

THE DECLINE OF THE CONFEDERACIÓN DE TRABAJADORES
MEXICANOS DURING THE PERIOD OF NEOLIBERALISM

THESIS

Presented to the Graduate Council of
Texas State University-San Marcos
in Partial Fulfillment
of the Requirements

for the Degree

Master of ARTS

by

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San Marcos, Texas
2012

THE DECLINE OF THE CONFEDERACIÓN DE TRABAJADORES
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ACKNOWLEDGEMENTS

In this brief space, I would like to thank my chair, Dr. Sanchez-Sibony for his guidance in this special project. I would also like to thank the Center of International Studies for the endless opportunities they have afforded me in the process of completing both my thesis and Masters studies. I am indebted to the countless resources I have used at the Bettie Lee Benson Latin American Collection at the University of Texas in Austin for research and more. Lastly, I am thankful to my professional colleagues and family for their eternal support throughout this project.

This manuscript was submitted on April 9, 2012.

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ABSTRACT

THE DECLINE OF THE CONFEDERACIÓN DE TRABAJADORES MEXICANOS DURING THE PERIOD OF NEOLIBERALISM

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August 2012

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The advent of neoliberalism and globalization in modern Mexico caused a shift in the traditional labor discourse which had governed labor relations for most of the 20th century. In its place came a new economic model with higher demands for productivity and a more democratic labor sector. These changes contributed greatly to the deterioration of the Confederacion de Trabajadores Mexicanos (CTM), the largest labor confederation in Mexico for over sixty years.

CHAPTER I

INTRODUCTION AND LITERATURE REVIEW

Mexico cultivated for nearly an entire century one of the richest labor narratives in Latin America. The labor sector, progeny of the Mexican revolution, played a leading role in the construction of a Mexican identity throughout the PRI's rule. In many cases, it has been the archaic unions, the organized federations in Mexico acting as the arm and a wing of the institutionalized party system, which have exploited this revolutionary discourse, diluting the original intentions of the revolution. In this culture, the past always exists in the present, thus the sacrifice of workers for the greater good of the state correlated to the revolutionary tradition, used by the party to influence and control.

Despite alleged claims of independence from the party, for seventy years the labor sector routinely aligned its interests and platform with the political machine. Consequently, this seemingly stable alliance came under siege in the post state-led industrialization era, as the government shifted away from a worker-central model economic system to an economy solely reliant on the demands of the international market. At this juncture, the party broke with its long-standing ideology and rejected the

platform which had nourished the labor sector for decades. A new neoliberal manifesto was advanced via technopols, who among other things, rejected state intervention and consequently, propagated an environment of plurality in all sectors. This transition into the period of neoliberalism proved to be taxing on the central confederation and ally of the PRI, the Confederacion de Trabajadores Mexicanos (CTM).

The neoliberal revolution which swept Latin America transformed macroeconomic philosophy in the region, stirring a paradigm shift which offered promise, yet for each country came with difficult challenges. At a time when populations were bursting, global tensions were easing and economics were stringing the hemisphere together, globalization offered an equal number of challenges and opportunities in many ways luring developing countries.

The restructuring of economies across Latin America and the abandonment of state-led industrialization marked the single-most dramatic transition of the 20th century; this period coincided with a political opening, reshuffling of economic sectors and a reevaluation of the role of labor. In short, the lives of the working class, or bourgeoisie, were without a doubt, the most affected during this tumultuous time.

This is the moment in Mexican modern history which I wish to analyze: the transition from a state-led model of production to one centered on productivity. What kind of repercussions did this carry for organizations like the CTM which were incorporated into the old state-model? I hope to show that neoliberalism was a result of globalization; neoliberal economic reforms debilitated the institutionalized party system and the incorporated actors like the CTM. The PRI, although managing the expiry of the

presidential succession, signaled to incorporate sectors, like labor, than an end was nearing. Consequently, the labor sector invested in independent avenues to channel the needs of workers, yet at the expense of confederations like the CTM. Finally, although the CTM preserved its existence by the end of the 20th century, the confederation met both competition in the playing field and reduction in size. How an organization as omnipresent and encompassing as the CTM coped under neoliberal reforms will shed light on the true limits and capacities of an incorporated labor sector and a labor-based party.

