

# **REGIONAL INTEGRATION AND INDUSTRIAL RELATIONS IN NORTH AMERICA**

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## **Industrial Democracy, Total Quality and Mexico's Changing Labor Relations**

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This paper explains how Mexico's presidency is forging a new ideology as an alternative to what is known as the "Mexican Revolution" ideology. The old ideology prevailed in the Mexican state, the Institutional Revolutionary Party (PRI), and the trade unions up to 1982. The new ideology is called social liberalism, and the labor relations component of the new ideology is becoming known as industrial democracy. The new ideology of industrial democracy is related to employers' efforts to improve total quality. The new focus on industrial democracy and total quality has taken specific shape in the National Agreement for Increased Productivity and Quality (ANEPC), and in the union education programs offered by the National Solidarity Institute.

We will now analyze the links between neoliberalism, industrial democracy and trade-union neocorporatism. We will also examine whether the new ideology coincides with the actual changes that have occurred in labor relations over the past decade in Mexico.

### **Social Liberalism, Industrial Democracy, and Total Quality**

Until a few years ago, the symbiotic relationship that prevailed between the Mexican state and the trade unions gave them a common ideology, the "Mexican Revolution." That is, the state and the unions considered themselves heirs to the Mexican Revolution of 1910-17, and adhered to its component ideologies. Those ideologies were nationalism (linked to a well-defined national identity and to the idea that national development would be directed by the state), statism (the state as the great articulator of identity, development, and social justice, and thereby determining the direction taken by national history), and populism (in a highly unequal society, the state should be the tutor of the poor and should carry out a form of social justice by restoring usurped rights) (Cordova 1976).

The Mexican revolution included an ideology with a powerful body of ideas that contributed to Mexico's cultural identity and state domination up to the beginning of the 1980s. Nonetheless, there were no explicit links between the revolutionary ideology and the forces of production. On the one hand, the revolutionary ideology was linked to a concept of economic development involving partial state involvement and a mixed

economy. On the other hand, production problems and workers' rights were not addressed directly by the ideology of the Mexican revolution.

In 1982 a rupture began between the state policies and the Mexican revolution ideology. This split did not occur overnight, nor was a new ideology generated instantaneously. The rupture began as an economic one with the state defining the economic crisis as a fiscal one. The split continued in the midst of a debate concerning state intervention in the economy. An alternative focus for state policies was developed over a decade's time. The emphasis here involved an economic policy of privatization and deregulation and, in the social arena, through the development of a National Solidarity Program (PRONASOL), a program of assistance for the poorest sections of society.

Finally, on March 5, 1992, on the anniversary of the PRI's founding, the new state ideology was baptized by President Salinas as "social liberalism." The new state ideology proposed enhanced economic relations without political integration and explicitly opposed a nationalist program based on fears of foreign entanglements. The new state ideology included the following key platforms:

1. Instead of a proprietary state, the new ideology proposed a "solidary" state that regulates and compensates in response to imperfections in the market. The state, however, no longer plays a principal role in economic development.
2. In opposition to a populist notion of social justice, the new ideology seeks a non-paternalistic model by seeking to incorporate those who benefit from state policies. The new ideology does not promise what it cannot deliver, nor does it sacrifice the economy for social justice. In addition, the new ideology combines individualism with communitarianism (Salinas de Gortari 1992).

The fusion of economic neoliberalism with the new concept of a "solidary" state (the National Solidarity Program) had two components (Mayer 1993). There is neoliberalism for efficient firms, with some direction of the external and the domestic market. In addition, economic development is left to the initiative of individual investors, and the needs for efficiency are satisfied by balancing commercial logic with the solidarity state. The latter helps support those individuals whose problems are not solved by the market, originally by supplying indispensable goods, and currently by providing support for inefficient producers.

The two components of the new, social liberal ideology are not equally important. The most important objective is development of a commercial sector. Economic policy and legislative changes are directed toward this objective. Social concerns are subordinated to neoliberal economic needs. The fact that social liberalism has a dualistic conception of society does not mean that there are no points of compromise and accommodation between economic and social concerns. For instance, PRONSOL is funded in part by the sale of state enterprises and plays a key role in the search for the sort of social peace that will allow for the continuation of market reforms, economic growth, and economic modernization. Labor policy places a subordinate role within the economic model. Labor markets, far from being liberalized, are controlled by the state

much more firmly than in any previous periods of corporatism. Nor has the political system—in particular, the electoral process—opened up to full democratic procedures.

