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Free Trade and Labor Relations in México

Enrique de la Garza Toledo+

**+Professor of the Ph. D. program in Social Studies of the Metropolitan
University of Mexico, Visiting Scholar of the Center for Latin American
Studies in UC-Berkeley**

Introduction

NAFTA did not initiate the opening to trade in Mexico. Mexico had already joined GATT in 1986 and the economic liberalization policies enforced since the mid-eighties, complemented by privatizations, a substantial decrease in the government's expenditure in investments and the emphasis the economic policy placed on inflation control over and above economic growth are part of the background to NAFTA. The signature of NAFTA was the peak of this process (NAALC, 1998a).

In June 1990, the Mexican and US presidents declared they would sign a Free Trade Agreement. That same year, the Mexican government formally requested the US government start negotiations. The US government communicated its intention to initiate the corresponding actions to the US Congress. In 1991, the US Congress approved fast track negotiations and the three countries initiated formal proceedings (Vega, 1991). These agreements were concluded in August 1992. In February 1993, the three governments initiated discussions on NAFTA's so-called labor and environmental side agreements. By the end of 1993, the Congresses of these three countries had already approved NAFTA, which came into force on January 1, 1994 (Arroyo, 1993; Grinspun, 1993).

NAFTA is a free trade agreement and has no other juridical implications for the three signature countries, such as a single currency, migratory unification, free labor mobility or compensatory funds. Exceptions to the above are the signature of labor and ecological side agreements, of which we will only analyze the former (Blanco, 1994).

NAFTA eliminates tariff barriers on free trade goods, services and capital between Mexico, the United States and Canada with the following exceptions: In order to be able to enjoy tariff exemption, it establishes rules of origin for different levels. Most goods were exempted from tariffs from the very beginning of NAFTA and a few goods would be exempted in periods that in general went from 5 to 10 or 15 years. There are also special rules for textiles, cars, energy and basic petrochemicals, agriculture, land transport, telecommunications and financial services. With regard to investment, NAFTA treats

capital from the signature countries as national capital and more favored countries. Capital from the three countries has no export or national content requirements and public sector purchases are open to foreign investment from NAFTA countries (Fernández, 1993). Lastly, there are special rules regarding intellectual property (Kessel, 1994; Holter, 1993).

NAFTA's Labor Side Agreement (North American Agreement on Labor Cooperation, NAALC) was created to watch over effective enforcement of labor laws in the three countries. NAALC was also signed with the objectives of exchanging information, publications, statistics, research and the commitment to promote better work conditions and standards of living, as well as the 11 labor principles to protect, improve and validate workers' rights, which will be analyzed below (Commission for Labor Cooperation, 1996; Fernández, 1993).

1. NAFTA, Productive Restructuring and Work Conditions

NAFTA has had two important immediate effects on Mexico. It helped to increase both manufactured goods exports and the flow of foreign direct investment, which after the 1995 crisis became the main source of financing for the balance of payments imbalance. NAFTA has also helped to increase input and fixed asset imports for industry as well as consumption goods imports, which have unbalanced the trade balance. NAFTA is likely to have had an unequal effect on industrial firms in Mexico (Ruíz Durán, 1998) since exports in this sector continue being the privilege of a limited number of firms, a situation that has not changed even after the great devaluation in 1995 that lowered the price of Mexican products in other countries. Mexican exports concentrate by consortium and by industrial branch. Since 1996, when exports shot up, 67.3% of all exported goods belonged to three sectors: the auto and auto part industry, the electric and electronic industry and machinery and special equipment. Seven hundred firms export 80% of the total, representing only 2% of the export-oriented firms (in 1996, there were 27,924 exportation firms in Mexico out of a total of 2,186,655 establishments of any type).

Even before NAFTA, the industrial structure in Mexico was already extremely heterogeneous. The socio-technical distance (technology, organization, labor relations and labor force profile) existing between industrial poles may nevertheless have increased with the agreement (De la Garza, 1998).

Close to 10% of large-scale manufacturing establishments (with more than 250 workers) were restructured in 1994 (De la Garza and Melgoza, 1994). This situation had not changed much toward the end of the nineties. Toyotaist work organization had been introduced into 2.7% of the establishments, but the combination of Toyotaism and Taylorism occurred more often (5.1%) and Taylorism prevailed followed by the traditional form of work organization (De la Garza, Salas and Torres, 2000). At the core of the restructured firms, we find NAFTA-favored firms: firms with high or medium technology, where total quality and just-in-time are only partially applied with medium labor flexibility and low bilaterality levels with Unions, but without important links with the local area.

The socio-technical configurations that were not restructured are, on the one hand, non-restructured medium and large industries with Taylorist-Fordist processes, and, on the other, micro, small and part of the medium firms with non-scientific administration of work.

With regard to the socio-demographic profile of manufacturing workers, in the nineties they were mainly young men (although the number of men was already dropping) with middle education who were heads of family (the women tended to be daughters).

Table 1: Worktime per week in the Manufacturing Industry in the year 2000

Workweek	Percentage of population employed
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Does not work	2.7%
Less than 15 hours	4.8
Between 15 and 40 hours	18.6
More than 40 hours	73.9

Source: INEGI (2001) Encuesta Nacional de Empleo, Aguas Calientes

According to ENESTYC, in 1998 the average worktime per week in the manufacturing industry was 47 hours in total and also in the different establishment sizes, coinciding with data from the National Employment Survey that reported that in the year 2000, 73.9% of those employed in the manufacturing industry had more than 40-hour of worktime per week. Labor force burn out in the manufacturing industry does not only come from increased labor intensity, but is also due to the fact that widespread long worktimes prevail.

The population that does not work or that works less than 15 hours per week, both in the manufacturing industry and in the total employed population, is not very significant nor has it varied importantly in the last 9 years. A more severe problem relates to the surplus of working hours per week. In the year 2000, 25% of the workers in the manufacturing industry worked more than 48 hours, of which in 91.8% of the cases that was considered to be a normal worktime per week. In the last 9 years, the worktimes per week that increased most in the manufacturing industry were those that through overtime or double employment had over 48-hour.

With regard to the wage profile, income levels in the manufacturing industry are between 1 and 2 minimum wages, regardless of establishment size. This data corresponds to the National Employment Survey (1998): manufacturing workers were receiving between 1 and 2 minimum wages, the same as general waged workers. This survey also shows that the most frequent wage level does not change with the workers' qualification level, (except unschooling workers and top professionals, all the other qualification levels have wage modes of between 1 and 2 minimum wages, even though many studies consider 5 minimum wages to be the limit of poverty in Mexico).

Although social benefits represented 24% of total remunerations in the manufacturing industry, 42% of the population employed in this industry did not enjoy economic benefits in the year 2000.

