labor and as a result they largely see their jobs as short-term obligations, rather than careers.

Rise of Unions in the Retail Sector

Unionization has dramatically increased in the retail sector. According to Fundación Sol, in 2011, 22 percent of the retail sector was unionized (Duran 2011). This is in stark contrast to the U.S. where in 2011 only 5.4 percent of the retail sector was unionized. Very little academic research has been conducted on this interesting rise of unionization in the retail sector. Based on the research conducted for this study I believe there are a few explanatory reasons for this spike in union density. First, I would argue that the labor law reforms that took place in the 1990s and early 2000's, while very modest and often times ineffective, served to create an opening for organizing in Chile. Labor law reforms gave workers some protection against arbitrary firing, made employers legally responsible for protecting the rights of subcontracted workers, reduced the workweek from 48 to 45 hours, limited overtime, guaranteed non-discrimination, and

established unemployment insurance (Palacios-Valladares 2011). While these reforms benefitted all workers, they especially benefitted women workers who are often more likely to be subcontracted, arbitrarily dismissed and discriminated against, especially during childbearing years.

These changes then influence the second reason I think there has been a substantial increase in the unionization of the retail sector. Research indicates that globally women workers are more likely to unionize than men (Yates 2006). At the very least they are more sympathetic to the idea of unions. Female participation in the Chilean labor market has dramatically increased in the last decade. In 1990 female labor force participation was 32 percent, by 2010, it had jumped to 47 percent (worldbank.org). Women tend to be concentrated in agriculture, domestic work and retail. As in the U.S. the labor code is weaker with respect to agricultural and domestic workers. So retail is one of the most important industries where the law protects the right to organize. Therefore the influx of women into the retail industry most likely has had some effect on unionization rates.

Finally and most important, the conglomeration of the retail industry in Chile has not only benefitted retailers by allowing them to expand and change the conditions of work, but in some sense has also benefitted workers by concentrating them in big box stores. It is a well known that it is easier to unionize workers in numbers. In other words, it is easier to unionize one firm with one thousand employees than it is to organize 100 firms with only ten employees each. From a historical perspective we can think of the unionization of large auto plants and steel mills, for example. Retail has traditionally been harder to organize because generally there has not been a high concentration of the workforce in any one store. Big box stores have changed this dynamic somewhat. In Chile, stores like Hiper Lider, Jumbo, Tottus, Easy and Home Center

that measure between eighty and one hundred thousand square-feet, have concentrated workforces. In Chile, on average, these big stores employ about 350-400 workers. This is significantly different from small retail stores that are numerous, but only employ five or ten people. I would argue that the concentration of the retail workforce in large firms has facilitated unionization and therefore contributed to an increase in union density in the retail sector.

In short, a combination of modest labor law reforms that have particularly benefitted women, women's concentration in retail, and the concentration of workers in big box stores all give us at least a partial understanding of why there is higher density in the retail sector.

However, how do these sectoral differences in retail and logistics help explain the development and strategies of the different independent Wal-Mart unions?

The History of Wal-Mart Unions in Chile

Table xx shows the tremendous variation in the different independent Wal-Mart Unions.

	Warehouse Union (LTS)	Retail-Wal-Mart Autonomous Federation	Retail- Wal-Mart Federation Fenatralid	Retail-Wal-Mart Ekono Union
Union Founded	2006	2010	2007	2011
Gender of members	90% men	80% women	80% women	60% women
# of Members	2,000	2,500	1500	800
Workplace Concentration	Members in two main warehouses (1200 in one and 800 in the other)	Members dispersed across Hiper (350-400), Express (150-200), and Ekono (10)	Members dispersed across Hiper (350-400 and Express (150-200)	Members only at Ekono across all of Chile (10)
Social Power	High level of Social Power. Control distribution of goods.	Low Social Power. Low membership =less disruptive capacity.	Low Social Power. Low membership= less disruptive capacity.	Lowest Social Power. Low members and members dispersed.
Leadership Background	Union leadership has strongest union	Union leadership is new to unions but has	Union leadership new to unions. Very little	Union leadership has mixed union

	and/or social movement experience.	mixed social movement organizing experience.	other organizing experience.	and social movement experience.
Affiliation with National and International Labor Organizations	Unaffiliated	Unaffiliated	Unaffiliated (previously affiliated with UNI Global)	Unaffiliated