The form of social liberalism introduced included corporative liberalism for the trade unions, but authoritarianism remained in the political sphere (Enrique 1993). Social liberalism also included the discarding of egalitarianism as a political objective, an objective that previously had contributed to the rhetoric of the Mexican Revolution. In the new social liberalism, the abstract concept of market freedom predominated over concepts concerning democracy and equality. All this translated into a state become less dominating in the economic sphere, but no less strong in policies and labor relations than in the past (Garza 1992 and Crozier et al. 1975).

The key aspect of the rupture between the Mexican Revolution ideology and social liberalism was a movement away from the conception of the state as the center of the economic process, or the party responsible for social justice. Nevertheless, the state continued to regulate the economy, although in the end economic development will be determined by individual investment decisions. Further, the state no longer claims to be the universal benefactor. The determination of income and employment conditions is commercialized, while social assistance programs are maintained for those who are unable to subsist by their own means.

With regard to labor, on May 1, 1990, President Salinas outlined the following as key characteristics of the new unionism in Mexico:

1. Decentralization of the firm and shopfloor— level labor relations. Workers and management are now free to confer and reach agreement, and there is to be decentralization in the decision-making processes within trade union confederations.
2. Decentralization, however, does not mean pluralism in a political-theory sense, but rather, its purpose is to preserve the "historical alliance between trade unions and the state," or, in other words, to promote corporatism.
3. The new unionism will no longer maintain a confrontational relationship between capital and labor, but, rather, negotiation will predominate and unions are to have common cause with management in efforts to improve productivity.
4. For all this to happen, a new labor culture is needed among workers and in unions. That is, a culture of productivity must prevail and there must be more representative unions that are capable of productively mobilizing their members (Salinas de Gortari 1990).

A new unionism consistent with social liberalism would have to be a state-corporative one, instead of a pluralistic one, so as to establish a corporatist link with employers, with a common concern for productivity. (Schmitter might call this a combination of macro and micro-corporatism.)

The presidential speech that formulated this new brand of unionism coincided with the founding of a new trade union federation (the Federation of Goods and Services

Unions, FESEBES). The founding statutes of FESEBES expressed concepts very similar to those in the president's speech, summarized below : (Estatutos 1990)

1. Unions should be aware that a new model of economic development exists and they should be active participants in the new economy;
2. the constitutional political pact should be maintained;
3. unions should be active and take initiatives in the production process;
4. the union should be based on formal agreements with management, but continue to use all legal forms of struggle;
5. unions should be more democratic with no automatic reelection of leaders and no intervention of FESEBES in political parties. Workers should be free to choose their own political affiliation.

FESEBES concurs, in general terms, with the new corporatism proposed by President Salinas. The coporatism includes a macro level, with participation by unions alongside the state in the design of economic policy, a micro level, and with participation by workers in the ownership, organization and administration of companies.

The presidential speech and ideas expressed by the FESEBES formulate the outlines of the "industrial democracy" strategy. This strategy involves shared decision making in organizations and in administration. The strategy includes macrocorporatism, since the state, together with the large trade union confederations and business associations, delineates the general outlines of the tripartite agreements. These outlines are then made more specific at the company level. Furthermore, the doctrine of industrial democracy in Mexico implies that some portion of the company shares should be owned by the workers or the unions (Giugni et al. 1978).

The concepts of social liberalism, the new unionism, and industrial democracy were crystallized together for the first time by the signing of the ANEPC by the heads of union, business, and state organizations (STPS 1992). It was hoped that the ANEPC would serve as the concrete starting point of a new corporatist pact and be unaffected by electoral politics or political parties and focus primarily on productivity concerns. The ANEPC combines the ideologies of social liberalism, the new unionism, and industrial democracy with a management doctrine concerning total quality. The latter involved abandoning the previous acceptance of Taylorism and Fordism. New production and quality concepts recognized a radical separation between conception and execution and between production, maintenance, and quality control. The total quality movement admitted that traditional work practices of workers' initiative and involvement and prevented work that was individualized, segmented, monotonous, repetitive, and standardized. Traditional work practices were linked to mass production. The ANEPC establishes that the concept of productivity should be seen as problematic. Productivity should not be conceived simply as the relation between product and input, but as a result of the interaction of several factors, that is, as a social relation.