1994 saw the beginning of a broad policy of firms signing productivity agreements with labor unions. The Department of Labor (De la Garza, 1997) promoted this policy as part of a campaign to promote the approval of NAFTA to such an extent that in 1994, productivity agreements were included in 50.7% of all wage negotiations at a federal level (equivalent to 78% of all hired workers at a federal level) (De la Garza, 1995). In more recent years, however, the number of new agreements has hardly grown (Samaniego, 1997). Global results related to workers' income were nevertheless discouraging. 90% of the agreements signed in 1994 granted a 2% increase for productivity, the same percentage granted to minimum wages, with very scarce repercussions on wages (Ruíz Durán, 1998). Since 1995, the policy to recover real wages through productivity bonuses became neutralized in the face of 51.9% inflation and only an average of 1.2% productivity bonuses were granted (NAALC, 1998).

Opening to trade has not implied a positive correlation between the growth of real wages and productivity in the manufacturing industry. Negative real wage evolution cannot be attributed to low productivity in the manufacturing firms in Mexico.

With regard to the labor profiles, unqualified workers prevail in all strata of establishments of all sizes. The larger the firm, however, the higher the qualification level.

Table 2: Percentage of manufacturing workers according to qualification level (1992)

Firm	Professional worker	Specialized worker	General worker
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Micro	4.4	18.3	77.3
Small	7.1	25.1	67.8
Medium	11.1	25.8	63.1
Large	9.6	27.2	63.2
Total	8.5	24.9	66.6

Source: INEGI (1992) ENESTYC

In 1999, 40.1% of the workers in the total manufacturing industry were qualified and 59.8% of all workers were unqualified. In other words, although there was an increase in the number of qualified workers in the decade, unqualified workers continue to prevail.

To sum up, in the nineties, the socio-demographic profile of the manufacturing labor force is young male workers with secondary school education who are the heads of family. In labor terms, unqualified workers prevail with long worktimes per week and extremely low wages.

A high proportion of workers work in micro businesses (firms with 15 workers or less). In the year 2000, 18.8% of the workers employed in the manufacturing industry worked in micro businesses and 19.7% worked in establishments without premises. The percentage of the total employed labor force working without premises went from 8.2% in 1988 to 19.7% in the year 2000. 23% of the total waged and piecework workers in this branch worked without premises last year. 33% of all waged workers in the manufacturing industry had no written contract, whether individual or collective.

From previous research, we have also concluded that the Mexican productive apparatus is polarized between businesses that have modernized their technology, work organization or labor relations, and the vast majority of businesses that have not made important changes in the last 10 years (De la Garza, 1993a). The labor force is more homogeneous with respect to labor and wages, but not in socio-demographic terms vis-à-vis business heterogeneity (Alarcón, 1994; Boltvitnik, 1998). We could refer to an old working class constituted by mature and relatively stable middle-aged, male, machine-specialized workers located in

traditional work processes (who nevertheless have suffered personnel cutbacks due to privatizations and firm rationalization), and a new young and unqualified working class with a high female presence and low employment stability, one part employed in precarious jobs, with high female presence, and the other in vigorous modernized firms. This new working class is clearly the majority in the manufacturing industry, especially if you consider its presence in the maquila.

Table 3: Percentage of women, qualified workers, worktime per week hours and seniority years among manufacturing workers

	Total Industry Manufacturing		Large Establishments	
	1991	1999	1991	1999
Women	27.2	27.6	24.9	26.8
Disabled	32.9	6.46	39.3	7.9
Workweek	47	47	47	47
Seniority	5.5		5.9	
Absenteeism		1.0		0.74

Source: INEGI (1992, 1999) ENESTYC

Table 4: Correlation coefficients between establishment size and socio-demographic, labor and wage profiles as well as unionization rate of the labor force in the manufacturing industry

	1991	1998
Socio-demographic Profile		
Percentage of women	0.20	0.16
Seniority	-0.18	ND
Schooling level	-0.12	0.9
Labor Profile		
Percentage of workers over total employees	0.10	0.8
Percentage of full-time workers	0.03	0.7
Percentage of professional and specialized workers	0.08	0.4
Workweek	1.00	0.77
Turnover Rate	-0.06	ND
Absenteeism Rate	-0.01	-0.85
Wage Profile		
Average worker remuneration	0.14	0.9
Percentage of benefits in relation to total remunerations	0.00	ND
Percentage of bonuses in relation to total remunerations	0.04	ND
Percentage of labor costs in relation to total costs	0.25	ND
Unionization Rate	ND	0.9

Source: Based on ENESTYC-92 and ENESTYC-95 surveys.

With regard to the relation between establishment size and labor force profile in the nineties, the table above shows that in larger manufacturing establishments, there is a weak positive relation with female labor force. The relation with schooling started negative and finished strongly positive. As far as the labor profile is concerned, the relation with the

percentage of workers over the total employed, with full-time work is hardly significant. However, there is a very high correlation with the length of the worktime per week. With regard to the percentage of specialized and professional workers, although the correlation is low, it has tended to increase. With regard to wage profiles, the relation with wage costs and remunerations per worker has passed from low to positive, i.e. the large establishments pay more. Bonuses are hardly significant and the situation does not tend to change. However, as was to be expected, there is a high correlation with the unionization rate. To sum up, although large establishments might stand out in the socio-technical configuration of the productive process, they have not tended to differentiate their labor force from the labor force of other establishments, except that work hours per week have increased and wages have deteriorated for all between 1991 and 1998..

2. Foreign Capital Export Firms and Labor Force

We will analyze some of the characteristics of the labor profile in the manufacturing industry related to foreign capital export firms given that modernization and work conditions might be different in these firms with national capital and non-export firms.

The correlation between exports (percentage of sales to other countries) and female employment tended to grow between 1991 and 1999, whereas there is practically no correlation with seniority (proof that mobile labor is being employed, that there is a high external turnover); export workers' schooling level has increased; however, a percentage of full-time workers has a negative correlation; the correlation of the percentage of qualified workers to total workers has hardly increased, an important indicator that the work process and organization that are used do not encourage the workers to carry out complex tasks. The correlation with workers' remunerations tended to decrease under NAFTA, except 2000 and 2001.

Table 5: Correlation coefficients between percentage of sales to other countries (exports) and socio-demographic, labor and wage profile of the labor force between 1991 and 1999.

	1991	1999
Percentage of women	0.09	0.19
Seniority	0.03	0.05
Schooling level	-0.14	0.27
Percentage of full-timers	0.04	-0.17
Percentage of professional workers among total workers	0.01	0.08
Average remuneration per worker	0.12	0.02
Percentage of bonuses in remunerations		0.14

Source: based on INEGI (1992, 1995, 1999) ENESTYC

Table 6: Correlation coefficients between foreign ownership of manufacturing capital and socio-demographic, labor and wage variables

	1991	1999
Seniority	-0.24	0.28
Percentage of full-timers	0.15	-0.02
Percentage of professional workers among total workers		-0.01
Average remuneration per worker	0.37	0.12
Percentage of bonuses in remunerations		0.07

Source: based on INEGI (1992, 1995, 1999) ENESTYC

The correlation with foreign ownership of manufacturing capital show that seniority tended to increase, whereas the correlation becomes negative with the percentage of full-time workers, as well as with the percentage of qualified workers and the correlation with real worker remunerations tended to decrease between 1991 and 1999.

