

CHAPTER FIVE
PRESSURES AND CONSTRAINTS ON LABOUR POLICY
AND UNION-MANAGEMENT RELATIONS

INTRODUCTION

This thesis has discussed the impact of social transformation goals upon government decisions regarding the priority assigned to distinct product lines and branches of industry. Yet these objectives also called for changes in the relation between managers and workers in the process of producing these goods. In the Nicaraguan case, enterprise industrial relations did not match any blueprint designed by either the government, the Sandinista party or distinct labour federations. Rather, union-management relations evolved as each side responded to daily difficulties and challenges.

Chapters Five to Seven examine these changes in union-management relations from 1980 to 1987. Chapter Five outlines external pressures and constraints upon enterprise labour policy and union-management relations in this period. Chapter Six highlights issues in employment and the division of labour stemming from each firm's efforts to carry out productive adaptation. Chapter Seven examines firms' efforts to adjust labour policies to these internal pressures in the productive sphere, and to changing external economic and political conditions. It then traces the interaction between these adjustments in labour policy and changes in union-management relations. In the process, Chapters Five to Seven indicate the close interrelationship between productive adaptation and the evolution of enterprise industrial relations.

Chapter Five is divided into three parts. By way of background, Part One looks at the relationship between the Sandinista movement and organised labour prior to 1979. This could be expected to influence the nature of state-labour relations in the 1980s. Part Two presents government wage and incentive policies from 1980 to 1987. These policies are discussed at length because of their potential impact upon the ability of enterprises to adjust to changes in

both production requirements and workers' economic situation. Likewise, they could be expected to affect the power of unions to pursue labour objectives within the workplace, and the specific avenues open to them. Part Three identifies political pressures and constraints upon the role of enterprise unions in negotiations and dispute resolution, and in efforts to resolve production and labour issues within the firm. The conclusion draws out the implications of these external conditions for the autonomy of enterprises, labour policy and the sphere of union activity.

PART ONE: THE SANDINISTA MOVEMENT AND ORGANISED INDUSTRIAL LABOUR PRIOR TO 1979

The year 1961 marked the official beginning of both the Sandinista movement and industrial development within the framework of the Central American Common Market. Yet the Sandinista struggle and that of industrial workers would not intersect until the mid-1970s. The Sandinista National Liberation Front (*Frente Sandinista de Liberación Nacional*: FSLN) took its inspiration from Augusto César Sandino and his guerrilla army, who fought against US military occupation during the 1920s and early 1930s. The FSLN began its struggle in 1961 as a clandestine political and military organisation intent upon overthrowing the US-supported Somoza regime. In the same year, the Central American countries signed an agreement to establish a Common Market, thereby providing an impetus to the development of Nicaragua's incipient manufacturing sector.

Attempts at union organisation among industrial workers in the 1970s formed part of a long history of resistance within the workplace. The first Nicaraguan unions were organised in the 1920s within the foreign enclave sector, which included gold mines, banana plantations and lumber companies. The government brutally repressed striking agricultural workers in the early 1920s, thereby initiating a cycle of labour protest, repression and further protests which would continue into the 1970s.¹ There are ample studies and documentation of both the Sandinista movement and Nicaraguan labour history;² Part One will therefore focus upon the relation between the Sandinista movement and organised industrial labour in the 1970s - a decade

marked by increased armed and civic opposition to Somoza, as well as strike action around wages, working hours and other workplace issues.

There were five national labour federations in the 1960s and 1970s; most were tied to political parties and did not have a large membership (see Chart 5.1 for background information on each).³ The 138 unions registered in July 1979 had a total of 27,000 members, representing about 11-12 per cent of wage earners.⁴ These figures tend to overstate the degree of unionisation, as many of the registered unions had been inactive for years.

Chart 5.1 Nicaragua: National Labour Federations 1960s - 1970s

General Confederation of Workers - independent (*Confederación General de Trabajadores - independientes: CGT-i*)

Party Affiliation: Nicaraguan Socialist Party
 Founded: 1963
 Origin: Grew out of organising efforts by Nicaraguan Socialist Party activists in the 1940s and 1950s, particularly among construction workers

Union Action and Unity Federation (*Central de Acción y Unidad Sindical: CAUS*)

Party Affiliation: Nicaraguan Communist Party
 Founded: 1976
 Origin: Successor of the Action and Labour Union Committee, organised by the Communist Party following a wave of strikes in the large manufacturing firms during the early 1970s.

Workers' Front (*Frente Obrero: FO*)

Party Affiliation: The Popular Action Movement - Marxist/Leninist (*Movimiento de Acción Popular - Marxista/Leninista: MAP-ML*)
 Founded: 1974
 Origin: Organised by small Maoist-oriented splinter group from the FSLN which also formed its own armed militia in the 1970s.

Confederation of Union Unification (*Confederación de Unificación Sindical: CUS*)

Party Affiliation: No official party affiliation, although closely tied to the Social Democrat Party
 Founded: 1972
 Origin: Successor of the Council of Union Unity, comprised of unions organised in the mid-1960s with assistance from the American Institute for Free Labour Development. Associated with the AFL-CIO, this Institute provided training and assistance to anti-Communist union organisers in Latin America.

Nicaraguan Workers' Confederation (*Confederación de Trabajadores de Nicaragua: CTN*)

Party Affiliation: No official party affiliation, although closely tied to the Social Christian Party
 Founded: 1972
 Origin: Successor of the Nicaraguan Autonomous Union Movement, organised by Christian Democrats a decade earlier.

Source: Stahler-Sholk (1987b), pp. 559-575

Within the manufacturing sector, the period of greatest union activity extended from 1970 to December 1974. From 1970 to 1972, numerous wildcat strikes took place in the larger manufacturing units. In 1973, construction workers, organised in a single industrial union affiliated to the CGT-i, went on strike following government attempts to increase the working week from 48 to 60 hours, while lowering hourly wages as part of its reconstruction programme. This occurred as wage earners and the urban poor generally were experiencing a sharp drop in living standards due to earthquake damage and high inflation rates. Construction workers won a favourable settlement largely due to their increased bargaining strength in the post-earthquake reconstruction boom. This sparked a series of wage-related strikes throughout the manufacturing sector in late 1973 and 1974. While the CGT-i had the most influence among industrial workers, the CAUS and CTN also participated in strike activity and increased their membership during this period.⁵

Until the early 1970s, the FSLN had focused its efforts upon training a guerrilla army, drawn largely from the student population, and developing a support base among the peasantry in the northern mountainous regions. With few contacts among industrial workers, the FSLN found itself on the sidelines of strike activity in the 1970-74 period. Following internal discussions and divisions, the Sandinistas decided to increase their work in the urban areas and factories. In the mid-1970s, they organised clandestine Workers' Struggle Committees (*Comités de Lucha de los Trabajadores*: CLT) as part of a larger logistical support network. These committees held that labour demands could only be met by first overthrowing the Somoza political and military structure. The mid-1970s offered little opportunity for open union activity. Somoza implemented marshal law following the Sandinista kidnapping of some of his allies in December 1974. By banning strikes and authorising the National Guard to break up labour protests, he intended to halt the growing movement among industrial workers, as well as to check Sandinista activity.

