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## Chilean Senate Rejects Labor Reform Bill

by LADB Staff

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The Chilean Senate on Dec. 2 rejected the government- proposed labor reforms (Ley de Reformas Laborales), which could affect the Dec. 12 presidential election. The defeat could also have an impact for the country in future international trade negotiations. The proposed reforms were first introduced five years ago, but had been set aside.

President Eduardo Frei recently made labor reform a priority, a move critics said was politically motivated since it coincided with the presidential campaign. The administration said defeat of the bill, aimed to improve the negotiating position of the workers, was "a very sad moment." Minister Secretary-General of Government Carlos Mladinic said

President Frei had wanted to see a law enacted to benefit workers before he left office next March. "The president wanted the labor reforms to be a Christmas present for Chilean workers," said Mladinic. "Unfortunately we did not have the votes. It's unnecessary to point out the composition of our Senate, with parliamentarians who are not democratically elected."

Labor Minister German Molina said he regretted the negative vote "for Chile, its workers, and because, with the present legislation, we are ignoring important labor agreements signed by our country." He added that the big winner was the business sector. Business pleased at outcome of vote Frei's re-emphasis on labor reform brought the Confederacion de la Produccion y el Comercio (CPC), Chile's major business organization, out in force to lobby against the bill.

Chile's powerful business community welcomed the Senate's rejection of the bill, which would have brought collective bargaining to an additional 2.5 million workers. It would have ended provisions of the Labor Code put in place during the dictatorship of Gen. Augusto Pinochet (1973-1990). Pinochet applied neoliberal policies for labor-market deregulation to encourage private investment. During the transition government of former president Patricio Aylwin (1990-1994), some labor rights were reinstated.

Opponents characterized the administration bill, which had been approved by the Chamber of Deputies, as a step backward. They said the measures would harm the workers, especially employees of small and medium-size companies. CPC president Walter Riesco said the bill's passage would have meant a "return to the Unidad Popular and [former president] Salvador Allende (1970-1973)." Joaquin Lavin of the Union Democraata Independiente (UDI) and presidential candidate for the rightist alliance called Riesco's comparison a gross exaggeration.

Ricardo Lagos, candidate for the governing Concertacion coalition, criticized business leaders for defending discriminatory labor laws that have been eliminated by most other countries. He said that labor and environmental rights are now generally accepted as important factors in international trade and investment negotiations. Supporters of the bill said that statements in favor of the

legislation by the Central Unitaria de Trabajadores (CUT), several other trade unions, and some Catholic bishops did not receive as much media attention as the anti-reform campaign.

The Senate session ran seven hours longer than expected, ending late in the night, as trade unions demonstrated in favor of the reforms outside the building in Valparaiso. The negative votes of senators from right-wing parties and of five of Chile's nine appointed senators resulted in two tie votes on the reforms, automatically postponing any action on the issue for one year. The Senate vote squelched proposed changes that included granting collective bargaining for interbusiness unions and ending an employer's right to replace striking workers if they do not accept an agreement within 15 days of the work stoppage.

The reforms would have extended unions' collective- bargaining rights to temporary, part-time, or provisional workers, who make up a large part of the work force in the agricultural and construction sectors. The bill also would have increased compensation for firings arising from anti-union practices from 50% to 100% of the worker's wages, the increase to go to the union. It would have required businesses to inform employees of their corporate and personnel policies.

### *Administration promised to 'correct' language in the bill*

The government said just before the Senate vote that if the measure were passed, Frei would "correct" language in the bill to meet the strongest objections of the right-wing and business community. That angered some within Frei's Partido Demócrata Cristiano (PDC), especially trade unionists and leftist factions.

The offer proved unnecessary when the rightist and designated senators gathered 23 votes to come up with a tie in the two rounds of balloting. Concertacion Sen. Sergio Bitar of the Partido por la Democracia (PPD) called it a "hard-fought battle that, in the end, we lost." He said the measure had been discussed in the Senate for five years. "Last night, the right-wing opposition acted against the interests of the workers. It voted in a bloc together with the four representatives of the armed forces against the workers."

Bitar said voters should ask themselves if this is the change the right is promoting in the Dec. 12 presidential elections and if that is what they want. He said Lagos promised that if he were elected he would send a new bill to Congress to protect worker rights.

Some analysts said the Frei government attempted to force the right wing and candidate Lavin to support the reforms or pay a political price in the upcoming elections. It remains to be seen whether the strategy will work. "They have prevented 3 million workers from being able to negotiate their working conditions," said Frei. "The workers are the only losers in the vote of the right." Frei said that more than one administration loss could be traced to the business interests backing Lavin. [Sources: Inter Press Service, Notimex, 12/02/99; Clarin (Argentina), The Financial Times (London), 12/03/99]

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