With regard to the differences between export and non-export firms, as well as between national and foreign capital, we can state that (De la Garza, 1998):

- a) Foreign firms have an important intra-firm exchange of commodities and a high content of foreign inputs.
- b) With regard to technological levels, neither NAFTA nor opening to trade in general have translated into an expansion of the high technological level, although foreign firms had a slight advantage over national firms.
- c) With regard to work organization, it would seem that the division of work in foreign firms tends to follow stricter Taylorist and Fordist schemes than national firms, perhaps because there is a greater presence of non-scientific administration in the latter, whereas foreign firms tend to formalize work in a Taylorist sense (De la Garza, Salas and Torres, 2000a).
- d) As far as flexibility levels are concerned, there do not seem to be differences between types of firms (De la Garza and Bouzas, 1998; Hernández Laos and Aboites, 1990).
- e) With regard to wages, income is low in all types (De la Garza, 1998).
- f) With regard to labor force, the only difference relates to the fact that labor force in foreign firms are younger, with less seniority and with a school level on the increase (De la Garza, 2000).

With regard to the variables related to the socio-technical bases of the productive processes that were considered, the condition of being a foreign or national firm was more significant than whether it was an export or non-export firm. This situation is important when we consider that the firms with foreign capital in the manufacturing industry represent 22.4% of the employment in this sector. In this sense, NAFTA may be triggering changes in firms, but is strongly adapting to the Mexican system of industrial relations that is hardly protective of labor. Foreign firms in Mexico seem to arrive with Taylorist and Fordist organization schemes mixed in with partial applications of Total Quality and Just-In-Time, but which ultimately continue allocating low qualification tasks to the workers as opposed to the technicians and engineers. In this sense, the important change the labor force has experienced globally is not due to the creation of an important stratum of re-qualified

workers, but to the inclusion of a young female labor force with a large external turnover, low wages and low qualification levels.

All this is likely to help maintain a loop that can hardly be considered virtuous for industrial development. Large firms that are mainly export-oriented increasingly import their inputs and do not employ domestic outsourcing. The small and medium firms are thus not encouraged to modernize, change technology and organization forms, work just-in-time or with acceptable quality levels. The loop neither closes due to the lack of dissemination of the industrial districts and clusters. The maquila in the North is a clear example of this behavior that does not link productive chains and client and supplier chains in the country. In spite of the maquila's official discourse favoring clusters, domestic inputs have been kept in a very low proportion since the beginning of the current economic model in 1982.

NAFTA, however, has had a small positive effect on the growth of real wages and employment, particularly with regard to the latter, there have been positive correlation coefficients between real wages and exports to the U.S.A. and Canada in export-oriented industry. The global effect on the economy as a whole has nevertheless been small due to export specialization in a few branches and to the disarticulation of productive chains in both wages and employment. Employment in the maquila grew, but decreased in other manufacturing branches and the result was zero net employment. Although NAFTA's effect on wages has been positive in the branches that export more to the United States and Canada, the differences in wage levels are not so significant. Besides, NAFTA has not been an effective mechanism to increase manufacturing wages in a sustainable way. Economy's cyclical behavior imposes itself with very short periodicities: wages increased in real terms after large drops in 1995 and 1996, but did not reach the same level as in 1994 until the year 2001. Macroeconomic policies, as well as monetary policies against inflation have traditionally affected wage evolution more in Mexico.

Table 7: Average real daily wages per employed person, 1994 baseline

Year	Average manufacturing wages	Average contractual wages	Average wages in the maquila
1994	46.44	196.9	26.20
1995	39.05	102.2	23.6
1996	35.9	101.3	21.8
1997	36.6	83.9	22.95
1998	37.9	73.15	23.4
1999	39.12	64.8	23.3
2000	41.7	60.5	24.5
2001 January-June	42.2	59.6	25.8nn

Source: STyPS (2001) Labor Statistics (Estadísticas Laborales)

3. Labor Relations

Under the new economic model (since 1982), labor and industrial relations have been through three different stages in Mexico (De la Garza, 2000):

a) Unilateral flexibilization. Between 1985 and 1992, there is a general trend toward flexibilizing labor relations and the labor unions have lost presence in the development of labor and economic policies. During this period, some of the most important collective contracts were flexibilized (in aviation, oil, iron and steel, telephone, auto industry, for example) and flexibilization implied management's unilaterality in production-related decision-making. There was mainly numerical and functional flexibility, but not wage flexibility (De la Garza, 1990; Covarrubias, 1992; Contreras and Ramírez, 1992; Pozas, 1992; Montiel, 1991; De la O and Quintero, 1992; Rueda, 1993; Arteaga and Carrillo, 1990).

b) Reaching agreements. The second stage comprises from 1992 to 1994, when the government promoted the signature of productivity agreements including the bonus scheme as a way of recovering wages and a new notion of variable wages. During this stage, there

was talk of a crisis in State corporativism, of the need for a new unionism allied both to the State and firms in the battle for competitiveness. This process officially started with the signature of the National Agreement for an Increase in Productivity and Quality (1992), through which at least in discourse it is recognized that labor unions should dialog with management about modernizing their firms. This agreement details the government's proposal of carrying out a productivity agreement that takes ownership of the most current concepts of Total Quality, establishes a framework of bilaterality between firms and labor unions and try to design a whole industrialization model (Quintero, 1993; De la Garza, 1993; Covarrubias and Lara, 1993).

The scope and impact of productivity agreements might differ according to the restructuring strategy the employers follow to carry out changes in technology, organization, or labor relations. When Human Resources Management (HRM) is not understood as a core factor to increase productivity, it is likely management will show little interest in bilateral agreements. Even when HRM is considered relevant, management may choose to sign agreements with low bilaterality, preferring to deal directly with the workers.

Productivity agreements can be classified into two types: active and passive agreements. In the former, the labor union becomes an active dialoguer in productivity plans and fully participates in developing, implementing and evaluating these plans. In relation to the productivity program, the labor union can participate in decision-making about aspects related to technology, organization, training, work conditions, work environment, measurement of productivity and in the determination of criteria to distribute economic benefits.