The total quality movement claimed that in order to increase productivity, the work process had to be humanized. It should be participative and collective, with

permanent, rather than routine, retraining. Work systems would be more flexible. Productivity bonuses would be better distributed and the unions explicitly recognized as the intermediaries between management and the workforce and their role would be enhanced through productivity-based pay. All this was intended to promote cooperative worker-employer relations and increase productivity.

The ANEPC is much more than a program to raise business productivity through the collaborative efforts of unions and workers. It is a neocorporatist model (both state and business corporatism). This program does not coincide with either of Schmitter's two pure models (of state or of society). In the new Mexican model, the State does not remain on the sidelines. Rather, it is committed to promoting a national labor policy based on agreement, and to creating a productive social labor movement and a new culture of labor, as well as promoting the signing of a national agreement and agreements between unions and business.

The ANEPC conforms to the most advanced ideas of the management doctrine of total quality by adding a role for the new unionism and industrial democracy. The latter two concepts give this form of corporatism greater specificity in terms of the roles of management and the state.

To summarize, Figure 1 shows that via the doctrines of social liberalism, the new unionism, industrial democracy, and total quality, an ideology is being forged. On the level of industrial relations, the new ideology can be seen as an alternative to that of the Mexican Revolution. On a macropolitical and macroeconomic level, the state remains the great coordinator and supervisor. In this sense the state has no reason to cease being authoritarian regarding labor, inasmuch as the state is still thought to truly know which direction the country should take. On a macro level, the state promotes labor policies which, it is hoped, will guide labor relations at the work place level. The State's coordinating and supervisory role is consistent with a decreased role for the state in economic policy where public funding is no longer the force behind capital accumulation. The neocorporatism promoted by the State, with its new industrial democracy, implies a decentralization of decision making, without the state giving up its authoritarian control in the political sphere.

The new ideology renewed worker representation, without allowing democracy to become an intrinsic value. It has been instrumental in achieving a consensus on productivity, eliminating confrontation with capital, and replacing confrontation with agreement (and here the state does not hesitate to be authoritarian with those who have not understood that times have changed and class struggle is a thing of the past).

Macrocorporatism is intertwined with, and induces, a microcorporatism through industrial democracy. The new culture of labor includes bilateralism and a distribution of benefits between workers and employers. This microcorporatism is consistent with the new need of businesses to ensure their market position. Faced with the globalization of the economy, business relies on the total quality focus to improve competitiveness. Neoliberalism in the market, state macrocorporatism, and company microcorporatism together form a consistent discourse.

This process can also be interpreted as an attempt to reconstruct the system of industrial relations while meeting economic constraints by taking up old state-corporatist traditions, as well as new management doctrines of total quality. In this new model, the relationship between unions and the PRI disappears. The social security system becomes less important as remunerations and private insurance plans are decentralized. The focal

point of the system becomes the pact promoted by the state and the authoritarian use of labor legislation to constrain the participants within the model. I have given the name of neoliberal corporatism to this constellation of macro, micro, political, productive and economic relations involving the state, businesses, and unions.

### Industrial Democracy and Changing Labor Relations in Mexico

Industrial democracy, an ideological and programmatic formulation of trade unionism, usually originated with labor movements and with social democratic political forces. In Mexico, industrial democracy was never taken up by the social authoritarian state or by corporatist trade unions. It has no precedent and there is no history of labor demands unified around an industrial democracy formulation, with the exception of a few, very short singular episodes that did not leave traditions.

These episodes include the workers' administrations in the railways and in Pemex, the state oil concern, during President Lázaro Cárdenas's official term. In addition, there are a few factory committees in the 1970s that were motivated by independent union movements: Dina (autos), Nissan and Constructora de Carros de Ferrocarril (railway-carriage construction).

Mexican unions have been, above all, state unions, either allied with, or against, the state. The state has provided their main arena of struggle and negotiation. Any interest the unions may have shown in the production process or in their management has been, at best, defensive. Rather, Mexican unions have focused on the protection of working conditions, health and preservation of their representation monopoly. That is, the unions have concerned themselves principally with employment conditions (their demands center around the conditions under which the workforce is bought and sold, employment security issues, and working conditions). Unions have also been patrimonial, an important aspect of their domination of the workers. In particular, this domination has manifested itself in the exchange of permits, certificates of leave, low workloads, and so on, in exchange for the consensus granted to union leaders.

