

## **Labor Might Withdraw from Annual Negotiations on Anti-Inflation Accord**

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In early May, Mexico's two largest labor organizations said they are considering abandoning the annual negotiations for anti-inflation agreements. Under the agreements, which in recent years have also been called "economic-growth pacts," representatives of labor, business, and the government collectively set limits on increases in minimum wages and retail prices for basic products to keep inflation under control. The annual agreement has been possible in large part because of the close relationship between the governing Partido Revolucionario Institucional (PRI) and the two labor organizations, the Confederacion de Trabajadores de Mexico (CTM) and the Congreso del Trabajo (CT).

To a certain extent, the PRI's strong relationship with business organizations has helped produce the accords, which were the cornerstone of economic policy for former presidents Miguel de la Madrid and Carlos Salinas de Gortari, and for current President Ernesto Zedillo. Notwithstanding the seemingly cordial relationship between labor and business representatives during the negotiations, the two sectors have at times accused each other of violating the spirit of the agreement. CT and CTM leaders claim the increase in the price of basic products is disproportionately higher than the increase in the minimum wage, which has significantly eroded the purchasing power of most Mexicans.

To correct this problem, labor organizations have asked the government to revise the anti-inflation agreement to allow workers to seek increases in the minimum wage beyond the limit set for the year. CTM leader Enrique Aguilar Borrego said unions will demand an additional increase in the minimum wage for the second half of this year. "We are still trying to determine how much of an increase we will seek," said Borrego, who also heads the banking workers union (Sindicatos de Instituciones Bancarias, FENASIB). Aguilar said the CTM and CT have strongly considered union withdrawal from the anti-inflation accord, which, in effect, would mean an end to the annual process. "We have to look for alternate mechanisms," said Aguilar. "Under the current system, we are not seeing a reduction in unemployment or a decline in prices."

For 1997, labor, business, and government representatives had agreed to limit increases in the minimum wage to 17% during negotiations on the Alianza Para El Crecimiento Economico (ACE), which were carried out in October 1996 (see SourceMex, 10/30/96).

### ***Labor leaders say agreement fails to meet workers' needs***

CTM and CT leaders said they planned to meet with Labor Secretary Javier Bonilla Garcia and Social Development Secretary Carlos Rojas to propose revisions in the ACE. "Plainly, the ACE is not working," said long-time CTM leader Fidel Velazquez. "We are not satisfied with the performance of the economy. Its having a negative effect on workers, who are experiencing an increase in hunger and poverty."

To support their position, labor leaders cited a report by economists at the Universidad Nacional Autonoma de Mexico (UNAM), which suggested that the minimum wage is at its lowest point in real terms since 1935. Hector Valdes Romo, head of the CT-affiliated Federacion de Sindicatos de Trabajadores al Servicio del Estado (FSTSE), said his organization is demanding a complete revision of the ACE "to reflect the new economic conditions facing the country."

### ***Business sector opposes major revision of 1997 accord***

On the other hand, business leaders have already said they will oppose any efforts to increase the minimum wage and the country's salary structure this year beyond those agreed under the ACE. Still, Hector Larios Santillan, president of the Consejo Coordinador Empresarial (CCE), told participants at a business conference in Mexico City that his organization agreed with the need to "define and clarify" the objectives of the ACE. He said all sides must work together on strategies to help boost the purchasing power of workers. Larios also called on business, labor, and the government to publicly disclose whether the actions pledged during negotiations on the ACE were actually met. "To the extent that each party met its commitments, the results would be noticeable in the economy and in the pockets of workers," said Larios.

Nevertheless, Larios rejected the labor proposal to change the sections of the agreement that have already been negotiated, including the 17% increase in minimum wages. For his part, Alfredo Santos Asseo of the Mexico City chamber of commerce (CANACO-DF) expressed concern about labor proposals to reopen negotiations on the agreement. He said any increases in the minimum wage beyond those negotiated under the ACE would increase inflation. That, he said, would "send the wrong signals" to private investors.

Despite the differing positions between business and labor, the Zedillo administration has managed to hold the coalition together during the past two years. But the country's slow emergence from the economic crisis and the possibility that the PRI could lose control of the Chamber of Deputies and Senate during upcoming elections in July could bring an end to annual anti-inflation negotiations.

### ***Labor groups also consider creating political party***

Meanwhile, in one of his recent weekly press conferences, CTM leader Velazquez raised the possibility that the CTM and CT could end their long-time relationship with the PRI, especially if the governing party performs poorly in the July 6 elections. Recent public opinion polls suggest that the opposition Partido Accion Nacional (PAN) and the Partido de la Revolucion Democratica (PRD) could win enough seats in Congress to end the PRI's dominance in the federal legislature.

According to Velazquez, if the PRI loses its legislative majority, the CT and CTM would consider ending all direct ties with the governing party and form their own political party. "We would need a distinct voice for the workers to defend the rights we have attained thus far," he said. Indeed, CTM and CT leaders are facing strong pressure from members of their own unions. Many rank-and-file members are angry with their leaders for cancelling the annual May Day parade for the third consecutive year. In each of the last three years, Velazquez suspended the parade to avoid embarrassing protests against government economic policies (see SourceMex, 03/12/97). In addition, some member unions of the CT have considered withdrawing entirely from the organization to form their own labor group.

This effort is led by leaders of the Sindicato de Telefonistas de la Republica Mexicana (STFRM) and the Sindicato de Trabajadores de la Universidad Nacional Autonoma de Mexico (STUNAM). Those unions question whether the CT is working in the best interests of its members (see SourceMex, 02/12/97). [Sources: Excelsior, 05/07/97, 05/13/97, 05/20/97, 05/23/97; Novedades, 05/08/97, 05/13/97; Reuter, The News, 05/13/97; El Economista, 05/02/97, 05/16/97, 05/20/97, El Universal, 05/08/97, 05/13/97, 05/27/97]

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