


Workers' Control in Allende's Chile

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by Andrew Zimbalist and James Petras*

Introduction

Capitalist ideology sustains and promotes many myths to justify the rule of the few over the many. One of the most important fairy tales states that industrialisation requires the development of increasingly complex technologies which, in turn, necessitates a hierarchical division of labour. According to this view, the more gifted members of society receive higher levels of education and eventually occupy positions on the top of the hierarchy, while the great mass of people who supposedly lack these "innate" gifts perform narrowly circumscribed, unstimulating and menial tasks. Presumably, this division of labour is rational, necessary and inherent to all industrialised societies. There is, however, an accumulating body of evidence from certain socialist economies and isolated experiments in several capitalist economies, which challenge these assertions. Recent observations, based on evidence derived from a study of workers' control in socialised factories in Chile 1970-1973, suggest that hierarchical structures and elite control are not the only mode of organisation of factory life. On the contrary, the Chilean experience during the Allende presidency suggests that factory workers not only provide political support for socialisation of production, but, when the opportunity occurs, are capable of managing production and doing so at least as well, and in many cases, more effectively than under the traditional authoritarian capitalist system.

Overall Political Context and Background

The system of workers' control which emerged during the period did not occur as an accident of history, nor did it develop as an experiment subsidised by a capitalist foundation and directed by university professors. Rather the growth and expansion of workers' self-management was largely the product of Chilean working class history: of hundreds of day-to-day struggles from one tip of Chile to the other, from Arica to Magallanes. In everyday life the work experiences of the Chilean proletariat was transmitted through word of mouth and written pamphlet, through trade union and family to the new and old members of the working class. Close ties of class solidarity developed among mining workers in the copper, coal, iron and nitrate industries and spread to the factories and then among the farm workers. While most of the trade union struggles centred around issues of wages and working conditions, substantial numbers of workers for several decades provided active support for structural changes in the economy and society. Even while strikes

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and organization were restricted by the capitalist class and its political leaders, trade union activity was combined with active support for the Socialist and Communist Party. The working class struggle against exploitation then contributed to the growth of mass working class parties which in turn extended workers solidarity to new areas of production and linked the immediate struggles for economic improvement to a broader set of demands involving the elimination of classes. This tradition of struggle and organisation led, after almost a century of political activity, to a relatively politicised working class which elected a socialist president, Salvador Allende. During the presidency of Allende, the workers, through their political organisation, successfully translated their technical skills in production into social control over management. The idea of workers' power inherent in the organisation, ideology and struggle of the class was brought out and encouraged by the socio-economic policies of the Allende government.

Salvador Allende became president of Chile on November 4, 1970 and was overthrown by a US-backed coup on September 11, 1973. During Allende's 34 months in office the Chilean economy experienced a profound structural transformation, including: the elimination of all large landed estates (*latifundia*); the nationalisation of copper, iron, coal and basic industry; a marked increase in the provision of social services (health and educational programmes and facilities) to the working class; and a substantial redistribution of income. Many of these transformations were initiated from above by Allende's coalition government and many resulted from working class mobilization and action. Regarding the expropriation of capitalist enterprises, the government initiative led to the nationalisation of Chile's natural resources and approximately 60 large enterprises, while the working class, through its independent action, expropriated some 300 enterprises between November 1970 and September 1973. Together these enterprises comprised what was known as the "social area" of the economy.

The Structure of Workers' Control

In the firms of the "social area" many of the managers associated with capitalist ownership and exploitation were abolished and a new form of worker-controlled administration was established. The new system functioned along the following lines. The superior administrative body of the enterprise, the Administrative Council, was generally comprised of between five and nine worker-elected representatives and between one and four state-appointed representatives. When disputes arose within the factories many state-appointed representatives were forced to withdraw following worker protests against them. In only a handful of the over 350 firms in the "social area" did the number of state representatives exceed the number of worker representatives. The Administrative Council met weekly and was in charge of all matters concerning production, investment, marketing, labour relations, etc., in the enterprise.

