

Dateline Mexico by Josefina Menéndez

Mexican labor and the IMF

Disgusted with national economic policy, the union is keeping unity with the government—for the time being.

The 104th assembly of the Confederation of Mexican Workers (CTM), presided over by Fidel Velázquez from Aug. 30 to Sept. 2, conducted a thorough critique of the Mexican government's economic policy, after the government reversed itself on the debt payment issue and signed another usurious accord with the International Monetary Fund (IMF) (see page 6).

The conference was also a call to close ranks around the institutions which are the political backbone of the Mexican System.

Because the "action plan" summarized at the end of the meeting did not demand direct confrontation with the government, as many Jesuit-influenced leftists would have desired, media analysts here in Mexico have attempted to portray it as organized labor's surrender.

Quite the opposite is true. The CTM is one of the very few forces which, together with a handful of industrialists among the ranks of the Confederation of Industrialist Chambers (Concamin) and the National Chamber of Manufacturing Industry, has systematically opposed the deals cut with the IMF. Before the de la Madrid government decided to retreat and sign a letter of intent with the Fund, it was the CTM which was urging Mexico to follow the lead of Peruvian President Alan García in setting a limit on foreign debt payment, or subordinate payments to the country's real ability to pay. That was the focus of the battle inside the CTM assembly, which took place—not accidentally—at the same time the President of

the Republic gave his annual report to the nation.

The working document on economic policy discussed in the labor meeting argued that it is impossible to continue accepting the oppressive conditions of the IMF. The document was written by federal deputy Alfonso Reyes Medrano, an economic adviser to the CTM. It proposed that the organized labor movement ask the government to negotiate for forgiveness of a third of the public-sector foreign debt, that is, \$27 of the \$72 billion. The CTM document also urged the government to reject the condition that workers must restrain their wage demands contained in the letter of intent recently signed with the IMF.

The document proposes that the de la Madrid government call upon its creditors to reduce interest rates by 3%, which would save Mexico \$3 billion per year. It also says that the internal debt is another of the serious problems the Mexican economy faces. Peso debt is over \$20 billion, with an average interest rate of 84%. According to the document, servicing this debt has stripped the government of its potential for making state investments, which has driven the country into "an undisguised recession, since private initiative so fiercely resists investing in production that industrial plant is working at 40% of its installed capacity."

Further on, it refers to the "impossible conditions the IMF imposes in return for giving its guarantee." Specifically, the IMF demands a wage freeze, an extension of its fallacious

argument that increases in workers' pay are inflationary. The Fund also demands that the state sell off all of its "inefficient" state-sector companies and shrink its public deficit from the 13% of Gross National Product it will reach this year to 7% of GNP.

Generalized discontent around the government's plans is a time bomb which must be de-activated before it explodes. The CTM's Fidel Velázquez is fully aware of this danger. CTM's strategy, first of all, is to get a salary increase this month in order to recover the purchasing power of the trade unions in order to maintain stability. The CTM also wants to preserve the current level of jobs, without increases in unemployment.

On this point, Velázquez picked a fight with the pro-austerity labor minister, Arsenio Farrell Cubillas, who publicly claimed that unemployment was not nearly as massive as everybody knows it to be. Rumors in Mexico City are that because of this fight, Farrell will resign because he has lost political leverage as a negotiator with the trade unions.

Farrell is also in the middle of an irreconcilable fight between the national oil-workers union and the head of the national oil company Pemex, Mario Ramón Beteta. Farrell is incapable of intervening as a mediator in the affair, because the CTM unions are convinced the labor minister is compromised. In fact, Farrell has been in charge of implementing the IMF-dictated policy of "labor restraint," and the political witchhunt against the CTM.

The de la Madrid government is split over how to deal with the CTM, whose support for a presidential candidate could prove decisive. What most observers agree on, however, is that the CTM is key to national stability—which could be *the* issue in the months ahead.