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Private Sector Criticizes Plan To Require Higher Employer Contributions To Social Security Institute (IMSS)

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In early July, the Senate approved a bill proposed by President Carlos Salinas de Gortari's administration to require employers to increase the amount of their contributions to the Mexican Social Security Institute (Instituto Mexicano del Seguro Social, IMSS). The IMSS provides health care and other social benefits to Mexican workers. The measure was criticized by a wide range of Mexican business and employer organizations, which charged that the government should have assumed a larger share of the increase. The new law boosts funding for the IMSS by 1.5%, of which 1.2% would come from employers, 0.25% from employees, and 0.05% from the government. The organizations formulated their criticisms in an open letter published in several daily newspapers on July 9. The letter was signed by the Business Coordinating Council (Consejo Coordinador Empresarial, CCE), the National Confederation of Chambers of Commerce (Confederacion Nacional de Camaras de Comercio, CONCANACO), the National Agriculture Council (Consejo Nacional Agropecuario, CNA), the Mexican Bank Association (Asociacion Mexicana de Bancos, AMB), the Mexican Employers Confederation (Confederacion Patronal de la Republica Mexicana, COPARMEX), and others. The business organizations suggested that the Salinas administration should have sought ways to eliminate waste and improve efficiency at the IMSS before seeking increased funding. They argued that the government is responsible for making up any IMSS funding deficits, since government contributions to the Institute have declined gradually over the past several years. The employer protests were echoed in part in a report issued by the Mexican Institute of Technology (Instituto Tecnologico Autonomo de Mexico, ITAM) in mid-July. According to the report, the changes in IMSS contributions will discourage employers from creating new full-time job positions, lead to the hiring of more part-time workers, and force many small businesses to move into the informal sector of the economy. The protests from the private sector drew mixed reactions among Mexican legislators. Members of the ruling Institutional Revolutionary Party (PRI) were harshly critical of the business organizations, while National Action Party (PAN) legislators defended the right of employers to "express their dissatisfaction with the law." For their part, officials from the Democratic Revolution Party (PRD) suggested that employers, through their protests, were attempting to gain "new concessions" from the government such as reduced taxes. As expected, Mexico's largest union federation, the Mexican Workers Confederation (Confederacion de Trabajadores de Mexico, CTM), supported the IMSS funding increase. (Sources: La Jornada, 07/13/93, 07/15/93; El Financiero International, 07/25/93)