In 1974, business opposition leaders organised the Democratic Union for Liberation (*Unión Democrática de Liberación*: UDEL). The UDEL called a general strike in January 1978 following the assassination of opposition newspaper editor Pedro Joaquín Chamorro. Shortly

thereafter, the UDEL was replaced by the more active business-led Broad Opposition Front (*Frente Amplio Opositor*: FAO). The FAO called a four-week general strike following the Sandinista kidnapping of the Somoza Congress in 1978.

Three labour federations (the CGT-i, CTN and CUS) joined the UDEL and later the FAO, urging their member unions to participate in general strikes, often alongside owners who had only recently repressed labour protest. Unions affiliated to the CGT-i worked increasingly with the FSLN, recruiting striking workers into the wider struggle. In 1978, the CGT-i and CTN left the FAO to join the Sandinista-led United People's Movement (*Movimiento Pueblo Unido*: MPU). Originally opposed to the armed struggle, the CAUS shifted its position in 1978 and also joined the MPU.⁶

In 1978-79, industrial workers participated actively in urban uprisings organised primarily in neighbourhoods. They joined a struggle which, in its final stages, was waged primarily by the rural and urban poor who had neither access to land nor stable employment. Among others, these sectors included peasants whose land had been confiscated in the drive for agro-export modernization and migrants to the cities who could not be absorbed by the incipient manufacturing sector. Social movements played a key role in organising both the United People's Movement and the armed uprising. These movements were not organised along lines defined by the contradiction between labour and capital at the point of production. Rather they were formed by students, women and teachers, as well as neighbourhood and religious groups.⁷

In this final stage, the Sandinista movement also formed an alliance with sectors of the capitalist class that were opposed to Somoza's rule.

In sum, the FSLN neither emerged from workplace struggles nor gave priority to them prior to 1979, viewing the struggle for political power as a necessary prerequisite for meeting labour demands. In its fight against the Somoza regime, the FSLN sought the support of industrial workers and their families in neighbourhoods, churches and schools, as well as in the factories. The participation rates of industrial workers both in strike activity during the early 1970s and later in the armed uprising far exceeded their formal membership in either the national labour federations or the FSLN. While industrial workers gained important organisational experience in both cases, they did not develop a separate platform from which to negotiate their

relationship with the FSLN. By contrast, the business opposition pushed its own programme for a post-Somoza Nicaragua, relying upon US-backing in its ongoing power struggle with the FSLN.

PART TWO: GOVERNMENT WAGE AND INCENTIVE POLICY

In the 1980s, the Sandinista government pursued varying and often conflicting objectives through national labour policy. These related to production and economic goals, as well as to efforts to improve the status and power of workers and to strengthen the alliance between those sectors that backed the revolution. These conflicting objectives were most evident in the area of national wage policy. The Sandinista government's wage policy was tied to two issue areas which were integral to the process of social transformation in Nicaragua: a) non-wage versus wage distribution at the national level; and b) macroeconomic control over the structure and level of wage earnings. The tension between non-wage versus wage distribution emerged as the government attempted both to eradicate poverty and provide incentives in the productive sphere.⁸ At the same time, the government attempted to control the level of total wage payments in line with the planned supply of wage goods. The implementation of standardised wage scales tied to job definition and economic sector formed part of more comprehensive efforts to overcome past inequalities, while securing labour supply to priority sectors.⁹ The following sections will discuss wage policy in relation to these two main issue areas and will outline potential pressures and constraints upon enterprise labour policy.

1. The Social Wage Policy and Constraints on Nominal Wage Increases

Throughout the 1980s, government wage policy reflected the tension between policies aimed at the urban poor and those directed specifically to the industrial worker. From 1980 to 1983, this was reflected most clearly in the tension between non-wage versus wage distribution at the national level. Faced with a situation in which 50 per cent of the population lived in poverty, the Sandinista government attempted to provide access to basic goods and services on the basis of citizen entitlement rather than monetary income. From 1980 to 1983, government policy

was aimed at improving the social wage through increased state spending on education, health, housing and social welfare. The social wage was also bolstered by government subsidies on basic goods and services, rent control and differential public service rates for electricity, transport and water.¹⁰ This policy responded to the political expectations of the urban poor who had recently fought to overthrow the political and military regime of Somoza. Neighbourhood organisations, originally formed to support the armed uprising, now pressed for improvements in living standards and participated in government literacy and health campaigns and neighbourhood improvement schemes.

At the same time, the government attempted to curb nominal wage increases, arguing that the latter would generate inflation and would have only a limited redistributive effect upon the urban poor. In 1980, just over half of the population lived in urban areas and about 56 per cent of the economically active population (EAP) were employed outside agriculture. Yet only 52 per cent of the non-agricultural economically active population were employed in the formal sector in 1980.¹¹ Industrial workers represented a small and declining proportion of the non-agricultural labour force, accounting for just 9 per cent by 1984.

The majority of the urban poor remained outside formal employment. Their families tended to combine income from multiple sources, including petty commerce and production, services and wage employment, when available. The government authorised general nominal wage increases of 10 per cent in 1980 and 20 per cent in 1981. These adjustments did not compensate for inflation which was registered at 24.8 per cent in 1980 and 23.2 per cent in 1981. Nonetheless, the social wage policy did generally improve living standards for urban workers during these years.¹²

By 1984, government efforts to sustain the social wage had come under severe strain. Government subsidies on basic goods and services contributed to a fiscal deficit which reached 24.5 per cent of gross domestic product in that year. Shortages of basic goods, combined with limited government control over retail marketing, led to hoarding and speculation. The growing gap between official and market prices for basic goods reinforced the expansion of commercial activities where income-earning far exceeded formal sector wages, thereby leading to labour supply problems in the formal sector. The 1985 economic measures suspended

subsidies on basic consumer goods and reduced them on some public services, thereby marking a major shift in social wage policy.¹³

In the urban areas, low food prices had constituted an important component of the social wage.

Yet food policies aimed at the urban poor resulted in low peasant-producer prices, negatively affecting agricultural output and undermining support for the revolution in rural areas. As part of a comprehensive shift in policy towards the peasantry, the 1985 economic measures included the liberalization of agricultural producer prices. By the 1986-87 cycle, the terms of trade had shifted in favour of the peasantry with positive results in terms of agricultural output. Increases in food prices led to a further decline in workers' real wages.¹⁴ From 1985 to 1987, inflation had a severe impact on workers' economic situation. In the context of war and reduced access to foreign finance, there was increasing tension between different policy priorities, including social spending, state investment, support prices to agro-exporters and defence. This led to mounting deficits and spiralling inflation rates.

In sum, the government promoted non-wage distribution at the national level from 1980 to 1983, while placing constraints upon nominal wage increases within the factory. This policy limited the ability of firms to set wage differentials based on production objectives, and checked the power of unions to pursue their objectives through direct pay bargaining with management.

Yet in 1980-83, the social wage policy generally led to improvements in workers' living standards. In subsequent years, cutbacks in government social spending, shortages and hyperinflation rates had a severe impact upon workers' economic situation. The government increased its control over basic wage rates at the same time that workers faced abrupt changes in the cost and availability of basic goods and services, as discussed further below.

