

Chapter 8

Manufacturing neoliberalism:

Industrial relations, trade union corporatism and politics

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Before 1982, the Mexican socio-economic structure was considered to be an import substitution system characterized by a strong and authoritarian state that promoted industrialization. The state protected industrialization against external competition, providing industrialists with soft credits and favouring them by controlling agricultural prices. From an economic point of view, this structure facilitated the transition from light industrialization in the 1930s and forties to heavy industrialization in the 1950s and 1960s. In the 1970s, however, economic and political turbulence led this socio-economic structure to a crisis and to being replaced by neoliberalism.

A turning point for the Mexican socio-economic model was 1982 and, in spite of imbalances and unsteadiness, it was also a turning point for the industrial relations system. The contradictions that had been accumulating for more than ten years exploded in the form of the state's financial crisis in 1982, specifically as a foreign debt crisis. Superficially,

the drop in oil prices that had taken place a year before (Mexico being a large oil exporter), coincided with an increase in international interest rates. Deep down it was a conjunction of different problems: the weakness of an agricultural sector that could no longer grow given a government price policy that favoured the industrial sector; the State's fiscal crisis, in addition to deficit expenditures with which it had been subsidizing industry for decades. But these problems also coincided with the new policy of the transnational corporations based in Mexico, which were now prioritizing the international market over the domestic market. Under these conditions, the State initiated a change in the economic model. This implied widespread privatization, the State's withdrawal from productive investment, deregulation, opening up the external market, an end to the industrial promotion policy, pre-eminence of the financial sector and using the exchange rate to anchor the economy. Since this turning point, however, economic growth has been low on average, with many fluctuations and crises: a childhood crisis in 1987, a youth crisis in 1995 and a maturity crisis in the year 2001 (De la Garza 2001).

As part of the import substitution model, labour and trade union relations in Mexico were subordinated to the economic and political needs of both the state and the firms.

In this sense, the backbone of the industrial relations system has not been based on the labour law, but among others, on the following elements:

(a) Most trade unions were considered to share with the state the responsibility for maintaining the economic model and the political system. In spite of recurring tension, the state's economic policy was commonly imposed on the trade unions' demands in order to save the economic model. This shared responsibility worked during the import substitution period and is also working during the current neoliberal model. Trade unions in Mexico, rather than being private bodies representing specific interests, are public bodies at the same level as political parties and have public policy functions.

(b) Labour relations in Mexico were subordinated to public policies, whereby trade unions did not contribute as external bodies, but rather as part of the State structure itself. The subordination of the labour sphere to the public policy arena did not always act against wages or working conditions. During the economic boom (in the 1960s), wages increased, as well as the workers' legal protection and collective agreement provisions.

(c) Labour relations have mainly been negotiated in the public policy arena, thus establishing a system of exchanges.

That is, wage increases, benefits or social security are granted in exchange for support of public policies and elections.

(d) Trade unions and the political system overlap heavily. Trade union leaders are at the same time important political party leaders. In exchange for this, they receive a quota of popular election posts or positions within the government's administration.

(e) In other words, the official trade unions in Mexico have traditionally intervened in the design of economic and labour policies, although always subordinate to the logic of the state's economic policy. They participated in the political system, in elections and the government, in the management of the social security system by creating tripartite administration boards related to institutions of health, supply, and housing. Official unions also participated, of course, in labour relations. But it must be noted that these labour relations are constantly permeated by the political and governmental spheres and thereby turned into political relations.

The historical conversion of trade unions into state bodies also implied the state's support in maintaining this system and its leadership. The labour laws as well as extralegal practices are used for this purpose. This system

implied the state's control over trade union registration and over the trade unions themselves, and over strikes and collective bargaining (De la Garza, 1990). In the face of this alliance between corporate trade union elites and the state, the opposition, often from the left, came across many legal and extralegal obstacles. It was by no means a peaceful system. Since the 1930s, there had been recurrent workers' eruptions in search of union democracy. The state, however, always managed to reduce them to minor expressions of discontent.

