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Legislators Urge President Zedillo to Introduce Labor Reforms in Next Session

by LADB Staff

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The Chamber of Deputies is urging President Ernesto Zedillo's administration to introduce legislation to reform Mexico's outdated labor code, the Ley Federal del Trabajo (LFT). The LFT, originally drafted in 1931, has not been modified since 1970. The Zedillo administration had intended to introduce legislation to reform the LFT in mid-September, shortly after the congressional session begins. But Labor Secretary Jose Antonio Gonzalez Fernandez said in late July that the proposal may not be introduced at all in the next session unless labor and business organizations can develop sufficient common ground on key issues.

While clear differences exist between business and labor sectors, Gonzalez said the administration is most concerned about a lack of consensus among the organizations that represent worker interests. A coalition of business organizations led by the Confederacion Patronal de la Republica Mexicana (COPARMEX) has already agreed to meet with labor to draft a consensus proposal. "We want to develop a common proposal where both sides come out as winners," said COPARMEX president Gerardo Aranda Orozco.

In an interview with the weekly news magazine Proceso, former COPARMEX president Carlos Abascal acknowledged that drafting a common proposal will be difficult because both labor and business are resistant to major changes. Abascal has been named to the business sector's negotiating team.

Major labor organizations disagree on reforms

Still, meetings to develop a business-labor proposal cannot take place until labor groups agree among themselves, said Labor Secretary Gonzalez. Several major labor organizations including the Union Nacional de Trabajadores (UNT), Confederacion de Trabajadores de Mexico (CTM), Congreso del Trabajo (CT), and the Confederacion Revolucionaria de Obreros y Campesinos (CROC) met during July to attempt to draft a common proposal. However, they were unable to reach an agreement because of strong differences between a UNT-CROC coalition and the CTM-CT alliance.

UNT president Francisco Hernandez Juarez said his organization is pushing for a comprehensive reform to labor laws, while the CTM's proposal centers on simple modifications to the existing LFT. Hernandez Juarez said the UNT's plan centers on a major overhaul of the wage structure, a reduction in work hours, guaranteed education and training for workers, the right to strike, and a uniform minimum wage nationwide. Hernandez said new labor legislation must promote a better distribution of income and job creation as well as boost competitiveness and efficiency for Mexican industries. "We cannot promote these changes by simply reforming existing legislation," said Hernandez Juarez.

Hernandez said talks have broken down because of the CTM and CT insist that the UNT's comprehensive reforms are not necessary. In particular, CTM leader Leonardo Rodriguez Alcaine has opposed the UNT's proposal to change Mexico's wage structure and collective-bargaining process. At a deeper level, the proposal for comprehensive reforms could be threatening to the CTM and CT because this would change the cozy relationship they have enjoyed for several decades with the governing Partido Revolucionario Institucional (PRI). LFT-reform proposals drafted by the major opposition parties in recent months would discard the current collective bargaining process, which encourages corruption by union leaders (see SourceMex, 04/29/98).

In the Chamber of Deputies, the labor committee (Comision del Trabajo y Prevision Social) urged the Zedillo administration to send an LFT-reform initiative during the upcoming session of Congress. Some committee members said they wanted to avoid having the LFT reforms become a major issue during the campaign for the 2000 presidential election, which will probably begin sometime in mid-1999.

Despite pressure from legislators and from some labor and business groups, Gonzalez Fernandez insists the administration will not send an LFT-reform proposal that is not based on broad consensus. "We must not allow political considerations and electoral calendars to dictate the timing of labor reforms," said Gonzalez Fernandez. At the same time, he pledged that the reforms will be in place before President Zedillo ends his term in 2000.

Economist Jonathan Heath said the administration will also be motivated to push through the reforms to comply with guidelines from the Organization for Economic Cooperation and Development (OECD) and to keep the Mexican economy competitive in an increasingly global environment. "The globalization of the economy dictates that Mexico implement a labor code that ensures the proper incentives to make workers more competitive," said Heath. (Sources: El Financiero Internacional, 07/06/98; La Jornada, 07/14/98; Proceso, 07/26/98; El Universal, 07/17/98, 07/23/98; Excelsior, 07/20/98, 07/21/98, 07/23/98, 07/27/98, 07/31/98; The News, 07/20/98, 07/31/98; El Economista, 07/20/98, 07/30/98, 07/31/98, 08/03/98; Novedades, 07/23/98, 07/31/98, 08/03/98)

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