2. Government Control Over the Structure and Level of Wage Earnings

Decision-making power over wage levels began to shift to central government in the early 1980s. New legislation brought about reforms in the existing labour code, which had stated that wages should be set directly by the two sides involved in the employment contract. Under

the new laws, the Labour Ministry had the authority to fix ceilings on wage increases, reduce wage differentials and adjust wages periodically. Management and enterprise unions negotiated wages at firm level within the general parameters set by the Ministry. The Labour Ministry enforced wage policy by reviewing collective bargaining agreements and/or sending work inspectors to the factory. The stated objectives of government wage control from 1980 to 1983 were to curb monetary wage increases, enforce the minimum wage and reduce wage differentials. Regarding the latter, government policy aimed to narrow the gap between the highest and lowest wage scale, and reduce differences between wages paid for the same occupation in different geographical regions and/or by different firms.¹⁵

In 1984, the government introduced the National Work Organisation and Wages System (*Sistema Nacional de Organización del Trabajo y de Salarios: SNOTS*).¹⁶ This system established standardised occupational categories and corresponding wage scales, and introduced incentive pay based on production per worker beyond set labour norms. In theory, the national wage system allowed for periodic adjustments across occupations in line with inflation. In practice, a series of adjustments from 1985 to 1987 trailed inflation and real wages fell dramatically. As compared to 1980 levels, the purchasing power index dropped from 68 per cent in 1984 to 7 per cent in 1987.¹⁷

Tables 5.2 and 5.3 compare average and minimum basic wages to the cost of the basic consumption basket from 1981 to 1987.

Table 5.2 Salaries and Costs of Basic Consumption Basket in Nicaragua, 1981-1987, in *Córdobas* per Month

Year	Expanded Basic Consumption Basket	Minimum Basic Consumption Basket	Average Salary ^a	Minimum Salary ^b
1981	2,493	2,140	2,643	1,088
1982	3,061	2,569	2,929	1,120
1983	4,148	3,348	3,306	1,120
1984	7,165	5,448	4,283	1,700
1985	28,824	20,050	10,724	3,850
1986 ^c	166,689	43,444	30,717	10,058
1987	812,770	217,933	108,375	42,126

- Notes:
- a. Salaries for 1981-1985 are taken from the Nicaraguan Census and Statistics Institute (INEC). The 1986 and 1987 figures represent weighted averages from the national salary scales of the Ministry of Labour (MITRAB).
 - b. Minimum urban salary.
 - c. MITRAB changed the composition of its consumer baskets in mid-1986. Figures here represent MITRAB's reconstruction of the series.

Source: Stahler-Sholk (1990), Table 2, p. 72.

Table 5.3 Percentage of Basic Consumption Basket Covered by Salaries in Nicaragua 1981-1987

Year	Average Salary/ Expanded Basket	Average Salary/ Minimum Basket	Minimum Salary/ Expanded Basket	Minimum Salary/ Minimum Basket
1981	106	123	44	51
1982	96	114	37	44
1983	80	99	27	33
1984	60	79	24	31
1985	37	53	13	19
1986 ^a	18	71	6	23
1987	13	50	5	19

Notes: a. MITRAB changed the composition of its consumer baskets in mid-1986. Figures here represent MITRAB's reconstruction of the series.

Source: Stahler-Sholk (1990), Table 3, p. 73.

These figures refer only to basic wages and do not include incentive pay or non-wage distribution at enterprise level. Likewise, they do not take into account social programmes at national level or basic goods distribution at lower prices through factory and/or neighbourhood stores. Yet these figures do indicate the declining significance of basic wages as a means for gaining access to consumer goods and services. By 1987, the average basic wage covered only 50 per cent of the cost of the basic consumption basket.

Did firms comply with government wage rates? There are no studies of the actual wage rates paid by manufacturing firms during this period. There is some evidence that private firms and major public sector investment projects tended to pay higher rates, pointing to problems in the implementation of standardised wage scales in a mixed economy. Within state metalworking firms, preliminary research showed that the Labour Ministry did carry out periodic inspections in an effort to enforce wage policy. Under these circumstances, it was easier to introduce informal incentives and social benefits than to diverge from government wage rates. At an

industry-wide level, the government's annual wage and employment programmes and annual industrial evaluations revealed the limitations facing firms due to government control over wage rates, particularly in the 1985-87 period. While there may not have been strict adherence to these wage rates, this policy did seem to place significant constraints on state enterprises.

The national wage system was based on the principle that workers of the same occupational category should receive the same pay regardless of their employer's financial situation. By tying wages to standardised occupational categories, this system blocked the introduction of wage differentials according to production or financial criteria established at the enterprise- or industry-wide level.¹⁸ Furthermore, because it linked all formal sector wages, pay hikes for industrial workers would imply across-the-board increases. With the central government representing around 10 per cent of formal sector employment, any wage increase would have a direct impact on state spending and, thus, the fiscal deficit, thereby contributing further to inflation. This posed additional constraints on wage policy within the manufacturing sector.

By determining the structure of wages between economic sectors, the national wage system attempted to secure labour supply to priority areas. By introducing standardised occupational categories and wage scales, it set out to equalise remuneration between firms and thereby curb labour turnover. However, the range of non-wage benefits differed significantly between firms. This system was originally designed to link the level of total wage payments to the availability of consumer goods and services.¹⁹ Yet Nicaragua's large informal sector remained outside this system. By 1985, 62 per cent of the non-agricultural labour force was employed in the informal sector which included petty commerce and production, services and repair.²⁰ Wage-containment policies prevented neither shortages nor speculative price increases as there was a growing demand for consumer goods on the part of non-wage sectors.

While wage earners came under severe economic pressures, opportunities to earn higher monetary incomes were available outside the formal sector. A 1984-85 survey carried out by the Labour Ministry showed that income was a major factor cited by workers who had left their jobs for the informal sector. This same survey demonstrated that income within the urban informal sector was highly stratified with large speculative earnings concentrated in a small subgroup. The majority of informal-sector workers earned minimal unstable incomes.²¹ A number

of these workers rotated between formal and informal employment or combined work in the two sectors to obtain the benefits of each.²² While monetary income was higher in the informal sector, the factories provided a range of non-wage benefits which buffered the impact of inflation on workers' living standards, as discussed below. From 1985 to 1987, the government's annual industrial evaluations included labour supply problems and high labour turnover rates among the main factors negatively affecting production. According to government estimates, labour turnover exceeded 40 per cent by 1986.²³

In sum, the national wage system was based on the principal that workers of the same occupational category should receive the same pay regardless of their employer's financial situation. It therefore attempted to block the introduction of wage differentials according to production or financial criteria established by enterprises. At the same time, it intended to further production objectives by securing labour supply to priority firms and curbing labour turnover. The Nicaraguan government implemented the national wage system in a mixed economy, characterised by a large informal sector, during a period of hyperinflation. Under these circumstances, wage policy produced results which were diametrically opposed to those intended by the government. The 1987 wage and employment programme stated that the rigid application of the national wage system had led to high labour turnover rates, labour supply problems and low worker-motivation. It called on firms to implement this system according to the specific conditions in each firm, thereby taking the first step towards abolishing the national wage system.²⁴

3. Specific Criteria for Setting Wages and Incentives

What were the specific criteria for differentiating wages and incentives under the national wage system? This system was based on the premise that a job is a well-defined aggregate of specified tasks. Each job was broken down into its component tasks which were rated on the basis of criteria of complexity. In determining the latter, this system took into account the knowledge and skills required to carry out a given task, and the degree of responsibility it entailed. It considered machinery and equipment type, work instruments in use, and the technical characteristics of the raw materials and inputs. The task ratings were added to form a

points total and then grouped into labour grades. The latter were assigned to each formal-sector occupation based on these job ratings, as well as the priority assigned to the economic sector. Wage scales were then attached to these labour grades.²⁵ The government issued these criteria for setting wages in the context of a sharp decline in real wages, thereby bringing into question the relevance of the resulting pay differentials at shop-floor level. This section will only briefly mention the type of constraints these criteria may impose upon firms, leaving the case studies to consider their actual effect.