This cluster of relations and mutual support between trade unions, the state and entrepreneurs, with its implications in labour relations, has been called corporatism in Mexico (on rural corporatism, see Mackinlay and Otero, this volume). Mexican corporatism has been characterized by a lack of democracy in the trade unions, because their function of representing the workers' interests has been subordinated to political functions. Besides, this corporatism has established exchange, reward, and punishment systems between leadership and the rank-and-file, which having persisted throughout 60 years and have become part of the workers' culture. This culture includes a combination of the following features: statism (problems only get solved within the State's realm), decision-making is delegated to the leaders,

patrimonialism (the leaders seen as the boss in the trade unions), and bureaucratic rules that are not effective without the leaders' personal interventions, thus implying the favour to and commitment of those receiving them. Considering that corporatism is hardly interested in improving production in the firms, it may have helped consolidate the workers' instrumentalist culture with regard to work and a favour system within the productive process that, in effect, acts contrary to productivity (De la Garza 1993). This form of corporatism was a vital part of the import substitution model because it ensured social and labour peace, and voters for the ruling Institutional Revolutionary Party (PRI) and its sinecures. It was also seen as a lever of aggregated demand that would encourage investment and production.

The import substitution model, however, went into crisis in the early 1980s, and the consolidation of the neoliberal model in the 1990s implied important tensions for corporate trade unionism in its practices, exchange systems and ideology. This form of trade unionism nevertheless continues to prevail in Mexico in its mutual support of the new state, in spite of being immersed in many contradictions that have been pressuring it towards transformation since the 1990s and particularly under the new Fox administration.

The macroeconomy in the 1990s: the neoliberal transition

We shall first analyze some of the important changes in the economic model related to the new production models that pressure toward work flexibility, and how the different trade union trends have faced these changes and how these trends have changed as well. We will try to explain why trade union corporatism persists in spite of the consolidation of the neoliberal model.

Economic policy under the neoliberal model applied to Mexico has focused on fighting inflation. Besides, the state has largely withdrawn from direct productive investment. In the fight against inflation, close attention has been paid to the mass of money placed in circulation by the Bank of Mexico. A restrictive wage policy has also been in place, and the overvaluation of the peso has been permitted in order to maintain cheap imports. High interest rates have been required to attract foreign investment.

In this neoliberal economic policy context, the manufacturing industry has become the pivot around which the economy grows. In the year 2000, manufactured goods accounted for 28.7 percent of the total production, surpassed only by commerce, restaurants and hotels. The manufacturing sector has experienced the most accelerated growth after the great crisis in 1995, responsible for 87.3 percent of total exports

in the year 2000. Economic opening, however, has not only translated into an accelerated increase in manufactured exports. As it turns out this model has also resulted in a substantial increase in the imports of raw materials and capital goods for the export sector. The import-intensity of the export sector has been so sharp that manufacture's trade balance in the 1990s has always been in a deficit. The export-oriented *maquiladora* industry is one of the main causes of this imbalance. In the 1990s, the *maquiladora* exports increased in importance and reached 47.9 percent of total exports and 34 percent of total imports in 2000 (Fox 2001).

There is also a strong concentration of Mexican exports by consortium, and by industrial branch. Since 1996, when exports shot up, three industries accounted for 67.3 percent of all exports: auto and auto-parts, electric and electronics, and machinery and special equipment. Seven hundred firms, representing only two percent of all export-oriented firms, export 80 percent of the total (De la Garza 2001).

Neoliberal economic policies jointly resulted in a reduction in inflation and an increase in exports. This situation, however, reached its limit toward the end of 2000. The deterioration of the domestic market, low wages in

particular, the dependence on imported inputs, the decreasing presence of governmental expenditure in the aggregate demand, and the overvaluation of the Mexican peso had negative effects on both economic growth and the trade balance during the Zedillo administration. This deficit was mainly financed with foreign direct investment in the second half of the 1990s. It was secondarily financed by the external debt and portfolio investment, as opposed to the first half of the 1990s when portfolio investment played the main role (Otero 1996b). The deficit of the balance of payments has nonetheless grown considerably since 1998.

The growth of the industrial sector has had its succession of ups and downs. After a pronounced drop during the 1995 crisis, it started a slow recovery in 1996, with greater growth in 1997 and 1998, deceleration in 1999, a new high level of growth during the year 2000 and a new drop during 2001, reaching negative figures toward mid-2002.

Although, in general, the physical volume of manufactured production increased considerably in the 1990s, its repercussions on the personnel employed in the manufacturing industry have followed a different trajectory. Toward the year 2000, the 1993 employment levels had not recovered, in spite of the fact that employment was showing sustained growth in the *maquiladora* industry up until the new

2001 crisis. This could be due, on the one hand, to an increase in labour productivity that grew 46.3 percent between 1993 and the year 2000, but, on the other hand, to the fact that workers had been expelled from the *non-maquila* sector by competition with imported products and the dismantling of the old chains of production (Dussel Peters 1997; Chapter 8, this volume).

