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Official Labor Organizations Criticize President Ernesto Zedillo's Economic Policies

by LADB Staff
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Cracks are appearing in the previously tight relationship between Mexico's official labor organizations and the governing Partido Revolucionario Institucional (PRI) ahead of the crucial presidential and congressional elections in July of this year. The Congreso del Trabajo (CT) and the Confederacion de Trabajadores de Mexico (CTM), which have traditionally overwhelmingly supported the PRI, are beginning to more openly express their dissatisfaction with the economic policies of recent PRI administrations, particularly the government of President Ernesto Zedillo.

Report says administration favors investors over workers

In early April, the CT published a report sharply critical of Zedillo's economic policies, particularly the administration's emphasis on targeting single-digit inflation while ignoring the well-being of the working class. The CT disputed the president's argument that low inflation helps workers by limiting increases in the prices of basic goods. "This policy [of single-digit inflation] only addresses the interests of foreign investors," said the report. The CTM, for its part, is recommending that the administration implement policies to halt the deterioration in workers' purchasing power. These would include implementing policies to ensure that wages and salaries are higher than the prevailing inflation rate and reducing the value-added tax (impuesto al valor agregado, IVA), which increases the cost of goods and services. A study published by the Universidad Nacional Autonoma de Mexico (UNAM) in late March showed the purchasing power of Mexican workers has fallen by 51% since Zedillo took office in December 1994. UNAM economist Luis Lozano Arredondo, one of the authors of the study, said workers would need to earn four times the minimum wage to have the money needed to feed their families. Separate reports published by the Universidad Obrera de Mexico (UOM) and the Universidad de Guadalajara (UdeG) in early April offered evidence to back arguments about the continuing deterioration in purchasing power. The UdeG report, by economist Hector Luis del Toro Chavez, said the index for the basket of basic consumer goods had risen to 2,756 pesos (US$293) as of the end of 1999. This meant that even the basic basket of goods was beyond the reach of 60% of Mexico's population, said Del Toro.

The UOM report took issue with the latest inflation statistics from the Secretaria de Hacienda y Credito Publico (SHCP). The SHCP reported that accumulated inflation during the first quarter of the year was only 2.8%. But the UOM study said the SHCP did not calculate the true cost for such basic products as tortillas, instant coffee, beans, rice, cooking oil, and bread. An increase in the costs of these goods boosted the accumulated inflation rate for the first three months of the year to 4.6%, the UOM said. Economists have accused the administration of presenting other misleading statistics that affect Mexican workers. For example, they pointed to the most recent unemployment statistics published by the administration. In the unemployment report published in late April, the government's statistics agency Instituto Nacional de Estadisticas, Geografia e Informatica (INEGI) said the unemployment rate had declined to 2.29% of the economically active population (EAP) in...
the first quarter of this year. In a recent press conference, Labor Secretary Mariano Palacios Alcocer said 258,000 jobs have been created in Mexico thus far this year, with the total expected to reach 1 million if the economy continues to grow this year. But economists said the administration has underemphasized other data in the INEGI report, such as the large percentage of the EAP who are underemployed. "The government is creating more jobs, but these appear to be out of reach to individuals who work in marginal jobs with low pay," the Centro de Analisis y Difusion Economica (CADE) said in an analysis of the latest INEGI data.

**Unions to express concerns at May Day celebration**

During a meeting with Interior Secretary Diodoro Carrasco, CT and CTM leaders said the criticisms contained in the CT report will resurface during the ceremony commemorating International Labor Day in Mexico City's massive Zocalo square on May 1. This celebration has traditionally served as a forum for the PRI and the two labor organizations to renew their alliance. During Zedillo's term in office, the commemoration has been limited to rallies in the Zocalo rather than the huge parades held in previous years (see SourceMex, April 29, 1998, April 28, 1999). "We are fighting for a new revision of the 10% increase in the minimum wage that was approved in December," said Victor Flores, secretary-general of the Sindicato de Trabajadores Ferrocarrileros de la Republica Mexicana (STFRM). In addition to pressing for better pay, CT leaders said they will also use the May Day rally to push demands for better housing, health, and educational benefits.

The CT and CTM insist, however, that their increased criticisms of the Zedillo administration's policies do not constitute a "radicalization" of their positions nor any major break with the PRI-led government. The CT has invited Zedillo to present the keynote address at their Zocalo rally. Furthermore, CT leaders expressed hope that the May Day commemoration this year would be "the best" of Zedillo's six-year term in office. But the CT and CTM are warning the PRI not to take their support for granted. Leaders of the two organizations said they want the governing party to recognize the past role of CT and CTM unions in the party by offering union representatives some of the at-large congressional posts allocated following the July 2 elections. These posts will be distributed to the various political parties based on the percentage of votes received. The PRI has already designated Joel Ayala Almeida, leader of the government workers union (Federacion de Sindicatos de Trabajadores al Servicio del Estado, FSTSE), for an at-large seat in the Senate.

**Official labor groups will support PRI in July election**

Despite their differences with Zedillo's economic policies, CT and CTM leaders are expected to throw their support behind PRI candidate Francisco Labastida Ochoa in the presidential election. Labastida received the official endorsement of the CTM in December 1999. But some analysts have said that the support of labor leaders for Labastida will not necessarily translate into votes from rank-and-file members (see SourceMex, March 29, 2000). The Union Nacional de Trabajadores (UNT), which split from the CT and CTM, has remained noncommittal on the recent election, although most members are expected to back Cuauhtemoc Cardenas of the center-left Partido de la Revolucion Democratica (PRD). Other smaller independent unions have taken a more public stance in support of Cardenas. In early April, a coalition led by the Frente Autentico del Trabajo (FAT), the Frente Social Revolucionario (FST), and the Sindicato Mexicano de Electricistas (SME) announced the formation of the Movimiento Nacional Sindicalista (MNS) to promote the vote for Cardenas in
the election. Some union members are also expected to support Vicente Fox Quesada of the center-right Partido Accion Nacional (PAN). Evaristo Perez Arreola, a founder of the UNAM workers union (Sindicato de Trabajadores de la UNAM, STUNAM), has not only endorsed Fox but has joined his campaign. Perez, a former member of the Partido Comunista, also represents the Unidad Democratica Coahuilense, which received 40,000 votes in the most recent election in Coahuila state.

[Note: Peso-dollar conversions in this article are based on the Interbank rate in effect on April 26, reported at 9.40 pesos per US$1.00] (Sources: The News, 12/09/99; Reuters, 03/09/00; El Financiero, 03/28/00, 04/03/00, 04/06/00, 04/07/00, 04/10/00 04/11/00; Novedades, 04/10/00, 04/13/00; El Universal, 04/03/00, 04/14/00, 04/24/00; Reforma, 04/10/00, 04/13/00, 04/14/00, 04/24/00; El Economista, 04/04/00, 04/07/00, 04/14/00, 04/24/00, 04/26/00; Excelsior, 04/06/00, 04/07/00, 04/26/00)

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