By tying payment to the knowledge and skills required to carry out specific tasks, the national wage system attempted to motivate workers to acquire additional skills through production experience and/or formal training. Yet these criteria took into account only the specific skills that workers applied in their current occupation, rather than their general skills and knowledge. In this regard, we would expect this system to place constraints on firms' ability to reward workers for developing a broad range of skills. However, this system was designed to be based on the existing division of labour in each firm and could allow for broader job definitions, including such tasks as machine set-up and routine maintenance. This is illustrated in the following example of the points system provided by the Regional Employment Programme for Latin America and the Caribbean.

• Calculations	6%
• Machine set up and preparation	9%
• The actual work process	72%
• Machinery use and routine maintenance	5%
• Degree of responsibility	8%

Source: Regional Employment Programme for Latin America and the Caribbean (1984b), p.4.

In principle, this system could also be adapted to allow for job rotation and/or variations in job content. Yet this would require a complicated process of evaluation if wage scales were to be tied to specific task ratings.

In the 1984-87 period, the government introduced a labour norm system in an attempt to stimulate work intensity. The Labour Ministry pressured firms to establish labour norms for each occupation. Manufacturing firms set norms based on the rate at which jobs had been carried out in past years, or on statistics concerning the average rate at which a sample of workers completed a given task. The Ministry authorised firms to pay incentives for each unit of output over the norm up to a set ceiling.²⁶

The way in which labour norms were set and adjusted at factory level determined whether they introduced flexibility into the payment system or posed an additional constraint. This study will therefore regard labour norms as an internal factor rather than an external constraint, except in the following respects. The Labour Ministry set ceilings on earnings that could be obtained by surpassing labour norms. At the same time, government economic policy influenced the availability of wage goods and the purchasing power of incentive pay, thereby indirectly affecting possibilities for implementing an effective labour norm system. In 1986-87, the government introduced additional incentive schemes based on seniority, formal education, exposure to hazards and geographic location. Likewise, the Labour Ministry authorised collective incentive schemes tied to output targets and individual incentives based on product quality and effort. In several firms, incentive pay represented over 100 per cent of the basic wage by 1987.

In sum, the government issued specific criteria for setting wages that could prevent firms from rewarding those workers who had acquired a wide range of skills. These criteria could not be applied easily to a labour process involving job rotation and/or frequent changes in job content. This system thereby posed a potential constraint upon the ability of enterprises to adjust labour policy and work organisation to changing production requirements. By defining these criteria, the National Wage System intended to protect workers against arbitrary management decisions regarding the assignment of tasks, jobs and wages. The case studies will consider their relevance as both guarantee and constraint given the severe decline in real wages. We will also examine the degree to which the labour norm system and other government incentive schemes introduced flexibility into the payment system or posed additional constraints.

4. External Constraints on Non-wage Distribution within Enterprises

This section considers external constraints on the ability of firms to set up non-wage distribution systems. The factory stores represented one of the most important firm-level distribution systems. From 1980 to 1983, the government supplied basic products at low prices to factory and neighbourhood stores and government supermarkets. Yet from 1984 to 1987, the distribution of basic goods at controlled prices was insufficient to cover national demand. As a result, there were increasing trade-offs between the distribution of basic goods through the neighbourhoods versus the workplace, and distribution policies shifted frequently during these years, thereby affecting the purchasing power of real wages.

The 1984 consumer protection law introduced consumer cards for eight products supplied at low prices through neighbourhood stores according to per capita quotas. These products were then removed from factory stores to avoid double rationing to workers' families. Fifteen additional products were still supplied through the factories, subject to availability.²⁷ In 1985, there was a further change in distribution channels. While eight essential products were still sold at neighbourhood stores, additional basic goods were supplied to workers through government supermarkets rather than factory stores. Wage earners were issued with consumer cards indicating the products and quotas which they could purchase at regulated prices based on occupation.

Although industrial workers were given high priority, government supermarkets had a number of disadvantages compared to factory stores. There were frequent shortages of goods available in the supermarkets, and queues were long. Workers' families therefore had to invest time in obtaining basic goods which would otherwise be used to earn additional income or meet other survival requirements. The factory stores were reopened in 1987 in response to the demands of both Sandinista and non-Sandinista unions.

Payment-in-kind represented another form of non-wage distribution within Nicaraguan manufacturing units. This was often combined with barter trade between unions. Two unions would trade the goods produced by their firms which would then be sold to workers at factory prices. Workers often resold these products on parallel markets, thereby obtaining an

additional income which surpassed the value of nominal wages. Payment-in-kind reached its peak in mid-1984 when the government took steps to halt this practice.²⁸

Otherwise, there were few government controls over non-wage benefits at firm level. The Labour Ministry reviewed collective bargaining agreements and could contest social benefit clauses which threatened firms' financial viability or undermined economic policy. Yet in practice, the government encouraged firms to implement a wide range of benefits such as subsidised meals, clinics and the provision of uniforms and boots. Furthermore, few effective restrictions were placed on benefits introduced by firms outside the sphere of formal agreements.

Through the wage containment policy, the government attempted to hold down the price of manufactured goods. This was particularly important given cost-plus pricing policies and the absence of financial constraints on firms in local currency. Yet social benefits, which were not tied to productivity, assumed an increasing share of total operating costs. In sum, government policy did affect firms' ability to provide access to basic goods through the factory stores. Likewise, the government attempted to curb payment-in-kind after 1984. Otherwise, there were few constraints on firms' ability to offer material incentives through non-wage benefits, and on the union's capacity to pursue labour objectives through this avenue.

Part Two has considered the impact of government wage and incentive policies upon enterprises. In 1980-83, government wage ceilings limited both enterprise labour policy and the power of unions. Nevertheless, the social wage policy did improve workers' living standards in these initial years. The government posed the most severe constraints upon enterprise wage policy in 1984-87, a period characterised by hyperinflation, shortages and reduced access to social services. In this latter period, enterprises could be expected to come under pressure to introduce alternative payment systems and additional social benefits aimed at mitigating the effects of economic crisis upon their employees.

PART THREE: PRESSURES AND CONSTRAINTS ON THE ROLE OF ENTERPRISE UNIONS

Part Three will outline external political pressures and constraints upon the role of enterprise unions in negotiations and dispute resolution, and in efforts to resolve production and labour issues within the firm. Between 1979 and 1987, workers organised 1,485 unions with a total of 215,061 members, thereby bringing about an eight-fold increase in the number of unionised workers. About 80 per cent of these unions were established during the 1979-82 period. The single enterprise union constituted the main form of labour organisation in Nicaragua.