Remunerations to personnel employed in the manufacturing industry between 1988 and 1998 decreased in real terms by 45.9 percent. This decrease took place in firms of all sizes, although disproportionately in small firms, and workers' incomes tended to grow in real terms after reaching rock bottom in 1996. By the year 2001, remuneration had not yet reached the level it had been at in 1994. The highest wage levels ever were reached in 1976. Between 1976 and July 2002, deterioration was approximately 75 percent in real terms (*La Jornada* 2002).

The fact that wages were kept low throughout the last administration can also be explained by the persistence of trade unions that did not actually represent the workers. Although in 1997 official trade unionism suffered splits and the National Workers Union (Unión Nacional de Trabajadores, UNT) was founded, most workers continued to be under the control of trade union corporatism.

Since November 2000, production, employment, and manufactured exports have decelerated. This crisis did not start as a financial crisis, but rather originated with Mexican industry en route to improving productivity and competitiveness through a policy of intensifying work together with lower wages, either in its Taylorist-Fordist or Toyotaist style. Taylorism-Fordism is a form of work organization based on separation between conception and operation that translates into work methods that are standardized, simplified, and routinized, where time and movement are measured and where the assembly chain may be incorporated. Toyotaist methods are based on task reintegration, greater worker autonomy in the working post, multi-skills, teamwork and a supposed labour culture of identification with the firm's goals. This path of increased productivity and competitiveness, however, has its limitations: first, in the workers' physical resistance to the deterioration of their labour power; and second, in social resistance, which in Mexico is not expressed through collective action headed by the trade unions, but through the workers' individual claims filed in court, and especially through the high, voluntary external turn-over.

Furthermore, the viability of a production model implies an explicit or implicit agreement between capital and labour

in order to be able to work. The state seemed to understand this throughout most of the 1990s and encouraged trade unions and firms to sign productivity agreements. Establishing productivity agreements from the top resulted in low trade-union representation, reinforced by the fact that for a long time trade unions tended to be excluded from the discussion of production-related issues in Mexico. Besides, the productivity agreements hardly contributed to the workers' income. Especially in the firms restructured along Toyotaist lines, which assume workers' participation and engagement in production issues, it was not possible to harmonize capital and labour in the face of low wages. In any case, capital offered labour ambiguous guarantees of stabilization in the labour posts which did not convince the "new *maquiladora* working class" and who responded with high external turnover. In the *maquiladora* industry, the external turnover rate toward the end of the twentieth century was close to 80 percent per year (Carrillo and De la O 2002).

In fact, toward the end of 2001, mean real wages in the manufacturing industry (average wage provisions in collective agreements and *maquiladora* wages) had not yet reached the level they had before the great crisis in 1995, which were lower than in 1976. Productivity in the manufacturing industry, however, increased considerably (Dussel Peters,

this volume). To summarize, the macroeconomic policy of the Zedillo administration did not succeed in eradicating the economic crisis. By the last months of 2000, the economy decelerated and went into an open recession in the first few months of 2001. Neoliberalism in Mexico has been associated with production models based on low wages and labour intensification, which may well have reached their limit with the current crisis.

Close to ten percent of all large establishments (firms with over 250 workers) in the manufacturing industry were restructured toward 1994 (De la Garza and Melgoza 1994). This segment included firms that have been favoured by NAFTA. These are firms with middle to high technology that partially apply total quality and just-in-time processes, without extreme levels of labour flexibility, or important articulations with their economic zone (De la Garza, 1998). "Backward" socio-technical configurations are, on the one hand, the middle-sized and large industry that have not been restructured with Taylorist-Fordist processes (such as traditional assembly with simple, repetitive, standardized tasks) and, on the other hand, small and middle-sized firms with unscientific work administration (De la Garza 1998). The firms that have articulated with the U. S. economy and, to a lesser degree, with the Canadian economy have been

restructured at least partly with Taylorist-Fordist processes. Contrarily, most micro and small firms do not export or act as outsourcers of the export-oriented firms because their technological and organizational conditions, their market knowledge, labour relations, labour force qualification, productivity, quality and just-in-time production do not allow for this linkage and neoliberal governments have systematically refused to design an active industrial policy to support this important segment of the economy. Restructured firms in Mexico have also resorted to the Toyotaist model, but to a lesser degree. Most firms would find it difficult to comply with conditions such as a high investment in training, an educated and qualified labour force, and the management's willingness to share decision-making about production with the workers (De la Garza 2001).

