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Congress to Consider Social Security Reforms Despite Union Objections

by LADB Staff

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A key committee in the Mexican Congress has voted to proceed with a controversial plan to overhaul the financially ailing social security institute (Instituto Mexicano del Seguro Social, IMSS), setting the stage for a confrontation with the institute's unionized employees. Some critics saw a connection between the IMSS controversy and efforts to prosecute former President Luis Echeverria (1970-1976) for human rights abuses. In a 16-8 vote, the social security commission (Comision de Seguridad Social) in the Chamber of Deputies took the first step in what could eventually become a bitter fight to overhaul the social security system.

The measure gained approval in the committee largely with support from President Vicente Fox's center-right Partido Accion Nacional (PAN), a majority of members of the former governing Partido Revolucionario Institucional (PRI), and the Partido Verde Ecologista Mexicano (PVEM). Voting against the measure were deputies from the center-left Partido de la Revolucion Democratica (PRD), the Partido del Trabajo (PT), and two PRI members. The PRI dissenters were Deputies Roberto Vega Galina, a leader of the social-security-workers union (Sindicato de Trabajadores del Seguro Social, SNTSS), and Agustin Rodriguez, who represents workers at the Universidad Nacional Autonoma de Mexico (UNAM).

The full Congress was scheduled to discuss the measure at a special session of the legislature in late July and early August. Any reform proposal must be approved in the Chamber of Deputies before proceeding to the Senate. The proposal basically seeks to bring under control the costs of running the IMSS. The institute's financial solvency has been a concern for years, but no actual reform plan had been proposed until now (see SourceMex, 1993-07-28 and 2002-07-04).

If reforms are not enacted, the government will not be able to meet its pension obligations by 2021, deputy finance secretary Alonso Garcia Tames recently told reporters. The measure approved in the social security committee in the lower house contains only a handful of specific proposals, such as limiting benefits for new IMSS employees, enacting a hiring freeze, and creating a new method to pay for pensions of workers who are about to retire.

Union's retirement benefits a bone of contention

Reform proponents contend that taxpayers' money is unfairly allocated to SNTSS retirees' benefits while state-run hospitals and other IMSS facilities are suffering from lack of investment. Sponsors of the initiative approved in the social security committee say the government could begin to address this problem by reducing the excessive benefits received by SNTSS members. "IMSS employees take retirement at age 53 and receive a pension that is 30% higher than their final salary," said PVEM Sen. Sara Castellanos. She said workers who are not employed by the institute but whose retirement benefits are handled by the IMSS generally work until age 65 and receive a pension that is on average about 50% below their final wage or salary. "This reform, certainly, does not solve

the problems facing social security with the payment of pensions, but it is a step toward the correct solution," said PAN Deputy Juan Molinar Horcasitas.

The PRI governing council (comite ejecutivo nacional, CEN), the party's congressional leaders, and a handful of labor organizations affiliated with the party also publicly supported the initiative approved by the committee. Among those endorsing a special session to reform the Ley del Seguro Social were PRI president Roberto Madrazo, congressional leaders Deputies Emilio Chuayffet and Manlio Fabio Beltrones, and Sen. Enrique Jackson. They were joined by Leonardo Rodriguez Alcaine of the Confederacion de Trabajadores de Mexico (CTM) and Heladio Ramirez of the Confederacion Nacional Campesina (CNC). "[We need] to ensure that resources that should go to workers covered by social security are not spent on pensions of the institute's workers," said the PRI leadership.

Sen. Jackson noted that workers would not only be left without a pension, but a bankrupt IMSS would be unable to offer multiple services to 50 million Mexicans, including medical attention, child care, recreation, and entertainment. "If the IMSS collapses, our country is going to be in serious trouble," said Jackson. PRD and PT side with union As expected, the plan met strong resistance from SNTSS workers, who were supported by the PRD, the PT, and a handful of PRI legislators, including SNTSS leader Vega Galina.

Vega agreed with the "urgent" need to reform the institute, but said the proposals that had been presented were unfairly targeting the SNTSS workers. "They are trying to discredit the union rather than present viable reform plans," said the SNTSS leader.