1. The Role of Enterprise Unions in Negotiations and Dispute Resolution

There was an ongoing struggle over the role of enterprise unions in negotiations and dispute resolution throughout the 1980-87 period, particularly as regards pay bargaining and the right to strike. This section first summarises the stances adopted by the national labour federations on the wage issue and highlights the predominant position held by the Sandinista Workers' Federation (*Central Sandinista de Trabajadores 'José Benito Escobar'*: CST). It then looks at the relationship between the state, labour federations and their member unions in the context of strike activity and enterprise bargaining. Finally, it considers the effect of labour law on negotiations and dispute resolution.

1.a. Contrasting Political Stances on the Wage Issue

Organised in 1979 by the same party that had assumed state power, the CST adopted the dual role of promoting class-specific economic interests, while strengthening Sandinista political power and the broad class alliance on which it was based. In the area of wage policy, the CST gave precedence to the latter role.²⁹ It accepted constraints on wage increases as defined by the government, and linked its demands to those of other economic sectors, according to Sandinista political strategy in each stage. From 1980 to 1983, its leaders argued that workers

should give priority to the requirements of national reconstruction over wage demands that the economy could not yet sustain. They urged workers to increase production and productivity so as to provide the goods and services required to sustain the social wage. Likewise, they argued for joint solutions to the wage issue which would take into account all wage earners, particularly those in the lowest-income bracket.³⁰

From 1984 to 1987, CST wage demands were framed within and constrained by the context of war and economic crisis. The CST did not negotiate specific aspects of the 1984 National Work Organisation and Wages System, although it was consulted and did participate in its implementation. It backed the 1985 economic measures, while pressing for wage hikes to compensate partially for the resulting price increases. It asserted that the problem was insufficient production in the face of growing demand, coupled with hoarding and speculation by middlemen.³¹ It called for wages to be tied to productivity increases, and argued that the state, labour and mass organisations should exercise greater control over prices and distribution channels. The CST only began to question wage and distribution policies when wages dropped below the cost of the basic goods basket, and enterprise union leaders pushed the debate in the national assemblies.³²

The five opposition labour federations did not accept government-defined constraints on wage increases. From 1980 to 1983, the General Confederation of Workers-independent (*Confederación General de Trabajadores-independientes*: CGT-i), Union Action and Unity Federation (*Central de Acción y Unidad Sindical*: CAUS), and the Workers' Front (*Frente Obrero*: FO) organised workers around wage demands. They argued for the need to focus upon the contradiction between labour and capital as expressed in specific struggles around economic demands in the workplace. From 1984 to 1987, all three federations challenged government wage-containment policies in an inflationary period. They called for wage hikes to recover purchasing power and worker control over prices and distribution.

Yet they held distinct positions on the policy of alliances pursued by the Sandinista party and the state, particularly in the 1979-81 period. The CGT-i worked with the Sandinistas in an effort to unite the labour movement around a common platform which was generally supportive of the Sandinista state. By urging joint action, it attempted to improve labour's

bargaining power both in relation to capital and within the broader Sandinista movement. The CAUS and FO argued that government curbs on pay hikes would only consolidate the power of the capitalist classes and the state over the working class. Through the wage issue, they attempted to mobilise workers around broader opposition to the mixed economy and the Sandinista politics of class alliances.

The Confederation of Union Unification (*Confederación de Unificación Sindical*: CUS) and the Nicaraguan Workers' Confederation (*Confederación de Trabajadores de Nicaragua*: CTN) criticised government interference in management-labour relations and called for pay bargaining directly between management and unions. They formed part of the US-backed opposition coalition, together with those political parties and private sector organisations that were most opposed to the Sandinista state. Representing about 3 per cent of organised labour in 1986, the member unions of the CUS and CTN were located primarily in the private sector and therefore did not have significant influence over industrial relations within state enterprises.³³

1.b. Predominant Position of the Sandinista Workers' Federation (CST)

In 1979-80, the various labour federations vied for political control of the new enterprise unions. The Sandinista movement had both momentum and prestige following the overthrow of Somoza, while the other labour federations had greater union experience and organisational links among industrial workers. The latter imbalance was redressed somewhat when a group of key CGT-i labour leaders moved over to the CST in late 1979. In 1979-80, about 70 per cent of the new unions joined the CST. The latter promoted the formation of an inter-union co-ordinating committee in 1980-81. The CGT-i, FO and CAUS joined this effort, participating in annual assemblies together with the CST, the Association of Rural Workers (*Asociación de*

Trabajadores del Campo: ATC), and Sandinista health, education and media workers' organisations. CAUS withdrew from the 1981 assembly over the wage issue.

The Sandinista party and CST had a number of channels through which they could influence the new enterprise unions. The CST oversaw the activities of its member unions, while the regional offices of the Sandinista party were in charge of the factory party committees. The latter included all party members and often brought together both management and labour leaders in the same firm. The Sandinista party also attempted to form other organisations in the factories such as the Sandinista Youth and Women's Organisations, with varying degrees of success in different firms. Opposition labour federations worked mainly through their activists in the factories and competed in annual elections for control of the union. Each of these federations were also associated with a political party, either officially or unofficially.

1.c. Strike Activity

In 1979-81, there were numerous wildcat strikes, work stoppages and factory take-overs. The CST called upon its member unions to persuade workers to curb wage demands and resolve disputes without interrupting production, using industrial action only as a last resort. By contrast, CAUS-affiliated unions called for wage rises, often surpassing 100 per cent. The FO combined its call for pay rises with demands for the expropriation of private capital and the banning of right-wing political parties.

Strikes led by the CAUS and FO formed part of a political struggle to define the role of organised labour under the new conditions prevailing in Nicaragua. These federations generally did not draw up their demands or plan strike action based upon an evaluation of their bargaining strength and possibilities for success in different sectors. The 1980 assembly affirmed labour's right to strike when all other avenues had been exhausted. However, after a series of violent strikes in 1980, the government imprisoned FO national leaders, closed down their newspaper and confiscated an arms cache.

In 1981, there was heightened conflict between labour and capital and between the Sandinista revolution and the Reagan administration, which had begun to train and finance contra forces in

Honduras. Both Sandinista and non-Sandinista unions continued to strike around wages while also taking over factories and farms in an attempt to block private owners from withdrawing their capital. The government attempted to regulate class conflict by introducing an agrarian reform law and a law to prevent decapitalization practices while banning strikes and factory and land take-overs.³⁴ In September 1981, the government imprisoned CAUS leaders for inciting strike activity, along with leaders of the US-backed opposition group, the Superior Council of Private Enterprise (*Consejo Superior de Empresas Privadas*: COSEP).

Sandinista and opposition unions led hundreds of strikes between 1981 and 1984. Neither the strike prohibition nor the position adopted by the CST prevented these confrontations. However, the strike ban and the CST political stance did mean that Sandinista-led wage disputes (and the negotiations to resolve them) were confined to each factory and did not spread to branch or national level. By imprisoning FO and CAUS leaders, the state limited their ability to initiate collective industrial action at branch or national level. These sanctions were not applied to opposition rank and file union activists who continued to organise strikes within enterprises. The government generally sent in mediators from the Labour Ministry and/or national Sandinista leaders, but did not call upon the police or military to break up labour protests. These limits on collective industrial action, combined with the CST's stance on the wage issue, effectively ruled out any possibility of national pay bargaining.