The sectoral differences mentioned above create different kinds of social power and leverage. Warehouse workers are often invisible, behind the scenes workers, but have the potential to disrupt and paralyze an entire supply chain. They also have the advantage of workplace density or concentration so that one union has the power to represent thousands of workers. Retail workers by contrast, are incredibly visible. They are the workers that consumers most interact with, but because there are hundreds of Wal-Mart stores across the length of the country it is harder to wage effective strikes. Furthermore, because Wal-Mart retail workers are represented by over 80 different unions, it is difficult to have the kind of industry leverage that the warehouse workers have. Using Erik Olin Wright's (2000) framework, the warehouse workers have structural power from their location in the industry and associational power, which is the power that comes from belonging to their union. The retail workers in this study only have associational power. The fundamental differences in these two industries play a large role in the development of the different unions.

LTS Union- Warehouse Workers

In 2006, when D&S still owned Líder and the warehouse LTS, a group of workers started meeting to talk about unionizing. They were tired of the low wages and the lack of dignity and respect on the job. In 2006, the average wage for an LTS warehouse worker was only \$350 per month. Workers had no voice: they couldn't complain, and they couldn't make suggestions. Since the workers didn't know how wages and productivity bonuses were calculated they were

cheated out of part of their salaries on a regular basis (LTS book 2010). Workers were also forced to work ten to twenty hour shifts when products came in, and they were always nervous about getting fired for complaining (LTS BOOK 2010).

Cristian says, “We started the union slowly and covertly. At first it was only twenty of us workers, then we kept talking to people and getting them to join us” (interview 2011). After several months of covert organizing, the group had enough signatures to declare themselves an official union on May 24, 2006. While many of the workers did not have experience with unions, some did, and their experiences were generally not very positive. The executive committee of the newly founded union all committed to building “un sindicato de verdad” (a real union). For these workers this meant on the ground participation and leadership by the rank-and-file. As Rodrigo says,

If you involve people, if you create a project with them, people feel motivated. When decisions are made collectively, the responsibility for those decisions belongs to the collective, and not only to the union leadership. This is what is different. A bad collective decision is a bad decision by all [workers], which is different from a bad decision made by the union leadership, which is only the decision of a few (Rodrigo, LTS BOOK, author translation).

The union leadership and rank-and-file were first careful to create a union structure that would maximize participation and democratic decision-making. This was not an easy task. Some union members simply wanted the union to make all the decisions and fight all the battles without themselves having to commit. However, the union leadership understood that they would lose the battle in the long run without a grassroots movement behind them. Once again, Rodrigo points out,

I think that the union reflects all of the contradictions that we hold. We look for the collective, while many times people look for the individual. All people work for money and work for their families, so getting workers to think collectively is really hard, especially since we live in this individualistic system which is one hundred percent

backed up by television, radio, and the media in general. It is a constant struggle for union leaders to say that the collective is what's important, not the individual (Rodrigo LTS BOOK, author translation).

The union leadership and many of the rank-and-file members take pride in prioritizing the collective. Serious one-on-one organizing, careful conversations, and trust building slowly convinced workers that negotiating as a collective had greater potential to yield results than negotiating individually with the company. Given D&S's hostility to the union, building a union that worked collectively was especially important, because the leadership knew that they would have to go on strike to obtain their first contract. Ultimately, workers voted unanimously to go on strike in November 2006.