Changes in the industrial relations system

The concept of the industrial-relations system was created for societies in which the rule-of-law and legal labour norms are the backbone of relations between employees, employers, and the State. It is assumed that the actors have accepted and internalized the system's norms (Dunlop, 1958). In societies like Mexico, legal labour norms are only part, and perhaps the least important part, of the relations between trade unions, the State, and entrepreneurs. In other words,

unwritten rules and negotiations are often added and laid over the labour and industrial relations, which are the most important. Furthermore, these latter relations have been modified much more in the last 20 years than the legal norms.

The process of change in the industrial relations system in Mexico during the neoliberal model, instated as of 1982, can be divided into four periods. First, from 1982 to 1992, when flexibilization of the collective bargaining agreement was initiated; second, from 1992 to 1994, when there was an attempt to restructure trade union corporatism; third, from 1994 to 2000, the period that witnessed the failure of the efforts to turn productivity agreements into the basis of a new worker-employer agreement; and lastly, the period initiated in 2001 with the new Fox administration that made way for the possibility of corporate restoration.

Unilateral flexibilization: 1982-1992

It was not the state that gave the signal for a change in labour relations to be initiated in Mexico, although it later did play an extremely important role in inducing and supporting this change. Rather, the change was spearheaded by multinational corporations, which in the early 1980s decided to no longer be oriented to the domestic market in Mexico and instead to orient themselves to the international market. The new auto plants in the north were thus born flexible (Arteaga

and Carrillo 1990) and opened a new era in labour relations. Since then the notion of flexibility has become a key word that has crossed the different forms of productive restructuring in Mexico in the past twenty years. For management, however, this notion has acquired two polarized meanings. On the one hand, it means labour deregulation, allowing management to do as it pleases with the labour force according to the needs of production and, on the other hand, flexibility linked with new forms of work organization that incorporate the idea of identity with the firm.

The former meaning is likely to prevail among the Mexican firms: labour deregulation as a means to increase management control. Between 1982 and 1992 management doctrines regarding labour flexibility to gain competitiveness vis-à-vis the opening of the economy spread throughout Mexico. In this period, flexibility tended to be identified with deregulation and the trade unions were seen as rigidities that needed to be minimized. Many collective bargaining agreements of the large-scale firms were consequently modified to marginalize trade unions from decision-making regarding changes in technology or work organization. The flexibilization of collective agreements in particular took place in the firms that were in the process of being privatized. This period was characterized by

repeated confrontations between firms and trade unions, even the corporatist trade unions (De la Garza and Melgoza 1994). However, with regard to the scope of flexibilization in Mexico, we must not forget that, although in a primitive way, most workers in the micro-enterprises were already flexible to start with and that the flexibilization processes have concentrated above all in the large corporations.

Both corporate and independent trade unions came up with different responses to the shift in the economic model and the role of the State. Yellow unions (i.e. management-oriented unions) have not yet come up with a collective reaction. When the first adjustment in the economy was initiated in 1983, it was mainly the nationalistic sectors with both a corporate and independent expression that reacted. The resistance of these sectors reached its peak with the strikes that took place in June, 1983 when a large number of conflicts broke out demanding wage increases, although in the end they were actually questioning the shift in the role played by the State. Both official and independent strikes were defeated and it took the Mexico Workers Confederation (Confederación de Trabajadores de México, CTM) two years to repair its relations with the state. It was not until 1987 that large-scale negotiations between official trade unions, the State, and entrepreneurs

were resumed with the so-called economic pacts that were reaffirmed in the 1990s. Through these tripartite economic pacts, annual wage increases and public service rates were fixed.

In the 1990s, the CTM was still defending its 1978 program, heavily based on state control. In 1988, the more congruent nationalists of the PRI found refuge in *neo-Cardenista* (which refers to a renewal of the nationalist trend in the 1930s during the administration of Lázaro Cárdenas) approaches together with others Left wing sectors. This situation had a deeper effect on the sectors that had been relatively modern in the 1970s and which had already reconverted in the 1980s (the auto industry, iron and steel works, telephone service, the banking system, etc). It was in these sectors that productive restructuring mainly took place, which converged with the industry emerging in the 1980s. In this sector, the effects of restructuring have not been reduced to wage decreases or staff cutbacks, but have been combined with changes in work organization, technological changes, and change in labour relations with amendments to the collective bargaining agreements. In this sector, the trade unions' responses have gone from resisting the changes to policies of negotiation with the firms or *laissez-faire* management.

In the case of the independent trade unions, priority has been given to confrontation and resistance to change, with a few exceptions, such as the Authentic Workers Front (*Frente Auténtico del Trabajo*, FAT) and the Telmex workers union. Corporatist trade unions have gone from trade union passivity to an attempt to negotiate. In the period from 1982 to 1992, an important part of the trade union conflicts was related to the unilateral flexibilization of the collective bargaining agreements, without underestimating wage and unemployment issues. Struggles of dismissed workers sprouted in the oil industry, the sugar industry, iron and steel works, railways, ports, aviation, insurance companies and banks.