1.d. Enterprise Bargaining

The state promoted enterprise bargaining while authorising the Labour Ministry to oversee this process. About 70 per cent of the CST unions signed agreements in 1980. Opposition labour federations urged their member unions to negotiate agreements but were against the intervention of the Labour Ministry. In 1980-83, management and labour negotiated enterprise agreements within the parameters set by government-defined minimum wages and ceilings on pay hikes. According to a study by the Labour Ministry, wage issues accounted for 8 per cent of clauses contained in agreements reached during 1979-83, while incentives and non-wage benefits represented 30 per cent.³⁵ The remaining clauses pertained to labour rights and guarantees (23 per cent), working conditions (15 per cent), the union (12 per cent), worker

participation in management (7 per cent), women's labour conditions (1 per cent) and others (4 per cent).

From 1984 to 1987, centralised wage fixing removed basic wage rates from the agenda of labour-management negotiations. Given the dramatic decline in real wages, we would expect enterprise union leaders to come under pressure from their members to negotiate incentives and non-wage benefits. After 1984, the Labour Ministry also attempted to exert greater control over incentives and social benefits. Yet there was still considerable room for management and labour to negotiate these forms of remuneration outside formal bargaining procedures.

1.e. Labour Law

New legislation in the 1980s pertained to government wage policy and the role of the Labour Ministry in overseeing firm-level negotiations and in the arbitration of management-labour disputes. Neither Sandinista nor opposition labour federations introduced significant legislative initiatives during the period under study. While the main federations called for a new labour code as early as 1980, and the CST drafted a bill in 1987, they did not introduce such legislation during the 1980s. The existing labour code (passed in 1944) included minimum wage and eight-hour day clauses, occupational health and safety norms, and restrictions on the conditions under which women and children could be employed. Work inspectors had the right to enforce these clauses and to sanction firms that violated these norms. Otherwise, the terms and conditions of work were defined in the contract between employer and employee rather than at the national level.

The existing labour code did not spell out criteria and procedures under which workers could be fired, or establish the right of workers to appeal against dismissal decisions. The labour federations did not introduce specific employment protection legislation. However, new laws regarding the Labour Ministry's role in arbitration did provide some protection as dismissed workers could present their case to this ministry. Following an unfavourable settlement, they could bring their case to court through an appeals process open to any citizen under ordinary law who has a dispute with the public administration.

Neither Sandinista nor opposition labour federations used the legislative avenue to bring about changes in the specific rules, procedures and/or criteria for settling management-labour disputes. By 1987, there was still no detailed legislative framework by which to guide settlements other than that set out in the 1944 labour code. Nor were there national bargaining agreements defining the rules and procedures to be followed in dispute settlements. The People's Industrial Corporation played a mediating role in management-labour disputes. Because the corporation hired state enterprise directors and could fire them, workers often took their case against management directly to its branch division.

In sum, constraints on collective industrial action and the CST's stance on the wage issue left little room for national pay bargaining. Under pressure to respond to workers' immediate economic demands, Sandinista and opposition unions alike gave priority to formal and informal enterprise bargaining over political action aimed at changing government policy and the more long-term project of reforming labour law. The absence of labour legislation further reinforced pressure upon management and labour to resolve issues within the firm.

2. Pressures and Constraints on the Role of the Enterprise Union in Efforts to Resolve Production and Labour Issues

The state, Sandinista party and the CST exerted pressure on enterprise unions to widen the scope of organised labour's activities within the factories. Enterprise unions were expected to pursue production and labour objectives simultaneously and to promote worker participation in efforts to resolve a broad range of shop-floor issues. At the same time, the factory became a centre from which to mobilise workers' involvement in national politics, social programmes and the war effort. The government called on state directors to promote, or at least permit, the above changes in the role of enterprise unions.

The CST initially put forward its position on worker participation in the 1980 and 1981 Assemblies for Union Unity. These assemblies urged organised labour to participate in the following ways:

1. elect representatives who would convey their demands to both enterprise administrators and the government;
2. participate in efforts to meet output targets by improving labour productivity and carrying out voluntary work days, as well as by identifying and resolving the main problems blocking these efforts at the shop-floor level;
3. participate in the formulation of government policies in a consultative capacity;
4. monitor the implementation of the plan and the enforcement of labour code clauses, particularly as regards occupational health and safety; and
5. oversee the activities of enterprise managers so as to prevent decapitalization practices, embezzlement or financial negligence.

In other words, enterprise unions were to represent labour demands, mobilise workers around production objectives, and play a watch-guard role over management. At the same time, CST national leaders held seats on the inter-ministerial commissions that drafted the annual plans, as well as on the employment and living standards commissions. There were clear limits to this concept of participation. National labour leaders channelled workers' demands and were consulted on economic and industrial policies, but did not negotiate these with the government. Enterprise unions were expected to mobilise workers politically around efforts to improve labour performance, but did not have a direct say in decisions regarding investment and other policies that affected this. These constraints remained throughout the period under study, limiting the new forms of participation that emerged within enterprises. This section briefly describes four programmes through which the Sandinista party and the CST attempted to bring about changes in the role of the union: the enterprise committee, production assemblies, the innovators' movement and economic brigades.

The enterprise committee and production assemblies evolved from different experiments in worker participation in the early 1980s.³⁶ Initially, the Sandinista party fostered the formation of economic reactivation assemblies within production units with the aim of linking daily production issues to the wider challenge of economic reconstruction following the war. Drawing upon this experience, the Sandinistas then urged management and unions to organise

production councils, comprised of worker representatives elected in each section of the plant, union leaders, administrators and the enterprise director. These production councils identified obstacles to meeting output targets and looked for solutions to these problems. Likewise, they reviewed occupational health and safety standards and labour conditions generally.

The government, Sandinista party and CST then promoted the formation of enterprise committees and production assemblies in the 1984-87 period. The enterprise committee constituted an attempt to involve the union in the administrative and technical issues facing the firm. The enterprise director, administrators and union leaders formed this committee which generally met on a monthly or bi-monthly basis to discuss the firm's operations. In these meetings, labour leaders could put forward issues pertaining specifically to labour, but these had to be framed within the general concerns of the firm. The enterprise committee provided the union with information, but generally did not represent a form of consultation with workers on management decisions. A number of decisions regarding supply channels, technology choice, output targets, product mix and marketing channels were reached outside the firm (although in consultation with management), thereby posing an external constraint on union participation in these decisions. However, union leaders could channel workers' suggestions regarding the implementation of these decisions through committee meetings.

The assembly process attempted to provide a forum for direct worker participation and allow scope for discussion on a wide range of issues.³⁷ While the enterprise committee followed an agenda put forward by management, the assembly process began with an open discussion in production sections between union leaders and workers. In these production section meetings, union leaders encouraged workers to put forward the main production and labour problems affecting their area of work. These meetings evaluated production output in relation to plan targets and put forward suggestions for overcoming obstacles to fulfilling the plan. Based on these meetings, the union drew up a set of complaints, suggestions and questions which it presented to management.