Vega denied that the cost of pensions was responsible for the financial crisis in the IMSS, instead blaming such factors as the poor management of pension funds, the slow rate of job growth in Mexico, and the explosion of the informal economy, where workers are not required to pay into the social security system. "We hear the same tune over and over again," said Vega, who has threatened to call a massive strike that would paralyze IMSS operations nationwide. "[Critics] always say that this country is going to collapse because of the pensions and retirements, but we never hear a viable proposal to resolve the crisis."

The IMSS dispute has caused a split in the labor movement, with the independent Union Nacional de Trabajadores (UNT) and the Sindicato Mexicano de Electricistas (SME) strongly backing the SNTSS. UNT leader Francisco Hernandez Juarez has offered to assist with a SNTSS strike and also to organize a nationwide campaign to punish the PRI and PAN at the ballot box in upcoming state and local elections. "We will have to become involved in the electoral process," said Hernandez Juarez. "The parties that are voting in favor of proposals such as the IMSS reform should have to pay a political price."

Despite the UNT support, however, the SNTSS lacks the backing of the two largest labor organizations affiliated with the PRI, the Congreso del Trabajo (CT) and the CTM. CT leaders have accused the SNTSS of misunderstanding the purpose of the legislation. "This union has to understand that this reform will be beneficial in the long run and that worker rights are not under

attack," said CT secretary-general Enrique Aguilar Borrego, who called the SNTSS threat to strike "absurd and baseless."

Deputy Beltrones, who leads the PRI's popular front, also criticized the SNTSS stance as selfish. "Consider this paradox," said Beltrones. "The representatives of almost 12 million workers are asking us to rescue the social security system, while the representative of about 300,000 IMSS workers opposes the initiative." Still, Beltrones said the PRI is open to negotiations with the SNTSS to find some compromise. "We do not want to set back any of the advances attained by workers," said Beltrones. "But it is also necessary to ensure the viability of the social security system." The center-left parties in Congress, the PRD and the PT, have been solidly behind the SNTSS. "This is not just an accounting problem. This is a social problem," said PRD Deputy Miguel Alonso Raya, defending the position of his party and that of the PT at a press conference.

Raya also pointed out that the approach taken by the PAN and the majority of the PRI is a superficial solution to the problems facing the IMSS. "These reforms will not resolve the institute's financial problems," he said. The PRD legislator accused fellow PAN and PRI legislators of hypocrisy in targeting the pensions of the SNTSS members and leaving alone the retirement funds of former presidents and ex-Supreme Court justices.

PRD Deputy Eliana Garcia Gomez also suggested that the effort in Congress to change the SNTSS benefits might violate the Constitution. "This is a proposal to change the collective-bargaining statutes," said Garcia. "This is illegal because the Congress cannot change the benefits attained by workers." The PRI disputed Garcia's contention. "We are not considering legislation to modify collective-bargaining procedures, but rather we are looking at ways of empowering the IMSS to better manage its financial resources," said Sen. Jackson.

Mexico City mayor ties IMSS issue to "dirty-war" ruling

The objections raised by Raya and Garcia paled in comparison with the charges brought by other PRD leaders, who accused the Fox administration and the PAN leadership in Congress of caving in on other important matters to gain the PRI vote on the IMSS issue.

The harshest criticism came from Mexico City Mayor Andres Manuel Lopez Obrador, who attempted to draw a connection between the IMSS decision and a ruling from a federal judge related to the government's prosecution of former President Luis Echeverria Alvarez and ex-interior secretary Luis Moya Palencia on human rights violations. Echeverria and Moya Palencia are accused of having ordered the violent repression of student demonstrators in 1971 (see SourceMex, 2003-10-08 and 2004-07-21).

The Mexico City mayor was referring to the failed attempt by special prosecutor Ignacio Carrillo Prieto to prosecute Echeverria and Moya. Carrillo, who heads the special prosecutor's office (Fiscalia Especial para Movimientos Sociales y Politicos del Pasado, FEMOSPP), had asked Federal District Judge Cesar Flores to issue an arrest warrant for Echeverria and Moya, but the judge refused the request on the grounds that the statute of limitations had expired. Lopez Obrador and other PRD officials have implied that the judge's decision was the result of a back-room negotiation between PRI and PAN officials.