To summarize, in 1982-1992 work flexibility became an integral part of the new management doctrine. The large collective bargaining agreements were made flexible, giving rise to serious conflicts with the trade unions. In general, the workers' struggles resisting flexibilization were defeated through joint action between firms and the State. This, however, does not imply that most collective bargaining agreements in Mexico became flexible, probably because an important part of the small and medium-sized firms had already been flexible and the technical and social conditions of production did not always advise entrepreneurs to promote

it (Covarrubias 1992). With regard to the relations between the state and the trade unions in this period, the latter lost influence over state policies, corporatism as a system of exchanges was weakened, and the trade unions did not generate any projects toward change.

The "New Trade Unionism": 1992-1994

Corporate trade unions in Mexico were never interested in productivity issues because they prioritized negotiations with the state. At best, they took on protecting the workers in the work processes, establishing client systems, defending the lack of internal mobility (changing a worker to a different post, category, department, or establishment, depending on the production needs of the firm), and took stands against lay-offs, work intensity, and protecting promotion due to seniority. In this sense, Mexico does not have a tradition like the European strategies and institutions, such as industrial democracy and factory councils or committees. Toward 1988, at the beginning of the Salinas administration, state and entrepreneurial sectors referred to the crisis of corporatism as a form of trade union that is no longer functional with the new economic model. The luck of these organizations between 1982 and 1988, and their main collective bargaining agreements seemed to justify this idea. With regard to trade unions, the Salinas

administration began by striking a blow to two of the most powerful corporate leaderships: the oil workers' union and the teachers' union. In 1990, however, President Salinas outlined a change in the government's strategy toward trade unions. Instead of weakening or destroying them, the government was to press them toward restructuring in agreement with the new economic model and transformation of the State. This strategy was called New Trade Unionism and implied: trade unions would be more representative and democratic; decision-making regarding labour relations in the firm would be decentralized; the historical alliance between trade unions and the State was to be maintained; trade unions would collaborate with management; the new labour culture among the workers would be geared toward productivity. After endless conflicts, the government got the trade unions and employer organizations to sign the National Agreement to Increase Productivity and Quality in 1992, essentially containing the most updated version of the Total Quality doctrine recognizing the trade unions' right to participate in the discussion of these issues. In October 1993, for the first time, the Economic Agreement for Competitiveness and Employment, introduced by the government, and signed by the trade union and entrepreneurial leadership, foresaw that the

wage increase in 1994 would be equal to the rate of inflation expected that year plus the increase in productivity in 1993.

Since January 1994, the Director of the Department of Labour through the Board of Conciliation pressured the firms and unions that signed collective bargaining agreements or reviewed wages to establish productivity agreements. The number of agreements signed in 1994 thus increased considerably, headed by the CTM.

Throughout these years, the most important conflicts have been: 1) in declining industries confronting the opening of the economy (textiles, rubber, and sugar, for example) with the most important conflicts taking place around amending the collective agreements covering a whole industrial branch. In 1992, for example, there was a large strike within the cotton branch. Other conflicts revolved around staff readjustments or flexibilization of the collective agreements of reconverted firms or those undergoing restructuring (Montiel 1991); 2) the great conflicts within the oil industry, the steel and iron works, mining, the auto industry, the metal mechanic industry, insurance companies and banks, and the cement industry; in some of these conflicts, collective bargaining agreements had already been partly flexible during the 1980s. This trend deepened in the 1990s. In many of these cases, there were

confrontations between trade unions and firms, but in general the workers' resistance did not succeed; 3) strikes in modern and flexible firms, such as Ford in Chihuahua and Hermosillo, and General Motors in Ramos Arizpe, that did not imply staff cutbacks or additional flexibility, but were struggles for wage increases mixed with trade union democracy struggles; 4) trade union struggles that have known how to negotiate the restructuring of the firms they work for, such as the telephone and electricity workers' unions; and 5) the struggles of the workers in the public sector, particularly the elementary and junior high school teachers, as well as the social security and health sector, who have staged large-scale movements throughout the decade. Without doubt, the teachers are those who have mobilized the most frequently during the 1990s. The struggles around the new economic model and the change in the role played by the State have also been crossed by inter-trade union conflicts: confrontations between the large official confederations to control the collective bargaining agreements, mainly between the CTM and the Revolutionary Confederation of the Workers and Peasants (CROC); the conflict between the Federation of Trade Unions in Goods and Services (FESEBES) and the CTM; and recently, the conflict between the UNT and the Labour Congress.