In the end, the union was able to negotiate a mediocre first contract that included an end of strike bonus, transportation benefit, a no interest loan for workers, and a bulletin board for posting union announcements (2006 contract). Nonetheless, the strike had a significant effect in building a movement. While union leaders were not able to make all the gains they had hoped for in the first contract, they did gain legitimacy and credibility, while the company lost credibility. Workers experienced collective decision-making and felt that the union had represented their issues at the table, even if they were not able to win everything they thought they deserved. Management on the other hand, had tried to coopt workers and offered them benefits that they weren't able to deliver on. Carlos states "managers told us we would get extra raises if we didn't join the union, but when the contract was settled they said there were no extra funds, so many of us who were suspicious of the union ended up joining it later" (interview 2011). The strike changed workers who had never experienced participating in a labor action. Cristian says, "after the strike workers held their heads high, they demanded respect, and displayed confidence I had never seen before" (interview 2011). Strikers had learned an invaluable lesson in what it means

to fight the boss, and they became very engaged in the day-to-day activities of running the union. They were invested in their union and wanted to show other workers what it truly meant to have a democratic, bottom-up union. Federico stated, "I was excited to become a representative [of my area] and have the opportunity to talk to colleagues about our union" (interview 2011). Even non-strikers saw first hand what it meant to take risks, go on strike and win dignity.

Leadership Politics

The political experience and diversity of LTS leaders is another reason why LTS has followed a particular trajectory. This range of experience has facilitated the union's strategic capacity and fostered a dynamic process of decision-making. Some of the older workers have a history of union participation, or participation in movements against the dictatorship. Some of the founding members of the union are socialists, or leftists of some kind. The current president interestingly does not have a labor background, but was raised in the evangelical church and sees his union activism as a calling. Jorge, a member of the executive committee, had to take care of his three siblings when his parents were forced underground in 1978, one of the most brutal years of the dictatorship. He was only 12 years old and had to rely on neighbors for food. Younger members of the union do not have political histories, but they receive significant political education in the union. For example, in order to join the union soccer team they also have to attend the escuela sindical (union school) once a week. One of the most important characteristics that distinguish the warehouse union from the independent retail unions is the warehouse union's unwavering commitment to political education.

The combination of industrial leverage, democratic union building and a certain brand of leadership politics has allowed LTS to operate from a position of strength vis-à-vis Wal-Mart. Because the union had solid roots when Wal-Mart bought D&S, it has been able to be proactive

in its relationship with Wal-Mart, frequently anticipating company moves and being on the frontlines of strategic decision making. The history of the independent retail unions is very different.

History of Wal-Mart Retail Unions

There are about thirty-eight thousand Wal-Mart retail workers in Chile. These workers are spread across the four format stores (Hiper Lider, Lider Express, Ekono and Acuenta) and are represented by over 80 enterprise unions and five federations. Only five thousand of these workers are represented by militant, democratic, autonomous unions. These, in turn, are represented by two retail federations, which represent the groups that I worked with during my time in Chile. The other workers are either not unionized, represented by the company union and federation, or one of two other labor federations that are autonomous, but not necessarily democratic. Each union has its own history and development, so I cannot elaborate on each. However, the two retail federations and their unions hold and are motivated by deep disdain for the leader of the company union and the deals he struck with Wal-Mart. Many of the founders of the autonomous unions were previously active union members in the company union. Seeing first hand the negotiations between the company union and Wal-Mart made them realize that they needed to break away from that union and form unions of their own. In order to better understand the split between the company union and the autonomous unions, let me explain how the company union came to exist.

In 2007, the sindicato interempresa Líder (SIL) was formed, and soon after that started negotiating with D&S (interview 2011, Gonzalez Santibanez, unpub report 2011). The leader of the SIL had been a union leader at the French chain Carrefour, and when D&S bought some of the Carrefour locations, he struck a deal with D&S. The agreement was basically one of labor-

management cooperation. As Juan, the president of the company union, explains it, “D&S was very anti-union, and in order to get my foot in the door, I told them that if they accepted me, I wouldn’t make trouble. Some people call me a sell out for this, but it’s thanks to me that we even have a union” (interview 2011-author trans.). D&S did not fight the SIL, hedging its bets that this union would probably benefit them by keeping the troublemakers out. The SIL grew very quickly, and in 2008 it negotiated its first agreement with D&S (interview 2011). Here it is important to point out that the agreement was not a contract, enforced by law, but more like a code-of-conduct. In Mexico this kind of agreement is called a “protection contract.” It provides benefits for the employer in terms of labor peace, with few actual benefits for workers (Gonzalez Santibanez, 2011 unpub report). The agreement between the SIL and D&S set the bar very low on wages and set high expectations on workers. It also established the maximum that any one store could negotiate for. In essence this agreement set a damaging precedent for the future of collective bargaining at D&S. As Gonzalez Santibanez writes in a report that was used to testify against Wal-Mart in the South African tribunals,