The following essay is broken up as follows. The literature review offers a general review of the literature on both the advance of neoliberal agendas in four Latin American countries (Mexico, Argentina, Chile and Venezuela) and the history of the labor sector in Mexico. Section two approaches the decay of the historical PRI-CTM alliance from a political perspective; the deterioration of this partnership was contingent on the political sway of the party. Section three looks at the adaptations the CTM underwent in the face of neoliberal reforms; this section takes a social approach, evaluating the significance of new unionism and the power the administrations exercised in gradually weakening the central confederation's position. Section four argues the economic effects of globalization on industrial relations and the shift of a labor ideology from a worker-central model to a focus on productivity. The final section synthesizes the three approaches, evaluating the information presented in light of the thesis argument. In conclusion, I hope to demonstrate through a multidimensional analysis that an organization like the CTM, which had a history of being a state-sponsored union, did not

maintain its dominant position because of its success as a labor advocate, but rather because of a historical relationship which bound it to the party in power.

Market Reform in Latin America

The market reforms swept Latin America during the 1980s and 1990s marked a distinct break with the past. Globalization, deficits, state debt, and macroeconomic imbalances gave rise to neoliberal reforms in Latin America in the 1980s and 90s (Murillo 2001: 3). Surmountable debt from years of state-led industrialization gave leaders no choice but to liberalize markets in order to increase trade and bring economic prosperity. Leaders recognized the crucial need for reform and sustainability in economic policy. Stretching from Mexico into Chile and Argentina, leaders from Latin America sided with neoliberals and implemented reforms which starkly contrasted statist pasts.

Neoliberal reforms, ushered in by technocrats, promised political stability through macroeconomic restructuring. Judith Teichman relates the influence of “policy networks” consisting of officials from influential institutions, such as the World Bank, finance ministry and graduates from top American universities. Policy networks implemented legislation embedded with ideologies about market liberalization, the Washington Consensus and free trade (2001: 16). Members of the policy networks coordinated reforms that were unpopular, yet necessary to guarantee their country’s place in the developed world. Jorge Dominguez (1997) notes that *technopols*, technocrats and policy networks ushered in an era of higher stability and predictability in government, qualities which at the time were generally associated with democratic systems and developed nations. The political system introduced by technocratic policymakers was “rational” and

marked by “rules and institutions that endure even as presidents and ministers change” (1997: 13). Thus, technocrats signaled to the world their desire for change and their willingness to adapt to a new order.

The implementation of John Williamson’s “Washington Consensus” (1989) integrated “policies that mainstreamed Washington institutions like the US Treasury, the International Monetary Fund, the World Bank and the Inter-American Development Bank” into the Latin American agenda (2003: 24). The Washington Consensus was an academic product based on an assessment of failed policies in Latin America; it prescribed laissez-faire policies and minimal government intervention; thus free trade, fiscal discipline, and privatization were widely encouraged (Kuczynski & Williamson 2003). The Consensus took the form of macroeconomic reforms across the Latin American region which included international financial liberalization, evidenced by the increase in capital flows in and out of economies.

Financial liberalization was accomplished through the implementation of policies to reserve ratios, eliminate controlled interest rates and enable personal lending (Lora 2001). Countries in this region also underwent tax reform, adopting lower taxes on foreign trade and compensating for it through generating more domestic revenue (greater domestic taxes). In many countries, taxes for businesses were reduced below 40% by the end of the 80s. Argentina for example privatized the greatest portion of its economy, with \$25 billion worth of privatization during market reform. Privatization in Argentina engulfed the energy industry. In Mexico, half of all Mexican privatization was in the financial sector (16). Reform allowed capital to move freely in and out at the expense of

labor. Inequality grew during the reforms, as big business interests trumped those of the working class.