At the shop floor level, there were worker-elected Production Committees. The Production Committees met bi-weekly and discussed all matters relating to the organisation of production, relations among the workers, labour discipline, etc., in their section. Between the Production Committees (P.C.) and the Administrative Council (A.C.) there was the Coordinating Committee (C.C.) with representatives

from the P.C.'s, the A.C. and the union. The C.C. facilitated the exchange of suggestions and flow of information from the top to the bottom and vice versa. Sectional and General Assemblies were held monthly to give the rank-and-file workers an opportunity to check and control the activities of their representatives.

Historically in Chile each firm had at least two unions — one for white-collar and one for blue-collar workers. There was a tendency during the Allende years for the two unions to merge, but in all cases the union continued to exist to protect the interests of the working class. To guarantee that the unions played this independent role, union leaders were not allowed to serve as worker delegates in this new management structure.

Method and Evaluation

During the Allende period the US newspapers continually ran articles claiming that socialised firms in Chile were going to ruin. Nothing could be further from the truth. Despite the economic (credit and parts) blockade by the US, production in Chile's socialised firms increased by over 20% in the two years, 1971 and 1972. In addition, these firms provided many new services for their workers: consumer co-operatives; new plant cafeterias with free meals; day care centres; polyclinics; libraries; technical education courses; new soccer fields; new assembly halls where factory, theatre and musical groups performed etc. Naturally, not all socialised enterprises performed as well as others. In the rest of this discussion we will consider some of the details which illuminate the relationship between levels of worker participation and enterprise performance, as well as the factors which affected the level of worker participation.

The study we refer to was carried out during the last half year of Allende's government by two economists, Juan Guillermo Espinosa and Andy Zimbalist.* The study was carried out in 35 randomly selected enterprises in Chile's "social area". In each enterprise workers and worker representatives were interviewed to determine the extent of worker participation and worker influence in the decision-making process. The enterprises were then ranked into eight categories according to their level of worker participation. Data on technology, political voting patterns, union activity and ideology, education, administrative organisation, absenteeism, investment, productivity, etc.. were gathered for each firm. Through the statistical technique of multiple regression analysis, it was determined which factors were associated with higher levels of participation and how different levels of participation affected economic performance.

One of the major findings of the study was that worker participation at the top level, the Administrative Council, tended to be lower where workers were not actively participating in decision-making at the shop floor (Production Committee and Sectional Assemblies) level. This finding offers an explanation for the disappointing West German experience with co-determination. The election of worker delegates to a management board in itself will not result in an effective worker influence in decision-making. The workers must also have control over decisions affecting their daily work experience on the shop floor.

* The results of the study are described in greater technical detail in A. Zimbalist, *Worker Participation in the Management of Socialised Industry: An Empirical Study of the Chilean Experience under Allende*, Ph.D. Thesis, Harvard University, 1974, and in a forthcoming book by Zimbalist and Espinosa.

Factors Affecting the Level of Participation

A common assumption held by most defenders of capitalism is that modern technology is too complex to be understood by anyone below middle management. The Espinosa-Zimbalist study considered several different measures of technological complexity and found that more complex technologies were not a major barrier to effective worker participation. That is, workers in firms using a craft technology or labour intensive technologies did not necessarily display lower levels of participation than workers in firms using a mass production, continuous process or capital intensive technology. In general, no matter how complex the technology, the production worker, through his or her constant contact with the machinery, was able to make useful suggestions on how to increase productivity. Of course, certain matters were beyond the production worker's capacity for immediate comprehension and in those cases the workers would consult experts or engage themselves in technical training courses. Note here that traditional managers of a capitalist firm are not industrial engineers and must also consult experts. The difference is that in Chile's "social area" firms the technical experts were working for the workers and not the capitalists.