Failure of the Productivity Bonus Strategy: December 1994-2000.

In December 1994, the Mexican economy went into a deep crisis. The Gross Domestic Product decreased by 6.2 percent in real terms in 1995 and the rate of real mean remunerations in the manufacturing industry dropped by eight percent that same year. In the face of this great crisis, during which inflation reached 50 percent, productivity agreements were only granting a 1.4 percent wage increase. In 1996, inflation was 25 percent and productivity bonuses gave a 2.2 percent increase. In other words, in the face of this great crisis, the government and firms chose to depress real wages and the corporate trade unions accepted this situation. The macroeconomic policy imposed itself once again over the productivity bonus strategy: it attempted to control inflation through depressing real wages, among other measures.

Beyond this impasse, in this period there are three novelties in the panorama of large-scale negotiations and readjustments of the industrial-relations system in Mexico. First, in the context of a full-blown economic crisis in mid-1995, the CTM and the Employers' Confederation of the Mexican Republic (*Confederación Patronal de la República Mexicana*, COPARMEX) negotiated the introduction of a new labour

culture. This negotiation was closed in August 1996, and involved the recognition that economic globalization and integration forced the firms to increase their competitiveness. The document that the CTM and the COPARMEX signed presents the ethical principles that should rule worker-employer relations: good faith, loyalty, justice, truth, responsibility, equity, dialogue, and harmonization in labour relations. The whole document, however, revolves around the core idea that labour relations should focus on the human being and not on the social class and that the firm is a community and must be based on solidarity. There is therefore space for conciliation and not for class struggle. This document states that what a human being is worth is due to his/her capacity to transcend. Like a Christian adaptation of Toyotaism, it claims that the core cultural change that must be made is shifting from confrontation to collaboration. This agreement breaks away from the rhetoric of "class struggle" nourishing the discourse of corporate trade unions in Mexico during the twentieth century. For these unions, their interests coincided with the State's, but not necessarily with the firms'. Although the Agreement for a New Labour Culture had few practical effects during the 1994-2000 administration, the Fox administration has taken up these ideas. In fact, Carlos Abascal, the former COPARMEX president

who originally crafted the agreement, was appointed Secretary of the Labour Department.

The second groundbreaking event was the organization by the most radical segments of independent unionism of *Coordinadora Intersindical Primero de Mayo* (the May First Inter-Trade Union Coordination) in 1995. Third, in February 1995, and in the context of the deepest crisis ever in Mexico since 1929, some large trade unions critical of corporatism and the neoliberal model organized the First Forum on "Trade Unionism before the Nation and in the Face of the Crisis". By the end of 1997, these trade unions constituted the National Workers' Union /*Unión Nacional de Trabajadores* (UNT). We will proceed to summarize the strategies followed by the three main trade union lines: the Labour Congress, the Inter-Trade Union Coordination and the UNT in the 1990s.

The CTM and the Labour Congress (CT). In the 1990s, official trade unionism continued, within its traditional support of government policies, to sign all the economic agreements that have contributed to keeping wages depressed. It is a kind of unionism that has lost its capacity to push the workers' wages and life conditions upward. Fidel Velásquez, the historic CTM leader, happened to pass away while the CTM was experiencing this apparent dead-end. His successors have no new strategic proposals for the trade

unions, except to show their lack of expertise in trade union and national policy issues. The CTM and the CT are immersed in a credibility crisis that also has electoral implications, since they are no longer capable of ensuring future PRI voters. When the time comes to open the State up to other political forces, this process can mark the decline of a type of organization that focused costs and benefits for workers on a subordinate alliance with only one State.

The May First Inter-Trade Union Coordination (Coordinadora Intersindical Primero de Mayo). Heir apparent to independent unionism of the 1970s, but with different actors, the main actors in the Coordination can be divided into three groups: those that swung back and forth between the *Coordinadora* and the UNT, such as the National University Union and the Authentic Labour Front (*Frente Auténtico del Trabajo*, FAT); those that aim to lead the new trade union insurgency, such as the leadership of locals IX and X the National Education Workers' Union (*Sindicato Nacional de Trabajadores de la Educación*, SNTE), the Autonomous Metropolitan University Union (*Universidad Autónoma Metropolitana*, UAM), and the Mexican Oil Institute Union (*Instituto Mexicano del Petróleo*); and, the third group could be considered the resurrected fundamentalist cadres of the 1970s, currently represented by the Socialist Workers Party