To summarize, the doctrine of trade union democracy as it has existed in Mexico has been invented by the state hierarchy in an attempt to provide the ideological foundation for industrial relations. This is the function unions previously fulfilled by pursuing the Mexican Revolution ideology.

The doctrine of total quality has a different history in Mexico. It made its first appearance in business discussions in the 1970s. In the 1980s it became the dominant management doctrine for production. Later, the state adopted the total quality doctrine and some unions tried to incorporate some of its tenets into their strategies. In Mexico, management efforts to improve total quality have been linked to privatization, deregulation, and antibenefactor state currents of thought. The goals of total quality have been strictly limited to achieving greater productivity and higher quality at the company level by making use of labor flexibility. This did not require broad changes in the "system of industrial relations." The focus was on the need for flexibility in labor legislation, the privatization of social security, and opposition to union corporatism.

Up to 1990, the presidency of the country attempted to reconstruct the "system of industrial relations" and labor relations, as well as corporatism. The language of "industrial democracy" was used to create a new discourse. But a discourse in social relations can have various functions. It can express part of a nondiscursive reality

(epistemological content). It can signify a project to be carried out through the actions of subjects (utopian content). Or it can conceal a reality that goes against the discourse (concealing content).

Labor relations in Mexico, understood as worker-employer relations within the production process, have a codified level (contained in collective contracts, internal rulings on labor, or special agreements signed by employers and unions). Labor relations also have an informal level which, by whatever manner, recognize practices sanctioned by custom.

Labor relations have been undergoing radical change since 1981. The first of these changes coincided with the economic crisis of the early 1980s. They were erratic and circumscribed. They probably began with the opening of the General Motors and Chrysler plants in Ramos Arizpe. These plants were intended to serve foreign markets with new organizational practices and a collective contract that was remarkable for the auto sector because of its flexibility. In 1982, the management of Dina, then a state-owned auto company, proposed making the collective contract more flexible, something it has yet to achieve.

After 1985, when the state and the auto and other companies recognized the need for industrial reconversion in the face of new market conditions, along with the steady movement of the State toward neoliberalism, collective contracts began to become more flexible in many large and medium-sized companies. This trend continues today. Contract changes are still being made, but the focus has been clear from the beginning—flexibility.

Labor flexibility in Mexico means the ability to rapidly adjust the number of workers, their activities in the working process, and, to a lesser degree, their salaries, according to the daily needs of production and the market. To achieve flexibility, worker-employer relations have been altered along with organizational policies, often under the label of total quality policy.

Companies vary greatly in the extent of labor flexibility they have achieved. In the first place, one must recognize that only 28 percent of salaried workers over the age of fourteen are unionized in Mexico. Without a union, there is no collective contract (Garza 1993). Furthermore, employees in positions of confidence (such as supervisors and those working in planning, administration, and control) are legally prevented from joining blue-collar unions. Unionization by economic activity is very unequal. It is almost non-existent in farming, trade, and traditional services. It is prevalent in the state bureaucracy, large industry, and modern services, and is particularly high in state-owned companies and large private companies. Unionization is modest in medium-sized businesses and virtually nonexistent in small businesses. The factors that influence the degree of contract flexibility in Mexico include the geographical area, the previous nature of the contract, the nature of the union, government labor policy for that particular sector, management modernization strategies, and management and worker cultures.

I now examine the degree to which and how flexibility has been increased in collective contracts and corporate policies across different economic sectors since 1982.

#### In-bond Processing (Maquiladoras) on the Northern Border

This sector has been the most dynamic sector in the Mexican economy over the past ten years. It employs half a million workers, predominantly women, who have an



average of six years of education. Most of the workers are between the ages of twenty-two and twenty-six. This sector's productive processes consist mainly of assembly lines. New organizational practices have spread faster in the maquiladoras than in any other sector in Mexico. Fifty percent of border establishments use a just-in-time system. Sixty percent of the personnel of these establishments are organized into work teams. Functional mobility exists among 40 percent of the workers and there is internal rotation among 30 percent of the employees (Carrillo 1991).