Passive productivity agreements limit labor union action to merely accepting employer projects in exchange for preserving certain work conditions and particularly incentives for productivity. In this case, the labor union does not participate in developing the corresponding plans or in defining productivity indicators. It is an instrumental agreement that does not actually modify labor relations between the firm and the union. In a few

words, it sanctions employer "laissez faire" in exchange for supplementary income for the workers. Up to now passive agreements prevail. Passive agreements prevail so far and are actually turning into agreements on bonuses for certain results in production, although many of them do not go beyond punctuality and attendance premiums.

c) Limits of the "new labor culture"

The third stage of change in labor relations, from the middle of 1995 up to the present, first shows a buffering of the productivity agreement and bonuses strategy caused by the economic crisis initiated in December 1994 that considerably depressed real wages and neutralized the effects bonuses have on workers' income. However, toward mid-1995, the Mexican Workers Confederation (CTM) and one Employers Confederation (COPARMEX) started negotiating a new labor culture. This negotiation concluded in August 1996 and establish that new relation between unions and employers must be no longer confrontational, but based on cooperation to win the fight for competitiveness. It is a document that includes the best-known doctrines related to total quality and just-in-time, which may become an agreement of principles signed between worker and employer organizations to change the Labor Law, which is something the Department of Labor has tried to take up under the Fox administration.

However, in the face of deteriorating work conditions, toward the end of 1997, some of the largest official labor unions (industry, telephone, social security, and aviation workers) decided to break away from the Labor Congress and together with other independent unions, such as the National University Union and the Authentic Labor Front (FAT), created the National Workers' Union (Unión Nacional de Trabajadores / UNT). Since then, the UNT has been disputing the hegemony of what used to be known as official unionism. The other more radical current of independent unionism that created the First of May Coordination (Coordinadora Nacional Primero de Mayo) in 1995 at first managed to carry out a certain level of activity, but disputes among leftist groups led to its dissolution. Although the UNT has played an important role in publicly dialoging with the authorities, after its original growth upon its foundation, it has not managed to replace Labor Congress

unions, mainly in the industrial sector, and essentially remains a confederation of modern service workers.

The most important change in labor relations in Mexico in the nineties can be summarized in its trend toward work flexibility in large firms. This trend was initiated in the mid-eighties and although it has not yet affected the Labor Law, NAFTA is likely to have intensified it (Rodríguez, 1992). Productivity agreements with bonuses have expanded more widely. Most of them are not significant and constitute a sort of Toyotism of precariousness imposed from the top, from the State, employer and union leadership elites.

4. NAFTA and Labor Legislation

Although there is a current debate on the possible flexibility of the Mexican Federal Labor Law, it has not changed at all since 1970, as we shall see later on (De Buen, 1989). Before signing NAFTA, legislation and labor contracts in the three North American countries showed important differences (Cavazos, 1993). The Mexican Constitution, different to the American and Canadian Constitutions, recognizes the right both workers and employers have to associate as well as the right to strike. The Labor Law in Mexico, as in the United States, has a federal jurisdiction, whereas in Canada there are 11 different legislative labor-related systems. With regard to union registration, in Mexico a minimum of 20 workers is required, but a union does not have to have the majority of the workers of a firm. They do not have to go through certification before registration, nor is secret ballot required, and this remains so up to the present. In Canada it is necessary for the union to represent the majority of a firm's workers and in the United States, although it is not a legal condition, its common practice. There are no closed shops in Canada and the United States, whereas in Mexico, they are very often established in collective contracts and have been used as an instrument to intimidate opposition to union leadership. In the United States and Canada, firms are obliged to sign with a certified union, but not in Mexico. With regard to labor conflicts, most of the Canadian provinces have obligatory arbitration, whereas the United States and Mexico do not. In the United States and Canada, collective bargaining is signed per firm. Although this is common in Mexico, some contracts may be signed per branch. In

Canada, strikes are prohibited so long as the contract is in force, whereas in the United States and Mexico they are not. Contracts in Canada, however, may include no-strike clauses. In Canada, actually going on strike assumes an official registration election. Legally speaking, this is not the case in the United States and Mexico. During strikes in the United States, it is possible for other workers to replace the strikers. This can be done in Canada only if the strikers are temporary workers, whereas it is not possible in Mexico (NAALC, 1996).

With regard to work conditions, the Mexican law is more protective of employment stability, regardless of whether there is a verbal or written individual or collective contract. The law thus considers unjustified dismissal as a legal figure that may lead to reinstating or compensating the worker. In Canada, the employer is free to dismiss non-unionized workers and arbitration measures including lost wages or reinstatement are only established in collective contracts. In the United States, a worker may be laid off without notice or compensation, unless these clauses are included in the collective contract.

The workweek in Canada varies according to province. The United States does not establish a maximum length for the workweek. Mexico does: 48 hours per week. There are no minimum wages in Canada. Mexico and the United States do have minimum wages, although Mexico is way behind in relation to a survival income, which many estimate would be 5 minimum wages.

The most important differences between the contents of collective contracts in Mexico and those in the United States and Canada are that in Mexico the economic benefits, social security, and dispute resolution mechanisms are established in federal laws, whereas in the United States and Canada, they are sometimes contained in contracts (De la Garza, 1992).

Up to now, the labor laws in Mexico have not been modified. However, a debate on the need to flexibilize the labor law was started in 1988. Not only does it continue, but it has also intensified since NAFTA came into force. The first proposals to modify the law came from business organizations CONCANACO (trade businessmen) and COPARMEX

(employers union). The core point was labor flexibility, justified by the new context of market and production globalization, productive process modernization, the need to increase investor trust and above all to increase productivity and quality (Bensunsan, 1995; De Buen, 1989).

The initial proposals, apart from limiting worker-employer conflicts, included the three classical aspects of work flexibility.

With regard to numerical flexibility, they proposed reviewing the concepts of “lost wages” (days paid after a strike) and lay-off compensation, simplifying worker retirement, as well as a reformulation of the process to rescind a contract. In relation to functional flexibility, they proposed flexibilizing the workweek, establishing multi-skilled qualification and productivity commissions. As far as wage flexibility is concerned, they suggested rethinking the concept of remunerative wages and define wages according to each firm's productivity and economic conditions. They propose reformulating the idea of economic benefits so that they depend on each firm's capacities, as well as introducing hourly wages.

In relation to employer-employee disputes, they requested that solidarity strikes be banned, establishing the unions' responsibility if strikes were declared non-existent and greater restrictions to strikes in public services.

In 1989, the PRI's worker caucus managed to get the Mexican Congress to carry out a popular consultation regarding possible modifications to the Federal Labor Law. The Labor Secretariat created a tripartite commission to develop a modification project, which did not issue any public results. Since then, employers have been demanding a new Labor Law and the labor unions have been divided into those opposed to any modification and those who accept modifications that do not affect the rights they have already gained, especially those who refer to the need for a new chapter on modernization and productivity (the Telephone Workers Union and the Authentic Labor Front).