This process led to enterprise assemblies and branch-level assemblies on a quarterly basis. In the enterprise assembly, the general director gave a production and financial report and responded to the main issues put forward in the sectional meetings. This was followed by a question and

answer period which allowed individual workers to raise issues directly with management and/or regional Sandinista party and CST leaders. Branch-level assemblies then brought together government officials, managers and workers from state and private firms. In the metalworking industry, the state division director opened these meetings with an extensive report on the industry. He evaluated overall production performance, outlined development plans, and listed the main problems confronting the industry. He then gave a brief report on each of the thirty-six metalworking firms before responding to questions from workers. Finally, the different brigades competed for the vanguard banner awarded by a joint committee of government officials, CST labour leaders and enterprise directors. This committee judged the brigades on production performance, as well as a range of indicators such as attendance records and worker innovations.

The assembly process provided workers with extensive information on the industry and considerable room to put forward suggestions and complaints, although it did not provide a basis for worker control over management decisions. The state, Sandinista party and CST encouraged workers to oversee management activities so as to prevent financial negligence and ensure compliance with labour legislation and occupational health and safety norms. The assembly meetings provided a public forum in which workers could exercise this watch-guard role. Through the metalworking assemblies, the CST attempted to organise an industry-wide union comprised of its member enterprise unions. This industry-wide union promoted a broader role for organised labour in resolving production and labour issues, but did not attempt to strengthen labour's bargaining position in relation to management and the state on economic issues.

The People's Industrial Corporation exerted considerable pressure upon its enterprise directors to implement these multi-level programmes, while the CST urged its member unions to participate actively in them. Preliminary research in the main metalworking firms showed that opposition unions also participated in the enterprise committees. Likewise, opposition activists joined the assembly process, even when they did not control the union. Opposition activists used both fora to push economic demands while opposing Sandinista pressures on the union to adopt production and labour goals simultaneously.

The innovators' movement and economic brigades attempted to strengthen workers' roles in resolving production and technical problems.³⁸ These programmes promoted the political mobilization of labour around production objectives. The innovators' movement began in 1981 when workers started producing spare parts and making minor technical adaptations to keep factories in operation in the face of foreign exchange constraints. The government and CST drew up ambitious plans to establish movement structures at national and firm level, organise technical training courses for innovators, integrate worker innovations into the industrial planning and evaluation procedures, and award patents to workers.

This movement received wide national backing. Worker innovations were reported in the newspapers and on television and were displayed in the annual innovators' exhibition. Likewise, worker innovators from various sectors of the economy met in periodic assemblies to discuss their problems and achievements with national Sandinista and CST leaders. This support provided positive incentives to enterprise unions and plant-level supervisors to encourage worker involvement in repair and maintenance and minor technical adaptation. At the same time, the innovators' movement attempted to pressure management to allow for greater worker initiative at the shop-floor level. Yet this movement ran into numerous difficulties when it attempted to introduce a patents system or to channel workers' technical suggestions into the formal management decision-making processes.

The economic brigades began in May 1986, during a national campaign to recover labour productivity and the length of the working day in the agricultural sector. The first brigade in the manufacturing sector was formed in the National Textile Factory (*Fábrica Nacional de Textiles*: FANATEX). The FANATEX brigade set out to meet daily output targets despite the numerous problems blocking this effort. The Sandinista party, labour federation and youth movement then promoted the organisation of brigades throughout the manufacturing sector. The brigades organised voluntary workdays to overcome bottlenecks and meet production objectives. In a number of firms, the brigades attempted to mobilise workers around output targets during normal working hours and to take responsibility for workers' attendance, punctuality and other aspects of labour discipline.

Through the innovators' movement, the Sandinistas attempted to encourage and reward individual workers for technical initiatives regardless of their political affiliation. Opposition labour federations neither promoted nor opposed this movement. In contrast, the CST promoted economic brigades as part of its fight with opposition federations over the role of organised labour under conditions of economic crisis and war.

Finally, the Sandinistas encouraged enterprise unions to carry out a wide range of activities outside the productive sphere, including the following:

- a) mobilise support for the war effort, enlist workers in military service and the reserves, and aid their families;
- b) organise workers' participation in demonstrations and other aspects of national politics;
- c) select workers for political courses run by the Sandinista party;
- d) organise adult education and select workers for technical courses;
- e) organise cultural activities and sports; and
- f) enforce price controls.

The branch-level assemblies attempted to build upon this new role for enterprise unions. In each metalworking assembly, the CST leader for this industry reported on the activities of the enterprise unions in the productive, military and political sphere before opening the floor for discussion. A member of the military battalion funded by the metalworking unions then reported on the war situation. The assemblies generally closed with a speech by national Sandinista leader, Victor Tirado, which linked workers' efforts in the productive sphere to the challenges currently facing the revolution.

In sum, these four programmes (the enterprise committee, production assemblies, innovators' movement and economic brigades) embodied the Sandinista position on the role of the union and worker participation. In distinct ways, each set out to strengthen the role of unions in efforts to resolve production and labour issues within the enterprise. However, these

programmes did not enable unions to influence investment and other key decisions affecting labour performance. Nor were they designed to improve labour's bargaining position relative to the state on wage and economic issues. Part Three has argued that the external political environment favoured a strong role for enterprise unions in negotiations, dispute resolution and efforts to resolve a wide range of issue within the firm, while placing constraints on negotiations and collective industrial action at branch and national level.

CONCLUSION

From 1980 to 1987, the external economic and political environment had contradictory effects upon the autonomy of enterprises, labour policy and the sphere of union activity. In 1980-83, the government set ceilings on nominal wage increases, while improving the social wage through increased state spending and other redistributive measures. The social wage policy improved workers' living standards, but limited the power of unions to pursue labour objectives within the workplace. Likewise, it curbed the capacity of enterprises to provide wage incentives in the productive sphere.

In 1984, the government introduced a national wage system, whose specific criteria for setting wages posed potential constraints on the ability of firms to meet labour requirements generated in the course of productive adaptation. Furthermore, by 1984, the government could no longer sustain the social wage at a society-wide level. State-authorized wage adjustments trailed inflation rates in the 1984-87 period, leading to a severe decline in real wages. Meanwhile, opportunities to earn higher monetary incomes were available in the informal sector. These conditions could be expected to generate pressure upon enterprises to introduce alternative payment systems and non-wage benefits aimed at mitigating the effects of economic crisis upon their employees.

Debates over the role of enterprise unions in the 1980s reflected the relationship between the FSLN and organised labour during the previous decade. Opposition labour federations called on their member unions to resume struggles around wages and working conditions, and to strike if necessary. The Sandinistas attempted to shape a new role for organised labour, building

upon the broader alliances forged during the uprising. In this spirit, the CST lent formal support to government wage policies and the strike ban. Its political stance, plus government constraints on collective industrial action, confined labour protest and pay bargaining to the enterprise level. The state, Sandinista party and CST encouraged enterprise unions to negotiate collective bargaining agreements directly with management within the parameters defined by government policy. Under pressure to respond to workers' economic demands, Sandinista and opposition unions alike gave priority to formal and informal enterprise bargaining over political action aimed at changing government policy or the more long-term project of reforming labour law.