Two different situations exist with respect to collective bargaining contracts (Quintero and Eugenia de la O 1992). Contracts in Tijuana and northern Sonora provide management with unilateral flexibility. In this region, the unions are "protection unions." This is the term given in Mexico to rubber-stamp unions that are "arranged" between employers and trade union confederations as a way of preventing the workers from unionizing themselves. In these unions the workers are usually unaware that they belong to the organization because they never see the collective bargaining contracts nor their union "leaders."

A typical contract from the northern Sonora has fifteen clauses. Management enjoys almost complete flexibility in hiring and firing, in the use of casual labor or subcontracted workers, the filling of positions of confidence, transferring of workers within the labor process, or work-hour adjustments (such as making employees work during public holidays).

In the Chihuahua region, two types of contracts exist. Some, like those in Tijuana, are highly flexible. They are designed in discussions with the Regional Confederation of Workers and Peasant Farmers. Others, such as those used in Tamaulipas, are agreed upon with the Confederation of Mexican Workers (CTM). These contracts are flexible, but contain a certain degree of bilateralism.

The type of contract common in Matamoros, in the state of Tamaulipas, contains some rigidities which originate with the CTM's interest in maintaining its representational monopoly. This translates into almost total unionization, as well as well-defined conditions and significant benefits, such as a forty-hour work week and the absorption of social security taxes by the company. Nonetheless, as Carrillo (1991) states in his representative survey of the maquiladoras, "in general, there are no rules for the regulation of employment, promotion and mobility, and the unions do not participate in decision-making regarding the labor process."

In brief, with the exception of Matamoros, the northern maquiladoras show a high level of labor deregulation, in favor of, and at the demand of, management. Labor relations, in spite of the extensive use of new organizational and production policies, are very far from any sort of post-Fordist utopia (Taddei 1992; Pozas 1992; Carrillo 1991; Lara 1992).

#### Large State-Owned Enterprises, Private Companies, and Transnationals

State-owned enterprises, both those remaining state-owned and those that have been privatized over the past five years, have probably shown the greatest degree of unilateral flexibility in their collective contracts (Bensusan and Garcia 1990). The airlines of Aeromexico and Mexicana have the highest level of flexibility. Pemex and the Federal Electricity Commission are found lower down the scale. At the other extreme, in what is something of an anomaly, the Central Light and Power Company,

for political reasons, has not made its collective contract flexible at all. In transnational companies there is also a clear tendency toward unilateral flexibility. Nevertheless, those plants that have opened since the 1980s (such as Ford in Hermosillo) were highly flexible at start-up. Older plants owned by transnationals are generally still engaged in various stages of this process of change (Mora et al. 1990).

Areas targeted for flexibilization by the management of large companies in Mexico are:

1. Freedom by management to employ casual or subcontracted labor to perform tasks within the plant.
2. Freedom to employ new staff with a minimum of union involvement.
3. Fewer restrictions on management in the disciplining of workers.
4. The establishment of internal mobility across positions, categories, departments, shifts, and workplaces.
5. Pay scales incorporating functional mobility.
6. Promotion by qualification instead of by seniority.
7. Reductions in the number of unionized workers through the transfer of laborers to positions of confidence (that is, management).

The larger companies have more extensively introduced certain aspects of total quality, such as quality-control circles, statistical control of production, and just-in-time systems. This is most evident in export companies and transnationals, followed by private national companies, with enterprises still owned by the state bringing up the rear (Arteaga et al. 1989).

#### "Standard" Contracts

In Mexico it is possible for one ("standard") contract to govern an entire sector, whether or not this sector contains a variety of companies and unions. Sectors that have these contracts include rubber, radio and television, sugar, and textiles. The latter is divided into the subsectors of stiff fibers; cotton; wool; synthetic fibers and silk; knitwear; ribbons; elastics; and lace and tape. Standard contracts are probably the most complex and rigid in the country. Generally, they have not changed much in the last ten years, despite a level of management that has generated prolonged strikes. Standard contracts do not all have the same degree of rigidity. At the top of the scale (most rigid) are those for radio and television, rubber, and knitwear. The rest of the textile industry follows, while sugar occupies the bottom of the scale.