The signing of the protection agreement guaranteed the company that there wouldn’t be any individual stores in the chain that enter contract negotiations that end in conflict. It also established a schedule of contracts that given Chilean labor law, assured that workers would not be able to coordinate their individual contract negotiations. The old adage, ‘divide to rule’ was applied rigorously.

The aggregate effect of this process was to achieve labor control and manage the growing wave of conflicts that the company faced. This gave D&S the ability to negotiate its sale to Wal-Mart as a company that was perceived as having labor peace (Gonzalez Santibanez 2011, report to S. Africa).

In 2009, the Chilean courts ruled against D&S for having colluded with the SIL and engaged in anti-union practices. The SIL was also disciplined for constituting a union monopoly and preventing “libertad sindical” or freedom of choice of union (Court documents Rol N° 154-2009, cited in Gonzalez Santibanez, 2011). In 2010, the SIL signed its second agreement, now with

Wal-Mart proper. This agreement essentially reproduced the same conditions as the first agreement and was denounced as a protection contract by many of the autonomous unions that had split from the SIL in 2009.

Given the cozy relationship between management and the SIL, workers began to join the various autonomous unions that started out very small, but have grown significantly in the recent past. Ironically, the Pinochet labor code that has been so detrimental to worker power in Chile as a whole, in this instance, has opened some space for these independent unions to form alongside the company union. These smaller unions have, slowly but surely, been building power by showing that strategy, militancy and union democracy are relevant for challenging even the largest transnational corporation. They have also demonstrated that achieving union density, while important, is not the most significant aspect of labor organizing. While these unions have the smallest numbers, they have achieved the greatest capacity to break with the pattern agreement and win real wage and benefit increases across the board, even for the company union. Furthermore, these small independent unions have also been at the forefront of symbolic victories, particularly with regard to Wal-Mart culture.

Leadership Politics

Unlike the leaders of the warehouse unions, the leaders of the independent retail unions do not have significant generational diversity and experience in politics. Based on my interviews it was clear that most of these worker-leaders have had little or no experience with unions, as they tend to be women who have come out of domestic, agricultural, and other retail jobs. Some of these workers have had experiences in community based social movements, and some were also active in anti-dictatorship organizing, but the vast majority are new to organizing in general. However, these leaders have a number of things in common. They believe that the mainstream

Chilean labor movement has relied too much on electoral politics, especially on the Concertación, for labor gains. They believe that the workers movement must be independent from electoral politics and that it must be generated from the bottom up. Perhaps most important, they believe that the company union has a deleterious effect on building worker power at Wal-Mart.

Given these politics, these leaders believe that they must remain independent from the mainstream labor federation, the Central Unitaria del Trabajador (CUT) and politicians. Each of these unions has its own strengths and weaknesses. Some are better at developing leaders and base building. Others have good formal democratic procedures, but are struggling with their path. Yet others have charismatic leadership that is able to move mountains. Nonetheless, they all have developed varying degrees of strategic capacity and union democracy.

In contrast to LTS, the independent retail unions constitute 17 different organizations with varying union cultures. The unions largely developed in response to a corrupt union, so these unions have had to consistently fight against the employer, the corrupt union, and two other independent federations. For example, in contract negotiations they are pushing back on Wal-Mart's bad faith bargaining, keeping the corrupt union from raiding their stores, and at the same time trying to organize the other two labor federations to adopt some of their strategies to more effectively present a unified front to Wal-Mart. Finally, these unions do not have the same industry leverage and political experience as LTS. All of these features and circumstances have forced these unions into a more reactive, rather than proactive position. They generally develop their strategy in response to what is directly happening on the shop floor. This is not to say that they do not engage in long term planning, for example in contract negotiations. However, their daily experience dictates more of the organizing than is the case for the warehouse union.