Through a series of participation schemes, the state, Sandinista party and CST attempted to strengthen the role of unions in efforts to resolve a broad range of issues within the firm. However, these programmes did not enhance the power of unions to influence investment and other key decisions affecting labour performance, nor improve their bargaining position relative to the state on wage and economic issues. By failing to negotiate wage and economic policies, the government and national labour federations effectively relegated to the enterprise level efforts to resolve the severe economic problems facing workers in the 1984-87 period. The absence of labour law reform reinforced pressures upon managers and workers to resolve issues within the firm. Under these conditions, the response of unions and managers to daily difficulties and challenges could be expected to shape the nature of enterprise industrial relations.

NOTES

¹ See Stahler-Sholk (1987b), p. 550-555.

² On the struggle of Sandino and later the FSLN, see Black (1981); Fonseca (1982); Instituto de Estudios del Sandinismo (1986); Macaulay (1967); Núñez (1980); Morales Avilés (1984); Ramírez, eds. (1979); Selser (1969, 1981).

On the Nicaraguan labour movement prior to 1979, see Gutiérrez (1978, 1985); Pérez and Guevara (1985); Pérez-Stable (1982); Stahler-Sholk (1987b); Vargas (1978).

³ Chapter Five will utilise abbreviations for the names of political and labour organisations due to their number and length.

⁴ Vilas (1985a), p. 122, Pérez-Stable (1982) cites a lower 6 per cent rate of unionization based on the Sandinista newspaper Barricada 16 March 1980.

⁵ Stahler-Sholk (1987b), p. 553; Vargas (1978), p. 210-213.

⁶ Stahler-Sholk (1987b), p. 553-554.

⁷ See Núñez (1980) on these movements as the 'third force' in national liberation movements both in Nicaragua and elsewhere.

⁸ See FitzGerald (1986), p. 36-39, on this issue in socialist transition within small peripheral economies.

⁹ See Wilczynski (1983), Chap. 7, on wage policy in socialist planned economies; and FitzGerald (1988b) on wage policy, petty commodity production and household budgets in Third World economies.

¹⁰ See Nicaragua, Ministry of Planning (1980), p. 104-106; and FitzGerald (1985c).

¹¹ FitzGerald (1987b), Table 3 p.36. See Ibid. for an analysis of the composition of the economically-active population. The figures on E.A.P. cited in this chapter are based on FitzGerald's calculations presented in the above article.

¹² These inflation figures are from the Nicaraguan Census and Statistics Institute (*Instituto Nicaragüense de Estadísticas y Censos*: INEC) and are lower than the figures cited elsewhere. See Collins, Lappé, Allen and Rice (1985) on general improvements in living standards in the areas of basic consumption, education, health and social security.

¹³ See Pizarro (1987).

¹⁴ See Marchetti (1986); Núñez (1987); Spoor (1987); and Utting (1987, 1988). These studies focus on this policy shift from the perspective of the peasantry and agricultural production, relating these changes to the war and the need to restructure rural class alliances. The impact of urban-rural terms of trade on the industrial worker and manufacturing production has received less attention.

¹⁵ See Nicaragua, Ministry of Planning (1980), p. 104-106; and Nicaragua, Ministry of Planning (1981), p. 94-99. See also Regional Employment Programme for Latin America and the Caribbean (1984a).

¹⁶ See Republica de Nicaragua (1988), Law No. 2. By way of abbreviation, we will refer to this as the national wage system.

¹⁷ Stahler-Sholk (1990), Table 1 p.58 - 59, based on inflation figures from INEC and wage figures from the Labour Ministry. These figures refer only to basic wages.

¹⁸ The Labour Ministry did authorise slight variations in wage scales between firms according to a three-level classification of enterprises in an attempt to attract skilled labour to priority firms. Yet these variations were of limited significance in light of the reduced purchasing power of wages and opportunities to earn higher incomes outside the formal sector.

¹⁹ Nicaragua adopted this wage system from Cuba with few modifications. In Cuba, this system was designed to function in the context of centralised planning, state ownership of the means of production, and strict government control over prices and distribution channels. Likewise, Cubans were guaranteed access to a minimum level of basic goods and services independent of monetary income.

²⁰ See FitzGerald (1987b), p. 36 Table 3.

²¹ Nicaragua, Ministry of Labour (1987). "*El Sector Informal en Managua*" cited in Stahler-Sholk (1990), p. 75.

²² Likewise, workers' families generally had members in both sectors. See Instituto Histórico Centroamericano (1986b) for research results of a study on the survival strategies adopted by Managua's urban poor.

²³ Nicaragua, Planning and Budget Secretariat (1986b), p. 133-135. There are no figures which disaggregate labour turnover according to the following categories; a) between formal and informal sector employment; b) between state and private enterprises; and c) between different state enterprises. Preliminary research in the metalworking industry showed that labour turnover occurred in all three categories.

²⁴ See Nicaragua, Planning and Budget Secretariat (1986b), p. 151.

²⁵ See Republica de Nicaragua (1988), Law No. 2 1985; and Regional Employment Programme for Latin America and the Caribbean (1984a, 1984b).

²⁶ See Stahler-Sholk (1987c).

²⁷ See Instituto Histórico Centroamericano (1984b).

²⁸ According to a CST survey of 22 firms in May 1985, payment-in-goods represented an average of 42 per cent of workers' total income. Cited in Vilas (1989), p. 148 and Stahler-Sholk (1990), f.n. 25. See former for examples of payment-in-kind.

²⁹ In the 1979-1981 period, the CST promoted class-based confrontation with private-sector owners who were taking working capital outside the country. Yet it did not attempt to extend this conflict to the area of wage policy. See Vilas (1986), pp. 179-189, on the above conflict and how the state attempted to regulate confrontations between labour and capital after 1981.

³⁰ See Central Sandinista de Trabajadores (1981); and Tirado (1986).

³¹ From 1985 to 1987, the CST led campaigns against speculation, meeting with limited success because they tended to treat the informal sector as an undifferentiated group and did not take sufficient account of worker families' survival strategies, which included participation in petty commerce.

³² See Central Sandinista de Trabajadores (1984, 1985a, 1987a). Also see Tirado (1986).

In the 1985-87 period, both the Sandinista neighbourhood organisations (Sandinista Defence Committees: *Comités de Defensa Sandinista*: CDS) and the National Farmers and Cattle Raisers Union (*Unión Nacional de Agricultores y Ganaderos*: UNAG) assumed greater autonomy in relation to the Sandinista party. In comparison, the CST national office showed less autonomy, distancing itself from Sandinista wage and distribution policies only at a later date.

³³ This raises a series of issues concerning industrial relations in private enterprises within a mixed economy wherein both the union and management are opposed to the revolutionary state. However, these issues remain outside the scope of this study of adaptation within state enterprises.

³⁴ The government included the ban on strikes and factory and land takeovers in the Economic and Social Emergency Measures introduced in September 1981. Three months later, the Council of State modified the Labour Code, suspending the right to strike.

³⁵ Nicaragua, Ministry of Labour (1984), p.45.

³⁶ This description of enterprise committees is based primarily on interviews with directors and union leaders in metalworking firms.

See Vilas (1986), pp.189-212, for a summary of earlier experiments in worker participation.

³⁷ This description of production assemblies is based upon participation in assembly meetings at the production section, enterprise and branch levels.

³⁸ This description of the innovators' movement and economic brigades is based on participation in the assemblies and activities of each within the metalworking industry and other branches of manufacturing.

See Tirado (1986), p.129-133, on the innovators' movement.