Despite the propensity towards pro-business reforms, Latin American countries lagged significantly in labor reforms. Of the Latin American countries which enacted financial reforms, labor reforms only occurred in six (6) countries between 1988 and 1999. Market reforms comprehensively impacted the market, yet too many Latin American countries bypassed labor legislation, to adapt legislation to changing needs of organized labor. In part, this was due to the tendency of the parties which implemented the reforms to be labor-based parties, which incorporated the labor sector through a system of clientelism and patronage preventing the sector from up rise. The following table outlines the dominant parties in the four respective countries and their years of power. Many maintained power through the period of economic reforms, illustrating this concept. These parties had retained electoral support through intimidation (i.e. Chile) or by establishing labor confederations which exercised allegiance to the party (i.e. Argentina and Mexico). Thus, at the time of neoliberal reforms, organized labor lacked the flexibility of disowning the party in power.

Table 1. Party Linkages between Labor Movements & Political Parties in the 20th Century

Country	Years	Dominant Partisan Linkages
Argentina	1945-2000	Populist (Peronism)
Chile	1945-73 1989-2000	Marxist (Socialist/Parties) Democratic (Socialist/ Communist)
Mexico	1945-2000	Originally Populist (PRI)
Venezuela	1945-1998	Democratic (AD)

Source: In "Organized Labor and Democracy in Latin America" by Steven Levitsky and Scott Mainwaring (2006), pp.31

Market reforms in Latin American were detrimental to the relationships that governments had built with unions. Under import-substitution industrialization (ISI),

workers had benefitted from prosperous times, sowing organic ties between unions and the parties in power, such as the Democratic Action (AD) Party in Venezuela, the Peronista Party in Argentina and the Partido Revolucionario Institucional (PRI) in Mexico. Latin American economies were ill-equipped to compete internationally after ISI, but had forged strong relationships with domestic workers and unions which had benefitted from the strong economic performance of those years.

For example, in Chile, the economic model of ISI had been exhausted by the 1960s. Salvador Allende had steered the country in a socialist direction during his term, and his reforms proved costly for Chile, leading to the highest inflation rate in the country's history, 508% (Stallings 1990: 121). Thus, when General Augusto Pinochet gained control of the country, his policies tried to compensate for the failed policies of Allende. At the hands of the Chicago Boys, a group of technocrats, Chile began implementing neoliberal reforms in 1976; reforms included the devaluation of the currency, extended use of the International Monetary Fund, a vast reduction in government spending, the lowering of tariffs, the selling of public firms and deregulation of the markets (Burgess and Levitsky 2003). Deregulation was catastrophic for organized labor which had prospered under the ISI; further, devaluation lowered wages for workers and reforms put many workers out of work. Labor Day in Chile took the form of a widespread day of protest in May of 1983 (Stallings 1990: 132). Not only were the policies unwelcome, they had adverse consequences for the economy; from 1982 to 1984, the Chilean unemployment rate stood at 20%, 18.9% and 18.5%, respectively (Stallings 1990: 127). The crisis was so severe that neoliberal policies were suspended for a short term, and fear of being overturned encouraged Pinochet to replace ministers and policies

left and right. As the crisis subsided, the government reintroduced the neoliberal reforms, setting the stage for other Latin American countries to consider doing the same.

Argentina followed a path much like Chile in the late 1980s. Historically, the Peronista Party had identified strongly with workers and laborers, an ideology which was planted by the founding member of the party, Juan Peron. In Argentina, Peronism changed the lives of working class people, “by providing better wages and labor benefits, social security, and even paid vacations at union resorts” (Murillo 2000: 138). The party evolved in its ideology, but many of the followers remained the same. In 1989, Carlos Menem, member of the Peronista Party, was elected to office. When Menem abandoned the “Peronism Statist Program” he did it under the auspices of economic recovery, openly informing Argentinians that recovery meant foregoing the old model (Burgess & Levitsky 2003). The Washington Consensus in Argentina took the form of a rigid austerity program, deregulation of the market, price controls and subsidies, widespread privatization and reduction, in some cases elimination, of tariff barriers. During the 1980s, the Peronista party grew increasingly autonomous from organized labor, thus unions lacked an institutionalized role with the party in power to create any real obstacle to the reforms (Burgess & Levitsky 2003). Argentinian unions still managed to negotiate reforms which favored workers, working closely with the government for legislation which empowered them.