Differential Paths: Wal-Mart's Warehouse and Retail Unions

Because of their different political histories, industry, leverage, and workplace issues, the independent retail and warehouse unions each developed distinct ways of being. They collaborate and share strategies, but are each unique in their organizational cultures. I argue that the warehouse union is best characterized by what I call *Strategic Democracy*, while the retail unions in this study are most typified by what I call *Flexible Militancy*. Table xx presents these two cases as ideal types with particular characteristics.

	Strategic Democracy	Flexible Militancy
Union Democracy	Very High	Medium-High
Strategic Capacity	Very High	High
Militancy	Low-Medium	High
Structural Power	Very High	Low

Strategic Democracy

The main characteristics of *Strategic Democracy* include a strong democratic tradition, political education, and strategic capacity. The organization had high levels of militancy initially and through its second contract. However, no militant actions have been taken since their second contract, because they have been able to achieve their goals without it. The risk here is complacency. The longer the union is able to avoid direct action against Wal-Mart because of its high level of membership participation and structural power, the more difficult it will be for the union to engage in militant action when the time requires it.

LTS is in a unique position, because it has a tremendous amount of leverage with Wal-Mart. If the two central warehouses go on strike, Wal-Mart in Chile is essentially shut down because they would have no way of distributing goods to the different stores. This gives the workers an incredible amount of social power. The ability of the union to devise good strategy (and therefore have strategic capacity) is coupled with their commitment to political education, membership participation and union democracy. For this union, the political development and engagement of its membership takes precedence over contract negotiations. Its formal union structure includes 11 membership committees, including a women's committee, health and safety, newsletter, organizing, education, and the soccer team. The leadership is elected to three-year terms with a midterm membership vote as to their confidence of the leadership. If the membership is unhappy about the direction of the union/leadership in the midterm they can vote them out of office. Membership meetings, called *asambleas*, are held every three months and always have at least 80% attendance.

Political education is woven into the fabric of the union. In addition to setting up structures in the union to facilitate dialogue, debate, and participation, the union has invested significant resources into leadership development for workers through the *Escuela Sindical* (union school). Members of the union are required to participate in the *Escuela's* ten-week program at least once. These leadership workshops cover issues such as labor legislation, labor and working class history, workplace rights, the labor code and mapping production (LTS book, interview 2011). As Rodrigo says, "unions exist not only to improve salaries, but also to improve working conditions, education, health, etc." The union leadership is conscious of the fact that sixty percent of their membership is comprised of young people who are consumer oriented. They believe participation in the *escuela sindical* will create greater levels of class-consciousness

and union participation in general. As of 2013, over four hundred workers had participated in the escuela and it has yielded incredible results.

One of the most important concepts that workers learn at the escuela sindical is Gramsci's notion of controlling production. Compelled by the worker struggles in Turin, he believed that worker councils inside of factories had true revolutionary potential, because these democratic forms, among other things, would give workers control over the productive process. Gramsci argues, "the existence of the council gives workers the direct responsibility of production, it draws them to improving the work, instills a conscious and voluntary discipline, creates the psychology of the producer, of the creator of history," (Gramsci 1919). The union leadership has taken the concept of controlling production very seriously, and in the escuela sindical they jointly create knowledge with union members about the productive process in the warehouse. Historically, workers were often cheated by D&S, because they didn't understand how their productivity bonuses were calculated. As part of their training in the escuela sindical, workers learn how to map their workplace. This includes understanding the layout of the warehouse, who works in each section, strategic places for disruption inside the warehouse, the flow of goods to and from the warehouse, and worker output. Union members collect all this information about the warehouse, including data stored in computers. This gives the union greater capacity to set the minimum ranges for the productivity bonuses and a better understanding of strategic points where they can disrupt production. To use a cliché, "knowledge is power" (Frances Bacon, 1597). In this case, knowledge of the internal workings of the warehouse is transformed into strategic leverage (power) in contract negotiations. By mapping production, workers have greater control over their own work lives, but also have the ability to limit the surplus value being extracted from their labor.