The lack of change in standard contracts is probably due to the strength of corporatist union control, which has protected unions and workers. In the face of these obstacles, management has opted for a "termite strategy" of flexibilization. This strategy

includes the signing of single-company contracts that violate the standard contract, or the establishment of flexibility in practice, although not in formal contract language (Mondragón 1993; Román 1992; Covarrubias 1992).

#### Contracts in the "Sham Unions"

In Mexico, "sham unions" are those that depend directly on the employers without state mediation. These unions do not belong to the Workers' Congress, nor are they connected to the independent left-wing unions. Monterrey is their stronghold, although they have also spread to Guadalajara, Guanajuato, and Puebla. They account for 8.7 percent of all unions, and most of the companies involved are linked to the one-time "Monterrey group."

In sham union contracts flexibility tends to be high. Subcontracting is permitted as is casual hiring, internal mobility, and cutbacks in order to modernize production. The working week is long (often forty-eight hours). Management is free to fill positions of confidence. The hours of work can be changed to adapt to the company's production needs, and the unions are committed to supporting production plans, including an explicit commitment for productivity increases. In recent years the flexibility provisions in these contracts have not been significantly modified.

Despite the fact that total quality has become almost an official doctrine in the large companies of Monterrey, only a minority (2 percent) have experienced systematic application of total-quality programs. Most of these companies experience high levels of conflict between employers, middle managers, and workers.

#### Labor Contracts in Small and Medium-Sized Businesses

In these sectors labor contracts range from those that are very flexible and similar to contracts of the northern maquiladoras, to contracts that are more similar to the protective contracts found in the larger companies. In general, however, prior to the wave of flexibilization, contracts in this sector were either highly or moderately flexible. Recent changes have been less drastic here than in the large companies.

#### Collective Contracts in the Universities

There are sixty-five collective bargaining contracts in Mexican universities. University unions are grouped into five large organizations: the Single National Union of University Workers (twenty-three unions), the National Coordinator of University Unions, the National Confederation of University Workers (which in turn, is comprised of the National Association of Associations and Unions of University Academic Personnel, with seventeen unions), and the Single Federation of University Administrators' Unions (twelve unions). There is also a National Federation of Unions of University Academic Personnel, and one independent union.

Furthermore, a distinction must be made between those contracts governing labor relations for academic staff and those applying to administrators and service personnel. In the first case, the following significant changes were made in the 1980s: 1) union exclusion from the admission and promotion of academic personnel, and 2) the institution

of productivity-related incentive plans for research and teaching which are not included within the collective contract.

By contrast, the contracts governing administrators and service personnel have not changed. They continue to be extremely rigid. The union recommends new employees and controls casual labor and positions of confidence. The catalogue of positions is agreed upon bilaterally. Neither functional nor internal mobility are stipulated. The use of overtime is regulated, as are disciplinary procedures. There are joint commissions on hygiene, safety, and retraining. Promotion is based on seniority. In contrast to academic personnel, incentives for administrators and service personnel have so far been negligible, being confined to punctuality and attendance bonuses. In these contracts, however, there is no room for union initiatives concerning new technology or organizational restructuring.

### The State Bureaucracy

State employees, not to be confused with those who work in state-owned enterprises, are governed by special legislation (Paragraph B of Article 123 of the Constitution; the Federal Law on State Employees; the Law on the Social Security Institute for State Employees; the Organic Law on Public Administration; the Federal Law on the Responsibilities of Public Services and the Law on Civil Bonuses, Incentives, and Compensations). In addition, each government department has what are called general working conditions (CGT). The CGT establish the manner in which workers are expected to perform their tasks. The legislation prohibits collective contracts, and the CGT are not legally binding. Instead, they are issued by the corresponding authority after taking into account the views of the union.

The CGT combine unilateralism and flexibility with elements of rigidity that originate in the legislation listed above. These CGT protect state employees from being removed from their posts, prevent employees from being fired except for serious offenses, and restrict internal mobility. In recent years, the government has been trying to homogenize the CGT and promotion scales by means of the Civil Service Careers System. This has been foiled, however, by the heterogeneity of public administration functions and the efforts of public administrators to make labor relations flexible in concrete situations but not standardized. Thus, the Civil Service Careers System remains an unfinished project, focused only on specific issues and often disregarded by authorities in the various governmental departments (Tiburcio 1992).