The employers' systematic proposal is contained in a document the employer organizations COPARMEX, CONCANACO, and CANACINTRA (industrial employers) presented to expresidente Ernesto Zedillo, then the PRI elected presidential candidate, with economic policy guidelines including a section on labor. This document argues that in order to achieve higher competitiveness, it is necessary to change labor legislation. According to the employers, the main points to be modified would be:

- 1) Functional and geographic multiskilled mobility
- 2) Temporary contracts per hour or with a reduced workday
- 3) Rationalizing reasons to rescind a contract
- 4) Limitations regarding responsibilities in labor lawsuits for the payment of lost wages
- 5) Payment per hour
- 6) Democratizing strikes: certifying through secret ballot that most of the workers agree to go on strike. The same procedure should be followed to call a strike off
- 7) Disappearance of conciliation and arbitration councils
- 8) Disappearance of law contracts that rule over a whole branch
- 9) Establishing training contracts without implying a labor relation
- 10) Putting an end to blind wage scale and changing it for a capacity-based wage scale
- 11) Establishing labor and union benefits according to each firm's conditions (thus challenging the way social security works in Mexico)
- 12) Eliminating the exclusion clause (clause shop) due to entry and separation
- 13) Freedom of unionization
- 14) Apolitical unionism, putting an end to the relation with political parties.

In this context, it was during the previous administration that the National Action Party (PAN) presented its bill to reform the labor laws. The PAN project, developed by well-known lawyer Nestor de Buen, has two main innovative components: First, it considers labor flexibility in various aspects, essentially coinciding with COPARMEX's and CONCANACO's proposals. Second, it includes the democratization of worker organizations, which moves away from the proposals made by the government and the employer and worker elites.

With regard to labor flexibility, the PAN project changes basic labor right principles that had prevailed in Mexico, denouncing the State's patronizing character regarding the weakest part of the labor relation and replacing it with the role of guarding the balance between production factors. The other important change in these principles is the replacement of the idea of social justice with the idea of promoting employment and productivity. Along these lines, work flexibility appears in the bill in its three classical forms: numerical flexibility, i.e. a firm's capacity to employ or unemploy according to production needs. In this sense, it introduces the notion of an apprentice contract with a trial period. It flexibilizes the ending of the labor relation by including a seniority premium regardless of lay-off causes that replaces the 20 days per seniority year plus three-months' wages and the previous seniority premium of 12 day wages per year. It flexibilizes discontinuous work and regulates outsourcing. With regard to inner flexibility, it specifies that work conditions can change upwards or downwards. It increases a firm's capacity to move its workers from one post to another, geographically and in their workdays and schedules. It particularly flexibilizes the distribution of time throughout the workweek (which it suggests should be 40 hours long) to the employer's convenience according to production needs. It stipulates that the worker is obliged to work overtime and on obligatory days of rest if production so requires. This obligation, however, is not applicable to the weekly days of rest. In the wage scale, it privileges capacity over seniority. With regard to wage flexibility (wages according to productivity or quality), it does not propose one single form of wages, such as hourly wages, but rather opens possibilities for many different forms of payment in a clearer way than does the current law. To sum up, the main flexibility characteristic the PAN bill proposes is employer unilaterality. In other words, except for the two cases that follow, it is a form of flexibility that does not imply coming to an agreement with the workers. The two exceptions where the workers must be taken into account are when technological or organizational changes affect employment. The technological or organizational changes that do not imply reducing the labor force remain within the realm of employer discretionality. The other aspect subjected to bilaterality refers to productivity and training programs, which are following the current productivity agreement model promoted by the Labor Secretariat. This model notes that the goals and

actions of these programs must be specified, as well as the productivity indicators, the type of information to be provided to the workers, the amounts of the bonuses and training.

The other great innovation in the PAN project refers to the representativeness of worker organizations and their democratization. This theme is constituted by two core aspects: eliminating the registration of worker organizations at the Labor Secretariat with the workers being free to unionize or not, eliminating the exclusion clauses (close shop) , making it possible for collective contracts to co-exist with individual contracts and opening channels for unionizing confidential workers (employees who carry out leadership and organization tasks); and eliminating the obligation to ratify work agreements at conciliation boards, which are replaced by social courts that depend on the judiciary branch.

The other important aspect of the democratization of worker organizations, is the appearance of the category of Company Council as a body that is different from the unions and that in the project actually replaces the unions as signatories and supervisors of work agreements, and calls a strike if need be. In other words, unions are reduced to a sort of political current of free affiliation that can participate in the ballot lists at the Company Council elections, but do not represent the workers as such in collective bargaining. It is true that there is one exception, since the bill foresees negotiations articulated as an umbrella from branch to firm. At the branch level, the majority union would represent the workers.

The bill takes up the European experience of creating Company Councils that would represent all workers that are not managers, whether they are unionized or not. These committees would be expressing representative democracy through delegates with intense participation of the rank and file in assemblies and very strict surveillance of the electoral process. Besides, they democratize calling a strike by making the workers assembly obligatory as a decision-making body. Conciliation is considered strictly voluntary. The Company Council calls a strike and can desist at any given moment. After a month on strike, either party can request a strike assessment. In the case of community service

workers, a time deadline would be established. The principle that strikers cannot be replaced or a minority continue working during a strike is preserved.

The Revolutionary Democratic Party (PRD) also developed a Labor Law bill. This bill recognizes the need to moderately flexibilize labor relations and insists on eliminating government control over union registration, collective bargaining, and striking.

In August of 2001, under Vicente Fox's new administration, the Department of Labor created a Commission (the Central Table on Decision-making) to develop a Labor Law bill. This Commission includes the Labor Congress (CT) and employer organizations as well as UNT representatives. However, until now, progress has been minimal.

Mexico has not yet changed its labor laws. Pressure from employers and the government to flexibilize the labor laws has increased since NAFTA was signed. The main argument in favor of flexibilization is related to the need to gain competitiveness in order to export more and draw foreign direct investment.

5. The Labor Side Agreement

As we pointed out in the introduction, in 1993 the U.S. government promoted the Labor Side Agreement (NAALC) (Smith, 1997). For different reasons, NAALC faced opposition from the large union organizations in Mexico and criticism from U.S. and Canadian union organizations. The Mexican unions argued that NAALC violated Mexican sovereignty. The U.S. and Canadian unions argued it was not coercive enough with the firms or countries infringing labor norms (Campbell, 1997; Ranney, 1997; Moncayo and Trejo, 1993; Puga, 1993). Through NAALC, the governments of the three countries are committed to promote the following 11 principles, as well as to improve workers' work conditions and their standard of living:

a) Freedom of association and workers' rights to associate.