Through its path of *strategic democracy*, LTS has been able to create a union of innovation, leverage, and diffused knowledge. The leaders of the union have created an organization with unparalleled transparency and in which the members are fully aware and engaged at all levels of the organization. Mapping production is particularly important, because it allows for both members and leaders to have equal expertise. As such, the vast majority of members who have been in the union at least five years are perfectly capable of serving in leadership capacities, because they have vast knowledge and have been successfully developed. Therefore the union does not need to worry as much as other unions about leadership turnover.

Building a democratic union with strategic capacity, even before Wal-Mart entered Chile, has allowed LTS to be spared Wal-Mart's worst practices. In fact, the main issues that LTS has had with Wal-Mart proper is subcontracting and the construction of a new non-union warehouse. However, the union has been successful at keeping subcontracting to a minimum and helping the non-union warehouse to successfully organize. Wal-Mart doesn't try too many tricks with LTS, because they understand that workers control production and are very efficient. For example, unlike D&S they do not try to cheat workers out of their productivity bonuses. They also know the history of the union and the strike of 2006. It is not in Wal-Mart's vested interest to provoke this union. Instead, Wal-Mart's approach has been to try to undermine it, however unsuccessfully.

Flexible Militancy

I argue that the independent retail unions are most characterized by *Flexible Militancy*. Like the warehouse union they also have strategic capacity and union democracy, but their political histories, leverage, and workplace issues have allowed the independent retail unions to construct a different kind of organizational culture. The independent retail unions understand that

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they do not have the same kind of industry leverage as the warehouse union. In addition, the demographics of their membership and their leadership politics are different. Finally, the two independent retail federations that I work with are confronted by a number of enemies Wal-Mart the corrupt union, and two other existing federations. As a result of these circumstances they have developed a different practice. They are much more responsive to conditions on the shop floor. They tend to be more militant in their tactics, have formal democratic structures, but less widespread membership participation and political education, and have a high level of strategic capacity. I call their approach *flexible militancy*. The predominant issues we see them organizing around have to do with anti-union practices and violations of fundamental rights. During contract negotiations they have also organized around wages and benefits.

While these unions all have democratic structures, which include committees, membership meetings, and some level of political education, they have different incentive structures than the warehouse union. For example, members are fined for not attending union meetings, and therefore they have high membership participation. The warehouse union, by contrast, does not fine members for non-attendance, but rather has built a union culture in which members want to come to the membership meetings and understand the importance of their role in those meetings. Attending the meetings is also easier for warehouse workers because there is a stronger sense of collective identity, as they are all concentrated in two workplaces rather than

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While they vary in their democratic structures, the retail unions do have significant strategic capacity, particularly as it relates to tactical innovations such as direct actions, delegations, and utilizing legal resources. While the unions do not have a significant amount of industry leverage, they do use the little leverage they have in creative ways. For example, twice a

year the Chilean labor ministry lists the top 10 most anti-union firms. Employers on the list are fined and banned from government contracts for a period of two years. Wal-Mart has been on the list consistently over the last five years. These unions publicize this fact in Wal-Mart stores and turn customers away from the store during a two-week period. These federations and unions use their relationships with the public to create bad press for Wal-Mart. This, in turn, opens possibilities for the unions to mobilize their own memberships.

Conclusion

Since 2008, Chilean Wal-Mart workers have been fighting against the odds. They are governed by a neoliberal state, with an antiquated labor code, and employed by the world's most anti-union corporation. Yet, some of these unions have developed surprising and resilient organizations that are leading the charge against Wal-Mart's behavior in Chile. While the autonomous unions I worked with share the values of union democracy, strategic capacity, and militancy; industry differences between the logistics and retail sectors have led these unions to have differential paths. In this chapter, I have argued, that the warehouse union (LTS) is characterized by *strategic democracy*, while the retail unions are most characterized by *flexible militancy*. In the next two chapters I will delve into these two unions and discuss the challenges and opportunities they have had in organizing at Wal-Mart and the relative success they have had as unions.

ⁱ Polyfuncionalidad or cross-training in English refers to different workplace tasks performed by the same worker. For example a cashier who also re-stocks.