### Final Reflections

The presidency of the country has in just a few years constructed an alternative discourse to the one that prevailed in the postrevolutionary state up to 1982—that is, the previous Mexican Revolution discourse. The new discourse is about social liberalism. It combines a liberal doctrine with a supposed concern for market imperfections. The Mexican state, for its part, has been forging a specific "system of industrial relations" at the center of which are tripartite negotiations that are mediated by the State and subordinated to political and economic policies. That is, at the center of the new industrial relations is a state-corporate relationship. This relationship subordinates unions to the state and promotes the resolution of industrial relations conflicts. The system of

industrial relations and the political system have become intimately related, forming part of the corporatist net spread by the state and unions over the workers. This net embraces both industrial relations and employment issues including: social security, the negotiation of labor disputes, the electoral-political system, government posts, and positions of popular representation (Covarrubias and Solis 1993).

The system of labor relations has undergone significant change in the face of the restructuring of large companies and the process of state reform. Important matters have been settled without union involvement or settled with unions in a ritualistic manner. The state had two alternatives. One option was to abide by the neoliberal premises upheld by large sectors of the business community stating that consensus should ultimately be left to the market. That is, it should not be necessary to resort to special mediators or representation of interests outside the processes of citizen democracy. But, the Mexican political elite, including its current neoliberal component, have been unwilling to rely solely on the market and have found it useful to uphold traditions that have helped these elites maintain political power.

Thus, although it is still an unfinished project, an attempt is being made to forge a neocorporatist discourse that would not come into conflict with neoliberal economic policies. To achieve this, the management doctrine of total quality has been incorporated into the corporatist relationship. That is, by means of neoliberal corporatism, an attempt is being made to preserve a macro-level pact between the state, unions, and business organizations. This pact is partially macroeconomic (controlling the principal macro variables), but it is also a productivity pact intended to increase business competitiveness in the context of a deregulated and globalized economy. A pact of this kind cannot, like the previous one, be restricted to the state; it must include middle and micro-levels if it is to provide competitive production.

The pact offers business a stable macroeconomic environment—above all, low inflation and attractive exchange and interest rates. It also promotes a state and unions that adjust their policies for the benefit of business productivity through agreement instead of conflict, and a culture of labor that embraces total quality. The corporatist pact offers survival to unions (defying predictions that unions would be excluded from the highest levels of state power), wage increases linked to productivity increase, job growth generated by a growing economy spurred by the North American Free Trade Agreement, and "industrial democracy." The pact also offers unions participation in the plans being made for modernization, and in the processes of economic organization and administration. Furthermore, unions are offered a stake in company ownership as part of a micro-level alliance never before seen in Mexico. The new "system of industrial relations," far from leaving all outcomes to market forces, requires that a pact be forged at the level of economic production, and therefore, has been extended to middle and micro-levels through worker involvement. For the moment, the pact leaves aside social security, party politics, and union intervention in public administration. The market is being used to reward the most efficient players, including workers, even if to be more efficient, they have to become neocorporatist.

Nonetheless, not only is there a considerable distance between discourse and reality, but the principal players may not be fully convinced of the benefits of the new corporatist pact. For the moment, the success of the corporatist pact and its extension to other levels appears to depend largely on the capacity of businesses to modernize. In fact, there has been a polarization of the productive apparatus. On one side stand a

minority of companies that have modernized by becoming efficient exporters, (these are mainly large industrial-financial groups). On the other side are the majority of medium-sized and small businesses that have not made significant changes. If these conditions persist it is unlikely that the new corporatist pact will give equal treatment to either salaried employees or unionized workers.

In addition, the new pact has so far delivered little of substance in terms of material benefits to workers. Several neocorporatist pacts have been signed since 1987, but real wages have not recovered. Over the past ten years real wage increases have not, in fact, kept pace with productivity increases, and collective contracts have undergone modifications that, apart from a few exceptions, show a strong tendency towards unilateral flexibilization. In practice it seems that management continues to regard workers as undesirable players who must be excluded from questions of production. The dominant type of flexibility in Mexico can be characterized as neoliberal (understood as giving employers a free hand). This goes against the discourse of industrial democracy.