Big business ideologists also assume that only those with high levels of schooling have the ability to participate in management. This assumption is also contradicted by the results of the study. Beyond basic literacy, factories where the average number of years of schooling of the workforce was higher did not tend to have higher levels of participation. However, workers regarded participation itself as a form of education and as workers participated more and more in decision-making they tended to demand and enrol in training and general education courses.

The size of the enterprise and the bureaucratic organisation of the firm were also found to be unrelated to worker participation. Interestingly, the factors which were strongly related to the level of worker participation were all political in nature. The enterprises which had the largest percentage of workers voting either for Christian Democrat (a liberal bourgeois party opposed to Allende) or for Communist Party (pro-Allende, but aligned with the Soviet Communist Party) candidates had lower levels of participation. That is, both the Christian Democratic Party and the Communist Party had negative influences on workers' control. Why? Basically, the Christian Democrats were not interested in giving the workers more power because it represents the interests of the bourgeoisie and the Communists were interested in maintaining top-down, bureaucratic control over the workers, both at the factory and national levels because that is their conception of "socialism". On the other hand, the Socialist Party, MAPU, MIR, the Christian Left and other smaller parties had a positive impact on decentralising control to the workers.

Informed by a political programme which placed great emphasis on workers' power, influenced by the rank-and-file committees within the factories, the militants of these parties played a role in putting into practice the ideas that they espoused. In turn, the successful practice of workers' control strengthened the position of these parties among the workers.

The study also found that the factories where workers were more mobilised prior to socialisation and more actively involved in the process of the factory's passage to the "social area" were the factories with the highest level of worker participation. Factories which were socialised through a bureaucratic decree or with little worker

involvement had lower levels of worker participation after socialisation.

The class struggle and mobilisation created a sense of efficacy and competence which were, in turn, registered in the organisation of the factories after nationalisation. The organised workers' struggle challenged and replaced the old structures of authority. The experiences of debate and discussion in popular assemblies leading up to the nationalisation created a precedent for the organisation of the factory after expropriation. The absence of state repression of workers during the Allende years facilitated both the organisation of factory takeovers and the emergence of factory committees to run them. In turn, the Allende administration increasingly depended on these factory committees to buttress the authority of the government. Nationalisation by decree tended to "freeze" the existing structures of authority, pre-empt the development of discussion and debate and to focus workers' attention simply on problems of production, in turn encouraging workers to continue to conceive of themselves as wage workers employed by "new bosses", i.e., the state.

The role of the union was also found to be an important determinant of the degree of worker participation. The factories with union leaders who believed that the primary function of worker participation was to raise production (the Communist position) or to reduce class conflict (the Christian Democratic line) had lower worker participation. Whereas, the factories where union leaders saw participation as a means of expressing and developing workers' power (the line of political parties to the left of the CP (Socialist, MIR, etc.) had higher levels of worker participation. Similarly, factories where strike activity was highest prior to socialisation had higher levels of participation after socialisation.

Contrary to the assertion of many social scientists (including not a few "socialists"), the trade unions were not simply a conservative organisation designed to contain the workers within the framework of capitalism. While some trade unions did play that role, others did not. What is crucial is the leadership and programme which guides the trade union. As an organisation of the working class the trade union has, as the Chilean experience clearly shows, the potential to extend the struggle to a broad set of issues which vitally affect the organisation of a firm, transforming social relations of production and providing a basis for a transformation of the conditions of work and production.

The most important factors determining worker participation, then, were the political organisation, level of mobilisation and class consciousness of the working class in each enterprise. Worker control, made possible by the history of class struggle, of organisation and consciousness, and the working class orientation of the Allende government, was more fully developed where class struggle was strongest. Authentic worker control will not and cannot be "granted" by management, but must be actively organised by the workers themselves. When workers seize control over the means of production where the government is controlled by the capitalist class they are likely to be confronted by the repressive apparatus of the state; however, in Allende's Chile the state did not defend the bourgeoisie and workers were able to successfully control production in hundreds of factories.