The PRD says that the PAN may have agreed to present a weak case regarding Echeverria and Moya in exchange for support from the PRI for the IMSS reform and for agreeing to proceed with the case against Lopez Obrador. The Mexico City mayor is charged with violating the Constitution by ignoring several court orders related to land disputes. This has prompted the Procuraduria General de la Republica (PGR) to seek his removal from office (see SourceMex, 2004-05-26). "Why is there such urgency to reform the social security system?" asked Lopez Obrador. "They have called a special session at the same time that the Echeverria case has come to the forefront. There are too many coincidences."

The Fox administration and the PRI disputed the charges by Lopez Obrador and the PRD. "These are two separate issues. I categorically deny that there is any arrangement of any sort," Fox told reporters in Puebla. "Whoever says there is should show proof. It's worthless to talk without being able to back it up." Similarly, PRI Deputy Beltrones denied that any arrangement was reached between the PRI and the PAN. "Whoever suggests this is living in a fantasy world," said Beltrones.

Still, the PRI legislator acknowledged that his party would take any legal steps necessary to halt the prosecution of Echeverria and other members of his administration. Prosecutor appeals dirty-war ruling In contrast to the PRI's determination to defend Echeverria at all costs, the Fox government is proceeding with attempts to bring the former president to justice despite Judge Flores' ruling. In late July, Carrillo said he planned to appeal the decision to the country's highest court (Suprema Corte de Justicia de la Nacion, SCJN).

The special prosecutor contends Judge Flores' decision was flawed because he made the ruling within a 24-hour period. "He did not analyze in depth the arguments of the special prosecutor and did not adequately evaluate each and all of the elements of conviction in the 14 volumes and the 9,382 pages that comprise the preliminary investigation," Carrillo told reporters.

Some analysts have faulted the Fox administration for using the wrong avenues to prosecute the 1971 massacre. "[This case] demonstrates that this investigation should have been conducted through a truth commission, which could have delivered political judgments against the criminals of the past and led to a national reconciliation with the past," said Carlos Humberto Toledo, an analyst at the Instituto Tecnologico Autonomo de Mexico (ITAM) who specializes in legal and military affairs.

The New York Times, in a news analysis, emphasized the same point as Toledo. "Instead of creating an independent truth commission, [President Fox] entrusted the matter to the country's creaky and corrupt judicial system," said the newspaper. The newspaper noted that the Fox government had rejected the creation of a truth commission to investigate and prosecute dirty-war crimes, opting instead for creating the FEMOSSP.

"With a truth commission, governments make a pact with the devil," Carrillo was quoted as saying after his appointment to head FEMOSPP in 2002. "Our office looks for ways to send the devil to jail." Relatives of the victims of the 1971 massacre were hopeful that the SCJN would uphold the FEMOSPP's right to prosecute Echeverria and other officials. "There is no statute

of limitations for the pain suffered by the families of the victims," said Sergio Ramirez, brother of Antonio Ramirez, a student shot to death by members of a police unit. "In Mexico, justice is never served. White-collar criminals, the powerful, are never punished." (Sources: Milenio Diario, 06/08/04; Copley News Service, 07/24/04; The Washington Post, 07/25/04; Reuters, 07/23/04, 07/24/04, 07/26/04; The New York Times, 07/25/04, 07/26/04; The Dallas Morning News, 07/26/04; Agencia de noticias Proceso, 04/21/04, 07/16/04, 07/20-23/04, 07/26/04, 07/27/04; Notimex, 07/15/04, 07/19-22/04, 07/24/04, 07/26/04, 07/27/04; Los Angeles Times, 07/24/04, 07/25/04, 07/27/04; Unomasuno, 06/08/04, 07/14/04, 07/19/04, 07/21/04, 07/23/04, 07/26-28/04; El Universal, 06/09/04, 07/16/04, 07/19/04, 07/21-23/04, 07/26-28/04; La Cronica de Hoy, 07/16/04, 07/19-23/04, 07/26-28/04; El Financiero, 07/16/04, 07/21-23/04, 07/26-28/04; The Herald-Mexico City, 07/19/04, 07/21-23/04, 07/27/04, 07/28/04; La Jornada, 07/19-23/04, 07/26-28/04; Spanish news service EFE, 07/21/04, 07/22/04, 07/24/04, 07/27/04, 07/28/04; Associated Press, 07/23/04, 07/24/04, 07/28/04; Revista Vertigo, 07/28/04)

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