After 1992, when the ANEPC was signed, the situation apparently changed, with the State pressing for company-by-company productivity agreements. Nonetheless, two factors suggest that the drastic increase in the flexibility of labor relations has not been reversed. With a few exceptions, single-company pacts provide that unions give their approval to the employers' production policies in return for negligible productivity bonuses. In these cases, the union is very far from becoming a real joint partner even in companies espousing the doctrine of "industrial democracy."

Furthermore, after the signing of the ANEPC in May 1992, there have been several serious labor disputes whose settlements, pushed by business and the state, have gone in a direction opposite to that of industrial democracy. One of these was the strike at the Volkswagen plant in Puebla, which ended with the union being forced to submit to management through a belligerent intervention by the Ministry of Labor. The contract was made significantly more flexible, and the local union was defeated and divided, while the FESEBES (the model industrial democracy union) gave its support to the process. The other telling conflicts concerned revisions to the standard contracts governing the cotton industry (in September 1992), and the rubber industry (at the beginning of 1992). In these cases the intentions of management were clear: to remove the legal standing of the standard contracts governing the respective industries in order to reduce union strength by negotiating single-company contracts. It was also quite clear that the sympathies of the Ministry of Labor lay with the employers. Solutions that would have been in keeping with industrial democracy were never even considered.

Management-directed change has been reinforced by the total-quality programs found in most Mexican companies that have often included just-in-time programs and statistical control of production. The new organizational policies appear to delegate little power to work teams. They are combined with Fordist production methods and function more as instruments providing self-regulation to production decisions. Total quality without industrial democracy is particularly evident in decision-making processes that completely ignored unions.

Total quality efforts in Mexico are not being combined with better salaries or job security. The design of total quality programs has little union involvement, and unions in the end simply rubber-stamp company decisions. Mexican employers show little consistency with regard not only to the discourse of industrial democracy, but also to that of total quality.

In short, the discourse concerning industrial democracy in Mexico only expresses certain aspects of the changing relationships between companies and unions. It conceals the fact that the modernization of the economic system, is a polarizing force that is characterized by low salaries, heavy workloads, and a lack of job security. As an idea, industrial democracy has not fully taken hold among either employers, unions, or the state. Up to now, the discourse has been promoted by the state hierarchy and is not linked to previous traditions in the system of industrial relations. The only continuity with the past is the strategic use of discourse by the rulers on the subject of the ruled.

**Table 1**  
**The Evolution of Ideology**

	<b>Ideology of the Mexican Revolution</b>	<b>Social Liberalism</b>
<b>Statism</b>	The state is the economic, political, and cultural basis of society	Free market with some state regulations
<b>Nationalism</b>	The nation in the face of foreign dangers	A rhetorical and ambiguous nationalism, open to foreign countries
<b>Social Justice</b>	To restore the conditions of deprived lives, for the entire population	Segmentation by Pronasol for actors that don't require "social justice" and those for whom the market does not work (subject to Pronasol)
<b>Agrarianism</b>	The state acts as a third route between capitalism and socialism	The countryside caters to the market completely
<b>Education</b>	The state's universal obligation	Basic education the only obligation. Pressure from commercialization for other educational levels
<b>Tutor State</b>	It recognizes the division between social groups that are asymmetrical and tutorial to those that are helpless	The state treats the modern social groups equally and assists those in extreme poverty with basic necessities



**Table 2**  
**Principles of Neoliberal Corporative Relations**

- 1a. Macro-corporative level
- 1b. Alliance with the state
- 1c. Coordinator, supervisor, and sanctioner
- 1d. Corporative and authoritarian
- 1e. Promotion of labor policy
- 1f. Not based on public funds or subsidies, market openings
  
- 2a. Induction
- 2b. New unionism
- 2c. Decentralization of labor relations
- 2d. Union representation
- 2e. No class struggle
- 2f. Economic model
  
- 3a. Micro-corporatism
- 3b. Industrial democracy
- 3c. Productivity as a sociotechnical problem: depends on multiple factors
- 3d. Restructuring of production (modernization, flexibility, new forms of organization; work teams, retraining; productivity commissions); globalized market
- 3e. New culture of labor (humanization, motivation, incentives, retraining)
- 3f. Bilateralism in production changes; organization; share ownership
- 3g. Distribution of benefits (productivity commissions)

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