(*Partido Obrero Socialista*), the Socialist Union League (*Liga de Unidad Socialista*), the Workers for Socialism League (*Liga de Trabajadores por el Socialismo*), the journal *El Machete*, the Committee for a Workers International (*Comité por una Internacional Obrera*) (information provided by Sergio Sánchez). Leaving aside the sectors that participate in both the Coordination and the UNT at the same time, the majority of the members of the inter-trade union coordination had a Marxist background and claimed that the contradiction between capital and labour and the class struggle were a core issue. The different groups constituting this organization, however, entered into an unsolvable ideological confrontation that led to their dissolution in 1999. In several moments, some of these unions tried to reorganize around the Mexican Electrician Union (*Sindicato Mexicano de Electricistas*) creating the Front of Mexican Unions (*Frente Sindical Mexicano*)

The National Workers Union / Unión Nacional de Trabajadores (UNT). The UNT trade unions have tried to occupy new labour areas in competition with the Labour Congress and the Coordination. First, they tried the area of negotiation of firms' restructuring aiming to gain competitiveness. The Coordination refused to look into this problem because it was considered exclusively an issue of the firms and because of

the risk that the trade unions might become *reformist*. The Labour Congress and the CTM, although they talk of a new labour culture, marginalized its main initiator, Juan S. Millan, and in the face of a CTM leadership that has a special concern for giving support to the government during both good and bad times, the force of this discourse subsequently declined. The UNT does not waste time. The moment it was founded in January 1998, it started negotiating the new labour culture with employer organizations without the government's mediation. In electoral policy, UNT trade unions propose to not be affiliated to a political party, but also not to abstain from participating in the electoral process. This differs from the Labour Congress that corporately belongs to the PRI or the Coordination whose hegemonic fraction refused to participate in elections. It is nevertheless possible that important UNT masses will have voted and will continue to vote for the Party of the Democratic Revolution, (*Partido de la Revolución Democrática*, PRD). With regard to the new social movements, like the Zapatistas, the UNT immediately protested the killing of indigenous people in December of 1997 and sought to act as a witness to the pacification process in Chiapas. Congruent with its traditional support of the government, the Labour Congress remained silent, and the Coordination did not

express a stance because of doctrinarian disagreements with the Zapatistas. Internationally, the UNT has established public relations with the American Federation of Labor-Congress of Industrial Unions (AFL-CIO), and both organizations coincide in their critical view of the North American Free Trade Agreement (NAFTA). The CTM has supported the government declaring that the agreement must not be modified and the Coordination's criticism of the agreement had minimum effect due to its limited capacity to establish relations with trade unions internationally.

Although the UNT is a workers' organization with an up-to-date trade union discourse and good conditions for development, it will not act as the spark that sets fire to the priority of labour relations. The problem begins with the working class itself, which has not up to now shown any mass-level incendiary intentions. In an attempt to move through this context of political, productive and social readjustment, the UNT is creating alternative discourses. These capacities, however, are marked by both the authoritarian attitudes of the leaders of the main UNT trade unions, and the top-down attitudes of their intellectual advisors. The rank and file have had little to say about this, beyond endorsing in assemblies what the new élites have decided beforehand.

The PRI Defeat and the Change of Government: 2000-? When Vicente Fox came to power, he promised he would put an end to trade union corporatism. He nevertheless appointed Carlos Abascal, former entrepreneurial leader and author of the New Labour Culture corporate agreement in 1995, as Director of the Labour Department. His performance throughout the first year and a half of his administration would point to renewed restoration. This consists of the creation of *Christian Corporatism*, which implies the continuation of the old regime in the labour sphere, with the support of entrepreneurial organizations that are little interested in trade union democracy and fearful of the potential danger that the workers might go beyond the workers' organizations due to the serious condition of the labour issue in Mexico. Apart from providing continuity to the labour question, Abascal's line can provide a new labour discourse, that of the Christian Right wing, which was suspended in the 1920s with the defeat of the 'Cristeros' (Catholic "guerrilla" against the governments of the Mexican Revolution). This discourse prioritizes the concept of the immutable human essence over the idea of the existence of workers and employers with different interests: human essence and dignity versus the conflict of interests. More than a century ago, the tendencies within the social sciences left this concept of

human essence and substituted it by the concept of the socially and culturally constructed subject. This Christian view states that the worker cannot be understood as a cost to be minimized, but rather as a person who should be dignified. This ideology, however, crumbles in the face of the principle of production models based on labour intensification and low wages. The conservative Christian doctrine in relation to labour relations has thus been unveiled as harbouring the labour crisis in Mexico. This crisis is threefold: in people's capacity to survive by selling their labour force, an increasingly more intense depletion of the labour force, and an anomie reflected by an extremely high voluntary turnover. One would expect the Christian ideology's effectiveness to be limited in view of the actual conditions and traditions in Mexico.