Following the neoliberal trends of Latin America, Venezuelan President Carlos Andres Perez headed a reform program known as the “Great Turnaround,” a neoliberal reform package which initiated a devaluation of the currency, eliminated price and exchange controls, removed trade barriers and restrictions on foreign investment and

commenced widespread privatization. Venezuela followed a similar trajectory of ISI and state intervention; this period marked the foundation of strong ties between the AD and labor unions in Venezuela, as the party provided workers with social benefits and leaders earned political influence. Perez' political party, Democratic Action (AD), was an institutionalized party with strong labor backing; it however, lacked the organizational structure to endure reforms which conflicted with AD supporters. Unlike Menem and Pinochet, Perez' administration faced strong opposition, followed by plummeting support for the party.

When Carlos Perez introduced market reform policies, the most powerful union, the Confederacion de Trabajadores Venezolanos (CTV), staged the largest strike in Venezuelan history (Murillo 2003: 140). In February of 1989, Venezuelans took to the streets in a famous day of protests and riots, known as the "El Caracazo." Pro-market reforms also were met by two coup attempts in Venezuela; one which was staged by the nation's current chief. Market reform policies did not bring high quality jobs or labor reform, thus hindering progress and development for the nation (Kuczynski and Williamson 2003: 263). Lack of long-term investments fostered inequality, while political parties lost all remnants of credibility with their supporters.

One by one, Latin American leaders implemented policies inundated with theories presented in the Washington Consensus. Despite opposition and blunders such as the crisis in Chile, reforms spread across the region. Privatization of certain industries, liberalization of exchange rates and lowering of tariffs were among some of the principle policy changes. The reforms were challenging to sell, as parties like the PRI, the Peronista, and the AD found them to be too conservative for their original party platform.

Nonetheless, leaders moved forward with changes, bypassing serious reforms in the labor sector. Market reform exceeded labor reform, though the two are intrinsically linked. Economic neoliberalism freed the market, causing capital to move out and shifting the focus to a system based on productivity and deregulation. Ultimately this hurt organized labor which lost collective contracts and whose traditional role was being challenged.

The CTM and the PRI During the Period of Market Reform in Mexico

Historical ties with organized labor in Mexico were forged through the Partido Nacional de la Revolucion (PNR), the party which preceded the Partido Revolucionario Institucional (PRI). From 1918 until 1936, workers in Mexico constantly underwent a system of “organization” into confederations, unions and federations. Consequently, this period of time coincided with the actual period of political organization in Mexico (Aguilar Garcia 2008: 13). The *centrales* were established consecutively: la Confederacion Regional Obrera Mexicana (CROM) (1918), la Confederacion General de Trabajadores (CGT) (1921) and the Confederacion de Trabajadores Mexicanos (CTM) (1936) were the three main confederations.

The PRI’s reputation as a corporatist party dates back to the Mexican Revolution, as the state recognized the significance of incorporating major state actors. As Teichman notes, “the government’s strategy appeared to have been to prevent unified independent organization of workers and peasants from emerging by coopting leaders and setting up separate organizations” (1988: 27). The state and peripheral groups like organized labor, military and business interests, maintained close connections with the government as well. In exchange for loyalty, the party in power promised preferential treatment and

services, such as social assistance, benefits and capital to maintain the unions. This model worked well for much of the 20th century, however the system grew unsustainable as the wealth gap grew larger and the PRI lost its legitimacy. This is the moment in Mexican history that many historians refer to as the creation of the corporatist state.