Impact of Worker Control on Social and Economic Performance of the Enterprise

We have been discussing the factors which are most conducive to the development

of workers' management of industry. But many bourgeois social scientists might argue "yes it is true that militant workers are the most interested in control but they are incapable of managing the factory. They will alienate the moderate workers with their strident politics and dictatorial methods. The militants know a great deal of politics but little of technique — they will mismanage the factory. Or, worse still, many of these militants are merely seeking to advance their own interests at the expense of the majority of workers and the country and they will not postpone consumer gratifications, will not provide funds for investment and growth." These and many other arguments were heard in Chile and have and will be heard over and over again when the workers take over and manage industry. Nothing could be further from the truth. The facts of the Chilean experience tell us otherwise: the general impact of worker control on the social and economic performance of the enterprise was positive.

Throughout the "social area" important social changes took place which benefited the workers. The extent of these changes were found to be positively correlated with the extent of worker participation. Workers tended to regard the expropriation of their enterprises from private hands as a form of class liberation — no more arbitrary firing, no more policing by factory foremen, no more spying on union activity, no more insidious efforts to divide the workers amongst themselves.

The response of the bulk of the factories to workers' control was a greater sense of personal freedom: the replacement of capitalist hierarchy and authoritarian controls and the implantation of workers' control eliminated the oppressive conditions at the workplace and created a more relaxed climate for work. It did not lead to the dictatorship of a minority of workers over the majority. On the contrary, workers were increasingly drawn closer together and became more distant to the old authoritarian capitalist system.

Where worker participation was greater, there was: (1) a greater tendency for the line of products to shift from luxury to mass consumption goods; (2) a greater tendency for wages to be equalised, so that in many enterprises the top administrator earned only three or four times as much as the lowest paid worker; (3) a greater tendency to reduce the number of wage levels (before socialisation many firms had 60 or 70 different wage categories; after socialisation no enterprise had more than eight categories); (4) a greater tendency to move away from individual piece rates and toward collective bonuses; (5) and a greater improvement in the working conditions. Workers' control led to greater social equality among workers which, in turn, heightened social solidarity. The difference between militant/non-militant began to dissolve rather than accentuate under worker controlled factories. Worker controlled factories, based on elections and free discussion, encouraged rule by the workers as a whole and was the best guarantee against any minority usurpation. The greater these changes, the more cohesive and collective the workforce in the factories became and the more workers' participation was able to develop.

The economic performance of firms in the "social area" on the whole was impressive, and these achievements were greater where worker participation was stronger. Increased participation led to lower absenteeism. Even without the threat of being fired or fined, absenteeism often fell below previous levels due to an increased sense of responsibility the workers felt toward each other and the rest of the nation.

Although strikes were permitted and even easier to organise since the threat of police intervention was practically nil, strike activity (man/days lost) was reduced by 87%, compared to pre-socialisation levels in the 35 firms surveyed. And the reduction in strikes was even greater where participation was higher. We can explain this by the greater integration and identification the workers felt with the production process as a consequence of being able to control that process.

The percentage of products that were defective or embezzled was reduced even more in those firms where participation was greatest. It was also observed that the higher the proportion of workers voting for Christian Democratic candidates in the firm, the higher was the incidence of theft and defective products. This was one additional way the opposition endeavoured to make the Allende government fail.

Higher levels of participation were also associated with a higher rate of invention and innovation. When permitted and encouraged to make suggestions about improving the production process, workers' latent creativity and superior understanding of the machinery yielded highly positive results. New machinery and new methods were introduced. Better quality products were turned out. Spare parts no longer traded to Chile by US companies were, in many cases, made in Chile thanks to worker ingenuity.

Declining absenteeism, strikes, theft and increasing innovation are very good indicators of the positive impact that workers' control had on the operation of the socialised firm. Contrary to the assumptions of capitalist apologists, workers are not by nature lazy and inefficient, producing only because of the threat of unemployment or firing. Theft and lack of inventiveness are not personal vices but products of social relations of production.