- b) The right to collective bargaining.
- c) The right to strike.
- d) A ban on forced labor.
- e) Restrictions to minor labor.
- f) Minimum work conditions.
- g) Elimination of discrimination at work.
- h) Equal wages for equal work among men and women.
- i) Prevention of occupational lesions and diseases.
- j) Compensation in case of occupational lesions and diseases.
- k) Protection for migrant workers.

Organizationally, NAALC has the following structure: it is headed by the Side Labor Agreement Commission constituted by the labor ministers of the three countries; followed by the Secretariat with headquarters in Dallas, Texas with a Director plus 15 additional posts distributed trinationally. The Secretariat's role is to research, analyze and inform. It is supported by expert evaluation committees and, in case of complaints, by arbitration panels. Finally, the agreement foresees the creation of a National Administrative Office (NAO) for each country where NAALC-related complaints can be lodged. Although complaints can be filed for violating any of these 11 principles, sanctions are only possible in three cases: when there are systematic violations that affect the production of tradable goods and services among the parties in terms of health and safety norms, minor labor and violation of minimum wage norms, according to standards established by each country. Regarding the other cases, NAALC's job is to carry out studies, seminars and exhortations to the parties in the event of a complaint. In the three areas deserving sanctions, the process starts at the Labor Ministers' Council. If the Council does not reach a solution, a panel of experts is created to come up with a solution plan in 60 days' time. If this plan is not possible, the defendant is requested to present a plan for action and the country where the violation was produced may be fined instead of the company. Should the country refuse to pay the fine, NAFTA benefits, up to a maximum of 20 million dollars per year, may be suspended (Commission for Labor Cooperation, 1996; Robinson, 1995). So far, there have not been cases to go into or initiate the sanctioning process. Complaints have focused on

violation to the right to join a union (70% of the 24 cases presented until 2001) in companies established in Mexico and in the United States. The small number of complaints should be noted. Most of them have implied alliances between independent unions in Mexico and the U.S. AFL-CIO. The violations that have been reported have mainly fallen on companies in Mexico or Mexicans who work in the United States (Steinberg and Vicario, 1997). In general, these alliances have been effective in protecting the freedom to unionize, not because of NAALC's coercive capacity, but because of the coalescence of civic campaigns pressuring governments and companies, especially in the United States (NAALC, 1997). Up to now, NAALC has not influenced Mexico from a labor legislation perspective, nor can this be expected to happen. The public projects developed by PAN, PRD, the CT unions or the new federal government do not include any international juridical dimension related to NAALC in the contents of the new labor code.

6. Unions, Corporativism and the New Administration

In 1978, Zazueta (1984) reported that there were 2,667,000 unionized workers in Mexico. In 1998, it was estimated at 3,853,939 actively unionized workers, i.e. workers who actually review their collective contracts. Another segment of the workers never change their collective contract and can be considered to belong to protection unions (i.e. fake unions). In 1998, the active unionization rate was 32.6%. The active unionization rate is estimated as the percentage of workers whose collective contracts are reviewed, divided by the total potentially unionizable waged workers (over 14 years old and in companies with more than 20 workers). After ENESTYC, the INEGI survey, it is estimated that in 1995, 42.2% of the workers in the manufacturing industry were actively or passively unionized. If the unionization rate is measured in relation to the economically active population, this rate was 10.46% in 1978 and 11.68% in 1997. If the unionization rate has not dropped in Mexico, except with great crisis of 1995, it is perhaps related to the role labor unions play in labor relations and in policies for the State.

In Mexico, close relations between labor unions and the State can be traced back to the end of the Mexican Revolution. They were strengthened with the official incorporation of the

Confederations into the Party of the Mexican Revolution (the PRI antecedent) in 1938. The network of corporate relations in the good times (the sixties would be the golden years of union corporativism) implied labor union leaders would occupy quotas of popular election and government posts; unions would intervene in tripartite bodies related to social security; unions would influence the government's labor policy; an expansion of collective bargaining and of the benefit system would be included in contracts; and there would be clientelistic relations with workers at a company level. Since the mid-eighties, spaces of labor union action have been reduced and have lost strength. They nevertheless continue supporting open economy and structural adjustment policies.

With the PRI having lost federal presidential elections, various alternatives opened up to the Fox administration regarding relations with the unions. The first alternative is to favor labor union freedom as set forth in Fox's campaign discourse, which would allow him to take action against "protection contracts" and state support to corporativism, as well as to promote a democratic reform to the Labor Law (secret ballot to elect leaders, banning closed shops, less governmental control over union registration, collective bargaining and the right to strike). The second alternative, which is more moderate than the first one, favors respect for the existing legal framework with honest officers on the Conciliation Boards (where work conflicts are aired, including collective bargaining) and on the Registration of Associations (which grants legal registration to unions). The third alternative is not to make great changes, which is what has happened with the PAN in states with PAN governors, such as Northern Baja California, where the PAN has gone into a modus vivendi with the corporate confederations, playing between them, fighting against independent unions, and resorting to legal and extralegal mechanisms to create a sort of PAN corporativism interested in pleasing investors in the maquila.

Various options are also open to the CT unions. The first option is to continue blindly following the PRI, supporting PRI electoral and parliamentary campaigns, and expecting to win new elections. The second option is already being implemented by some large unions, such as the oil workers' and the teachers' unions: to create fronts with independent unions in an attempt to place themselves in a better position with regard to not losing union

privileges and eventually dialoging with the new government. The third option is to join the UNT.

The UNT only has the option it has already started to implement: to show the new administration that they are the foundations of a new democratic and pro-active unionism that is responsible in relation to the economy and the companies, and is interested in productivity. The UNT's strategy moves from drawing CT unions to its field, to being in the center of a new social agreement based on productivity, legality and democracy.

The large-scale employers that control most employer organizations may criticize corporativism for its corruption, lack of representativity, and minimal interest in productivity, they can pressure the government so that nothing changes except flexibility at the level of the labor law, or they can even settle accounts with unions and workers by openly promoting anti-union and anti-labor policies.

Not all these options are equally likely. Besides, the different options intertwine and come up with joint probabilities. We think the most likely joint probabilities can be reduced to two:

I. The Fox administration chooses to respect the legal framework more closely with regard to union registration, collective bargaining and leader replacement, which will mainly favor the UNT and, should these conflicts extend, they will create trouble for the Labor Congress and upset employers (the way the Department of Labor acted in a recent conflict in the Lázaro Cárdenas steel complex created this kind of reaction).

