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## **PRI's Labor Reform Proposal Expected to Win Congressional Approval**

*by LADB Staff*

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The Chamber of Deputies has begun discussions on a proposal to make some adjustments to Mexico's labor code (Ley Federal del Trabajo, LFT), but any changes will have to wait until sometime next year because of the stalemate in the approval of the 2005 budget. Under a new timetable that was put in place this year, the budget was due to be approved by Nov. 15 (see SourceMex, 2004-04-28), but major disagreements between President Vicente Fox's administration and opposition parties in Congress over expenditures and the projected average oil-export price have set back the process (see SourceMex, 2004-11-10).

The LFT proposal, presented by Deputy Enrique Burgos Garcia, has attracted some controversy because it dilutes some worker rights and gives employers greater flexibility in hiring practices. The most controversial aspects of the plan include a measure that allows employers to hire workers under "conditional" six-month contracts, stricter guidelines for the creation of unions, and flexibility for companies to set their work day.

The six-month conditional contract, in particular, has drawn strong criticisms because it gives employers more latitude to dismiss a worker if he or she does not demonstrate aptitude for their job at the end of the trial period.

Burgos, who chairs the labor committee (Comision del Trabajo) in the lower house, said the LFT reforms also encourage employers to increase training opportunities during the six-month trial period. "To the extent that workers become more qualified, this is going to be reflected in higher salaries and better conditions for them and for their families," said Burgos, a member of the former governing Partido Revolucionario Institucional (PRI).

The PRI legislator said the modifications to the LFT have been under discussion in the labor committee for the past three years. These changes, he said, will help Mexico modernize its labor laws and allow the country to better compete in the global market. He emphasized, however, that the proposal offers only some modifications to the LFT and does not represent a comprehensive overhaul of the labor code.

"This reform does not violate the rights of workers and guarantees the continuation of labor protections while giving more certainty to business enterprises," said Burgos, who also served as governor of Queretaro state in 1991-1997.

The LFT proposal is expected to gain easy approval once it comes to the floor of the lower house because of overwhelming support from the PRI, the pro-business Partido Accion Nacional (PAN), the Partido Verde Ecologista Mexicano (PVEM), and the Partido Convergencia por la Democracia (PCD).

"This measure has been under negotiation since 2002, so we're not approving a law without adequate discussion," said Deputy Emilio Chuayffet, coordinator of the PRI delegation in the Chamber of Deputies.

The PAN easily agreed to back the LFT reform initiative drafted by the labor committee, although legislators from the center-right party said they probably would have gone further. "We would have liked for a more aggressive plan," said Deputy German Martinez Cazerres, a PAN floor leader.

Martinez said the PAN would have preferred that the proposal be approved during the session of Congress that ends on Dec. 15, but will look forward to supporting the proposal in February. "If we do not take any action on the LFT reform, then we run the risk of contaminating the debate with the presidential race," said Martinez, who noted that many candidates will begin their campaigns for the presidency in 2005.

### *PRD, independent unions oppose proposal*

The LFT proposal has found very little sympathy among members of the center-left Partido de la Revolucion Democratica (PRD), which will oppose the measure when it does come up for a vote next year. "The PRI and PAN have colluded to make changes to the LFT without the consent of all parties," said PRD Deputy Pablo Franco Hernandez. The PRD, however, does not have the muscle to defeat the LFT plan, since its only support comes from the small Partido del Trabajo (PT).

The Fox administration has kept a low profile in the debate, with the only public support coming from Labor Secretary Carlos Abascal Carranza. The labor secretary said the current labor code is obsolete, creating the need for urgent reforms. "Of course, we are interested in any proposals that will enhance labor productivity," Abascal told reporters.

The plan has received a strong endorsement from the Confederacion de Trabajadores de Mexico (CTM) and the Congreso del Trabajo (CT), unions which have traditionally been allied with the PRI. CTM leader Leonardo Rodriguez Alcaine said all of the PRI's labor-affiliated legislators were solidly behind the proposal. "There is a willingness within the PRI to support this reform," said Rodriguez.

Even though the plan has been in the labor committee of the lower house since 2001, representatives of Congress, labor, and the private sector have discussed these changes for the past seven years, said Rodriguez Alcaine.

The CT and the CTM stance in favor of the LFT reforms was a stark contrast to the strong opposition from independent unions, led by the Union Nacional de Trabajo (UNT) and the Frente Sindical Mexicano (FSM). Both labor organizations said they are planning to organize major work stoppages if Congress approves the changes to the labor code.

UNT leader Francisco Hernandez Juarez hammered the PRI for what he said were inconsistent stances regarding the welfare of the Mexican people. The PRI, he said, supports a 2005 budget that benefits the majority of the population, but then turns around and supports regressive initiatives like the LFT reform and modifications to the social security system (see SourceMex,

2004-07-28). "When it finds it advantageous, the PRI aligns itself with the PAN to discredit the PRD," said Hernandez. "But when it wants to punish the PAN, it aligns itself with the PRD." The FSM said it will join forces with two organizations, the Centro de Investigacion Laboral y Asesoria Sindical (CILAS) and the Coalicion Nacional de Trabajadores del INEGI, to bring attention to the shortcomings of the LFT reforms. Among the strategies planned by the coalition are national work stoppages. "Instead of seeking a consensus with labor organizations, the PRI and the PAN want to impose a reform no matter what the social cost," said the FSM. (Sources: Agencia de noticias Proceso, 11/29/04; La Crisis, 12/01/04; Notimex, El Universal, 12/01/04, 12/02/04; La Jornada, 11/25/04, 11/29/04, 11/30/04, 12/01-03/04; La Cronica de Hoy, 12/01/04, 12/03/04; El Financiero, 12/02/04, 12/08/04)

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