The discussion around the New Federal Labour Law based on Christian principles, such as those mentioned above, was resumed in 2001. The government invited the creation of a Central Decision Board in which the main trade union and entrepreneurial factions participated with a view to producing a condensed Labour Bill. By 2003, differences have been important. The UNT, favouring a democratizing and anti-corporate reform that includes chapters on flexibility and productivity, has presented its own project. The Labour

Congress unions would be willing to accept labour flexibility so long as their spheres of influence were respected. The independent trade unions that once affiliated with the May First Coordination would be against any amendments to the law. Following their tradition of not participating in politics, the company trade unions (directly controlled by employers) would hardly participate. The Fox administration would favour flexibility of the Law and possibly some democratizing reforms. In the face of the danger of trade union democratization, the entrepreneurs would bet on flexibilization. The National Action Party (*Partido de Acción Nacional*, PAN) would support the *Fox administration's* reforms. The PRD would oppose the reform generated in the Labour Secretariat and would present a reform of its own, while the PRI would tamper with the corporate trade unions.

These are not all the actors involved, however. There are also the ordinary workers who have personally suffered the Mexican-style *labour crisis* and might find expression outside the leaders' joint manoeuvring. To what extent would the impression that the State can no longer control the workers' organizations, that trade unions would not have the support of the state's superstructure, and a weakened PRI and divided official leaders generate the necessary distrust to initiate a period of conflict like in the 1970s?

Conclusions

The new economic model has been through several structural economic crises: it started with the crisis of the import-substitution model in 1982, then a childhood crisis in 1987, followed by a deeper youth crisis in 1994-95, and an adulthood crisis in 2001. The balance for the workers in terms of employment, wages, contractual protections and social security has been negative so far. Trade union organizations have also lost legitimacy and influence in core areas, such as developing economic and labour policies, managing social security and negotiating the ups and downs in the political system.

Although trade unions have weakened with the neoliberal model, this does not imply corporatism will tend to disappear. The Salinas administration tried to reconstruct the old State Corporatism into a corporatism that would participate in a productive agreement with management. It nevertheless failed in the face of personnel policies that did not really wish to share the decision-making related to the productive process with the workers' organizations, or did not wish to place enough resources into productivity bonuses. The second attempt to combine neoliberalism with corporatism turned out to be weaker than the first one. It is the agreement for a New Labour Culture, which in spite of its

limited results established the principles of the Fox administration. In the exceptional situation of having a PAN federal government, there is a new attempt at corporate restoration first of all providing the trade unions with a doctrine. (The 1910 Revolutionary doctrine of social justice, as well as Salinas' incipient doctrine of Social Liberalism and New Unionism, has become history.) Now is the moment for the Church's social doctrine in its corporate version. What is missing, however, are the institutions that support the practice of these actors, since it cannot be sustained on ideology alone. In the old corporatism, the figure of the President, with his highly concentrated power, was the main institution. Under current conditions, however, the presidency appears to be weak and corporatism survives thanks to the networks woven in the past between trade union leaders, government officials and entrepreneurs at a micro and macro level. Corporatism also survives thanks to at least two factors: (1) the conviction of most entrepreneurs that corporatism has played a historical role useful for controlling the workers demands and eradicating dissidence, and (2) that opening trade union democracy under conditions of wage disaster and the workers' lack of identity with the firms can be a risky venture. The experience of the PAN governments in the states proves that it is possible to

continue with the labour and trade union *modus vivendi* between a party that is not meant to be a corporate party and the old PRI corporations. In other words, trade union corporatism can coexist with economic neoliberalism under certain conditions and in states with a strong interventionist tradition in the labour sphere. A political-party change over is not enough to seal their destiny.

All this will happen unless the workers are determined to take another path. For a long time, low wages and bad working conditions have prevailed for most workers in Mexico. Determination for change requires several conditions, however. Workers would need to have organizations and activists that, as in the 1970s, help to provide union-oriented training, to link discontented workers with Non-Governmental Organizations (NGOs) and trade unions, and to create resistance networks to avoid protesters being laid off immediately. Recent cases, like the Kwon Dong *maquiladora*, in the State of Puebla, show that workers can break away from labour control by creating broad national and international support fronts. These strategies would have to move away from state corporatism and be firmly rooted in civil society.

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