II. The government responds to complaints made by employers that feel threatened by both union democracy and attacks to corporativism, and would prefer these organizations remained roughly the same. The idea is for the government to play around with the Confederations and in part with the UNT without disturbing the relation of forces. This policy would favor the Labor Congress instead of the UNT (recent conflicts in maquilas in the north are examples of this strategy). It is the option of turning the Agreement for a New

Labor Culture into the axis of the new administration's labor strategy. Abascal, the current Mexican Labor Secretary, was one of the initiators of this elitist corporate-style Agreement for a New Labor Culture, together with the CTM. Decisions are taken at the top and once they have been approved, the rank and file is informed about them. Its impact on workers' well being or company productivity has hardly been relevant because of the antidemocratic way in which it was subscribed, without involving the mass of workers or employers, and because of the lack of representativity of the signature organizations. In other words, the alternative that the Abascal fraction represents would imply reinstating corporate relations with official unions that would ensure control over the workers in exchange for dialoging and certain protections by the Department of Labor. Foxist corporativism would be a continuation of the old regime in the labor sphere, supported by employer organizations with little interest in union democracy and fearful of the danger of workers going beyond the limits of worker organizations. Apart from ensuring the continuity of the labor issue, the Abascal fraction can provide a new discourse: the re-emergence of the Christian right-wing discourse related to labor (that was suspended in the twenties with the defeat of the "Cristeros"). It is a discourse that places the concept of an immutable human essence before the existence of workers and employers with differentiated interests. This discourse places human dignity, essence and spiritual nature before conflicts of interests. A concept of human essence that the social sciences left behind over a century ago in order to oppose it with the notion of socially- and culturally-constructed subject. The concept of a constructed Subject and not a subject given by the spirit or by nature is followed by the notion of the existence of multiple subjects that may have contradictory interests regardless of their reaching different agreements. The right-wing Christian concept opposes Marxist, socialist and laborist currents, as well as business unionism, for which the contradiction of interests between capital and work cannot be solved in a definitive way. In this sense, they state that the workers must not be understood as a cost to be minimized, but as individuals with dignity. This ideology, however, fails when faced by the reality principle Foxism has established, since the struggle against inflation will require contained wage increases as in neo-liberal times. The conservative Christian doctrine regarding labor relations thus veils the work crisis in Mexico (crisis in the capacity to survive through selling one's labor force,

which is increasingly more labor-intensive, a desafection reflected in high voluntary labor turnover). Its effectiveness in the Mexican context is expected to be limited.

What is certain is that discussion on the New Federal Labor Law has been resumed. It is now based on Christian principles, such as those aforementioned: the UNT is in favor of its democratizing and anti-corporate reform with chapters on flexibility and productivity. The CT unions and some independent unions, such as the Mexican Electric Workers' Union (SME, which in spite of belonging to the CT, behaves as an independent union), see dangers in reviewing the Labor Law. The former see dangers for corporativism and the latter see dangers regarding their possible flexibilization. The independent unions that used to belong to what was known as the First of May Coordination would be against any changes to the Law. Yellow unions (i.e. unions directly controlled by the employers) in keeping with their tradition of not getting involved in politics would hardly participate. The Fox administration might favor flexibilizing the law and some democratizing reforms. Faced by the threat of union democratization, employers would only bet on flexibilization. Although the PAN would support Foxist reforms, it would not necessarily support the bill Fox presented at the Chamber of Senators two years ago. The PRD would be divided between a minority that accepts the reforms in the tone of the PRD bill, which was not approved, and a majority reluctant to any reform. The PRI could play with the corporate unions.

However, these are not all the actors that might manifest. There are also the ordinary workers who have personally suffered the Labor Crisis and might manifest outside the options the leaders have brought together. To what extent will the impression of a State that no longer controls worker organizations, unions without the support from the State superstructure, a weakened PRI and divided official leaders infuse trust into the workers and initiate a period of conflictiveness?

Conclusions

Throughout its short life, NAFTA has constantly influenced the behavior of the economy and labor and industrial relations in Mexico (Morris, 1997; Morales, 1998). The opening of the economy not only has helped increase exports, but has also increased difficulties in the balance of payments current account balance. Although exports have increased for several years, they have been reached by imports, entering into a growth circuit with a current account deficit. In 1994, foreign direct investment started to flow in larger amounts than portfolio investments, but the crisis in December that year discouraged it and in 1995 it dropped considerably in order to start growing again as of 1996. In other words, although NAFTA has favored the entry of foreign productive capital, it is affected by other macroeconomic factors, the demand for manufactured goods in the United States and the political crises, to such an extent that this agreement on its own is not enough to ensure massive capital inflow. On an immediate level, the opening of the economy has not generated employment in a significant way, nor has it had positive global effects on wages. It is likely that the companies' rationalization policies to gain competitiveness as well as the State's policies that consider wages as a macroeconomic adjustment variable, and the kind of exchange that takes place between the State and the labor unions continue being important factors influencing wages and employment (Littleheale, 1995).

On the other hand, the Mexican productive apparatus has always been extremely heterogeneous and since the deregulation and opening of the economy, particularly the signature of NAFTA, most companies have not been in condition to export, to such an extent that this capacity is still concentrated in a few hands (around 700 firms in the industrial sector). Besides, there have not been important productive links to draw small and medium firms to the larger companies via outsourcing. The fact that these companies are export firms does not imply Mexican labor standards are leveling with standards in the United States and Canada, although the most dynamic branches, such as the auto industry, do tend to equalize productivity and quality levels. We should also take into account that foreign companies that set up in Mexico or Mexican companies that have become export-oriented may not have labor relation strategies that imply bilaterality with the unions, but are instead based on unilateral flexibilities and low wages (Henk, 1995) and that the political system still overdetermines industrial relations, which inhibits other types of

transformation on the shop floor. If flexibility adopts a diversity of forms and contents in Mexico, this is mainly due to the different employer modernization strategies (leaving aside the flexibility forms existing before the current productive restructuring). Although there may be different strategies of this sort, we can summarize them in two main strategies:

a) To gain competitiveness and productivity through new work organization forms that somehow imply flexibility and cultural change. This strategy, however, currently faces the confirmation that flexibility is established and the workers are asked to get involved in and identify with the company's aims. But training is lacking, decision-making power has not been delegated to the workers, wages are low and labor is high-intensity.

b) The second strategy assimilates the notion of flexibility as unilateral deregulation favoring the firm with low wages.

The two forms of flexibility prevailing in Mexico face important contradictions, potential tensions and a gap between one discourse and another, particularly the Toyotaist discourse and reality (Buroway, 1985; Wood, 1991, 1993).

The trends towards flexibilization are real, but the unilateral employer form still prevails and the possibility of reaching agreements with the unions in the workplace is more rhetoric than real (with a few exceptions) (Tolliday, 1992). In fact, export firm modernization has not been as dramatic as could have been expected, perhaps because low wages are still a comparative advantage in many of these firms. Export firms with low wages, a poorly qualified labor force and a relatively schooling level with intermediate technologies and partial application of total quality and just-in-time, particularly low worker participation with productivity bonus plans the workers consider unattractive, and low bilaterality with unions would seem to be based on low wages and intensive work rationalization, rather than on the creation of a sort of post-Fordism or lean production. Productive restructuring in Mexico is real, but follows its own path, dependent on employer strategies, a specific institutional context, public policies and labor markets, labor relations, unions and cultures of all these actors with their own specific characteristics (Hernández,

1998). Taylorism-Fordism with partial aspects of total quality and just-in-time, all this with a work division that continues segmenting the operative tasks on the floor from conceptual tasks. That is why restructuring in general is not accompanied with higher qualifications or training levels among workers, but changes the labor force profile from the old working class with low schooling levels, empirical qualification in the use of machinery, middle-aged males with seniority and low wages to a new labor force that is young, female, with high external turnover, low qualifications and also low wages.