Where the workers were organised and socially conscious and have a vital stake in the organisation and management of the factory, these so-called "attributes" of the labour force diminish substantially. Strikes are not the result of "selfish" demands of workers but a response to the basic inequalities and the exploitative nature of capitalism. Where those inequalities and exploitative relations diminish, their consequences (strikes) also decline.

Many have claimed that once workers control production they will be prone to distribute profits in the form of higher wages and not invest. In the sample of 35 firms new investment in machinery and equipment averaged an impressive 15% of installed capacity and the investment ratio was found to be higher where worker participation was greater. Where increased investment increases output and plant equipment under workers' management and does not benefit the private owner, the workers showed a greater propensity to invest rather than consume. Of course under capitalism where the workers' earnings are counterposed to capitalist profits, the workers justifiably seek to increase their consumer power. But it is a serious error to believe that workers will act in the same manner independently of how production is organised. Changes in control led to changes in worker consumer/investment orientation.

Increased participation, then, brought with it lower absenteeism, fewer strikes, more innovation and more investment. In addition, the increased use of collective incentives fostered greater cooperation in production which reduced bottlenecks and improved the social relationships amongst the workers. Deciding what and how

to produce, the workers gained an increased sense of satisfaction, purpose and responsibility in their work. Realizing their ability to understand and control production, workers often rotated between jobs and their interest in their work was thus enhanced. All of these factors together yielded productivity gains. In 29 of the 35 firms surveyed productivity increased and in 14 of these firms it increased at a rate in excess of 6% per year. Where worker participation was more developed, no matter how complex the technology, productivity gains were greater.

The notion that economic efficiency and productivity requires hierarchy, a "disciplined" work force, and authoritarian controls is thus shown to be false. While under capitalism exploitation requires these methods, the Chilean experience indicates that the benefits of greater productivity can be achieved without these methods, provided workers' control is substituted for capitalist production. Rather than view minority managerial control as inherent in industrialisation, it should be viewed as a particular form of control tied to a specific form of production. In Chile without capitalists and their managers, without managerial-imposed discipline, the Chilean workers themselves organised and increased production, in many cases beyond what Chilean capitalism has before or since accomplished.

The short-lived Chilean experience with workers' control under Allende demonstrated that workers can effectively manage their enterprises. The gains from worker control were not limited to higher productivity — they included higher quality products, elimination of the wasteful production of luxury goods, better social services, more worker education, an equalisation of incomes and social roles within the enterprise, a more cooperative spirit, more involved, more creative and more fulfilled workers. These successful results stimulated workers in privately-owned enterprises in Chile to mobilise to take over their factories and control production. The process created a dynamic which would only end when the whole capitalist class was expropriated. This obviously constituted an enormous threat to Chilean, US and European capital operating in Chile. Allende's legally constituted government was overthrown by the capitalist class breaking the rules of the parliamentary game in responding to the movement for workers' control. The bourgeois press, both in Chile and throughout the world, painted a false picture of workers' dissatisfaction and economic ruin as a result of socialist policies; they did not convince Chilean workers, who directly experienced the fruits of their efforts to control production. Failing to convince the Chilean workers, the Chilean and foreign capitalists forcibly and violently destroyed the constitutional government with the conspicuous help of the CIA and US government on September 11, 1973.

The Pinochet dictatorship which replaced Allende has killed tens of thousands of workers, trade unionists and members of their families. Socialised factories have been handed over to private owners. Arrest, torture, and death await advocates of worker control. All trade unions are under control of the military dictatorship. The secret police has networks in all major industries and offices. Unemployment is in excess of 20%, and the standard of living of the workers is less than 50% of what it was in 1972.

Conclusion

The defeat of the Chilean workers' movement and the establishment of the dictatorship should not be interpreted as a signal to retreat toward traditional forms of capitalist exploitation. Rather, the Chilean experience with workers' self-management shows the way for the future: the possibilities that exist within the working class and the trade unions for a new classless industrial society free of exploitation.

The conclusion is obvious: for workers to take control successfully of their factories, they must also take control over the government and its armed forces.

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