The years under NAFTA in Mexico have proven that labor standards do not simply depend on increasing marginal productivity, since it has grown more in the Mexican manufacturing industry than in the United States. In Mexico, it is still essential for the State to be present in the definition of labor relations. The new Fox administration has made attempts to reconstruct the old-style corporate agreement based on employer, union and government elites. It has tried to make this agreement on productivity, flexibility, and a so-called new labor culture without insisting on freedom and democracy in the unions. Particularly in relation to wages, it is the State that has placed parameters on wage increases through minimum wages. Although contracted wages have gone up more than inflation since 1999, in real terms they continue to be lower than wages in 1994. On the other hand, the unions have not been capable and perhaps have not been truly interested in modernizing firm organization and in dialoguing with the productive factor. It is true that union participation has increased, but we are far from witnessing a widespread change in union policies. Labor union corporativism seems more interested in reaching a new agreement at the top than in becoming an authentic representative of the workers. Impact of the new UNT unionism has been very limited so far and this organization has not managed to penetrate the maquila's central sector. To summarize, neither the employers nor the State, and far less the unions, seem to be setting out to carry out a democratizing change in labor relations in Mexico. It is likely that we will have to wait for the political system to go through greater transformation first, before we can impact labor relations at the firm.

State corporativism of course has not died. It manifests in very old themes, such as the support by government's economic policies, particularly wage limits, and the network of

commitments among employers, union leaders and government officials at a middle and micro level to ensure labor peace with low wages. If we could say there are innovations in corporate unionism, they would be the signature of an agreement for a new labor culture, which gave continuity to the Salinista new unionism. In cultural terms, this corporativism has not changed. It is still characterized by verticalism, lack of democracy, the rank and file delegating decisions and their lack of participation in decision-making, clientelism (although it has been curbed due to the fact that there are less resources to share) and paradoxically the subordination to the policies of a State that is no longer controlled by the PRI. On the other hand, although all the large confederations hold different currents of opinion, they negotiate productivity with the firm without confronting the stagnated national leadership. Only a minority participates in these currents of opinion and they have had an extremely low repercussion on workers' incomes. Besides, the union elites have levels of authoritarianism nobody dares challenge.

The deepest labor reality, that which comes from the way work is carried out, has nonetheless been transforming. The nineties gave rise to a new working class as such: It is younger, female, with low wages and low qualification levels, high turnover, without a union tradition although it is clustered in *protection unions*, particularly, with a labor and union culture that differs from that of the working class during times of stabilizing development. This class with less corporate traditions has hardly manifested collectively. In any case, it has filed individual complaints or left work, migrated, thus adopting new forms of sociability, clothing styles, music, ways of seeing the country and perhaps hardly participating in unions, although a large proportion is actually unionized.

The UNT, on whom so much hope had been placed, has only walked a fourth of the way. The unions that gave birth to the UNT have a very important social and union capital: the telephone workers' capacity to negotiate productivity and restructure firms, the Social Security Union's defense of social security, the FAT's experience in international relations of a new type, the STUNAM's experience in union independence. This wealth of experience summed up in the UNT's programs has nevertheless not translated into concrete struggle tactics.

The situation the UNT is experiencing is, in part, due to its real or imaginary relations with the State. Undoubtedly, the government was not pleased to see the foundation of the UNT, but the UNT has been trying not to confront the State too bluntly. This is due not only to the personalities and ambitions of the UNT leaders, but also to the fact that the Mexican State continues being highly centralized in union decisions. A part of the UNT would thus seem to be constantly flirting with the State so as to be seen as an alternative favored from the top, as happened during the Salinas administration. Considering not only the centralized role of wage and economic policies, but also the governmental control over union registration, the right to strike and collective bargaining, this flirtation has a cost. All this takes place in spite of the fact that there are strong political actors that belong to the opposition, the UNT unions have established new international relations, there are new social movements, and the influence of NGOs related to human and labor rights is spreading. In other words, this sort of neo-Lombardism (Lombardo was a Mexican Marxist leader who justified the CTM's alliance with the State in the thirties) of looking for the State's approval in order to know what to do and with whom to ally implies a limitation on UNT possibilities. In this sense, the disciplinary role played by economic policy and wage limits also applies to the UNT unions and thus place workers at a choice between keeping their source of work and employment or going for wage increases. On the other hand, competition between the leadership of the three largest UNT unions: STUNAM (university workers), STIMSS (social security workers) and STRM (telephone workers) has led the more pro-active parts to put aside their insistence on a new union strategy. The UNT has thus taken up the most basic aspect of independent unionism: denunciation as the core aspect of practice during the last year. This reduction of union strategy to its most rudimentary aspect partly obeys to the fact that the union cultures that come from official unionism have not been repaired within the UNT: elite decisions regarding tactics and strategy, delegating power on leaders without counterweights and clientelism are part of the life of a large number of unions. Besides, there is the influence of the struggle for power within the UNT, not so much because there are different projects, although the large unions do express differentiated strategic practices, but because the different unions of which it is composed are after leadership hegemony. Added to this, there is the temptation of making

alliances with parties at the level of the political system, which divide the UNT unions between the PRD and the PRI. Lastly, the interesting initiative to create the Social Workers Movement (MST in Spanish), as a political association in the search of non-labor allies and union hegemony in the masses with the aim of creating a different national project has remained on paper, with no practical outcomes whatsoever (in spite of the fact that the MST supported the PRD during the last elections). This situation can be explained by the need to find a balance within the UNT itself: if one of the unions stands out more than the others, this upsets the correlation of forces and endangers the organization's integrity. It also challenges the UNT alliance policy, which implies political opportunities and alternatives for the country become more important than the unions' priorities. National politics and the labor sphere continue overlapping intimately. The UNT unions that dared break away from the Labor Congress and state their stance in relation to the Coordination have not done the same in relation to the government and the political parties or have not done so with clarity.

Acronym

INEGI: Instituto Nacional de Estadística Geografía e Informática

ENESTYC: Encuesta Nacional de Empleo, Salarios, Tecnología y Capacitación survey of the INEGI y la Secretaria del Trabajo with a representative sample of 5000 manufacturing establishments in 1991, 1994 y 1999.

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