According to Burgess and Levitsky (2003) historically, the PRI “played a leading role in the mobilization and political incorporation of the working classes in the 1930s and 1940s” (888). References to the PRI as a labor-based party have been confirmed by Maria Murillo and Collier & Collier, academics of Latin American labor organization. Organized labor has played partner by “disciplining the working class in the workplace and the political arena” (Roman & Arregui 2006: 96). The defense of “la familia revolucionaria” implied public order as a means to a successful revolution—one reason for the CTM became a broad and encompassing organization (Burgess 2004: 65). Further, Burgess confirms that the formation of the CTM coincided with Cardenismo, thus the organization built an ideology based on the Revolution, championing campesinos’ rights and carrying out the goals of the Revolution (23). Since 1938, the CTM had begun participating in its crucial role in guaranteeing a peaceful presidential succession.

After the Great Depression, Mexico initiated ISI. This program strongly favored national companies and workers; policies involved raising tariffs on imports and initiating the domestic production of consumer goods (Aguilar & Vargas 2006). This period was beneficial for organized labor because it created a generous amount of jobs and was characterized by high degrees of regulation. Regulation empowered unions with bargaining power and favorable legislation. Mexico guided by the philosophy of

modernization through “order and progress” relied greatly on state-sponsored industrialization policies, through the nationalization of companies, most notably PEMEX (Petróleos Mexicanos). The nationalization of companies and the “expansion of the state’s role in the economy” solidified the breadth of power the state exercised in every aspect of society (Teichman 1988: 31). Populist regimes, like the PRI, dominated this period of Mexican history, favoring the sectors, such as organized labor.

One pattern worth mention is how the way the PRI regime played the members of the Congreso de Trabajo, a pool of the four strongest PRI-leaning confederations, against each other in order to manipulate their grip over the organization and generate support. This became a common theme in Mexican organized labor history, as the centrales were often played against each other. For example, the Confederación Revolucionaria de Obreros y Campesinos (CROC) has been referred to as the CTM’s arch-nemesis. These games were often played by rewarding confederations with higher compliance with more political favors or monetary incentives.

The PRI’s dominance extended its influence across state actors (labor, military and business). Party members who disagreed with policies had no choice but to throw their support behind unpopular policy choices. Thus, organized labor was coopted by the government, which sourced its control through the Federal Labor Law (1931). This law granted the government extensive control over the decisions of labor leaders (Burgess 1999). Such was the influence of the PRI that “the state controlled union registration, required to negotiate collective contracts...the state also reserved the right to monitor and certify union elections...thus denying legal recognition to any union leader that refused to cooperate” (Levy et al. 2006: 73). Notwithstanding the progress it represented, the code

was engineered to give the state substantial control over organized labor. Unions were required to formally register with the government, thus only registered unions would be recognized in strikes and negotiations.

The PRI consolidated its loyalty with the CTM through the use of patronage and gifts in exchange for its allegiance. Socioeconomic and political tradeoffs occurred, describes Katrina Burgess; in exchange for loyalty to the party in power, the PRI created a bank for the CTM, Banco de los Obreros, provided funding for the CTM and its ongoing needs, and provided protection for the CTM against any other labor movements, by purposely keeping other unions weak. In addition, the PRI offered access to positions of power to leaders of the CTM.

Between 1977 and 1982, the CTM relied on a platform that promoted labor rights, such as a 40-hour workweek, larger representation at the state level, and unemployment insurance. This platform was used heavily to bargain with the party in power, the PRI (Aguilar Garcia & Vargas Guzman 2006: 24). This platform was endangered as leaders of the PRI began introducing and implementing market liberalization policies. The “competitive environment” which came as a result of trade liberalization, lower tariffs, and decentralization created tough times for unionized workers, which for decades had enjoyed pro-labor governments and compensation that at times exceeded productivity (Kuczynski & Williamson 2003). Unions became victims of the economic restructuring of the Mexican economy. Downsizing of the public sector and state-owned companies made jobs disappear and the informal economy doubled (Teichman 1988: 126).

Nonetheless, for nearly fifty-five years, the CTM had built and strengthened its relationship with the PRI. It had a predictable system; the CTM would deliver both votes and loyalty to the PRI, in exchange for private favors and being favored among the centrales. Because of this hardened system, when the PRI introduced market reforms, the CTM complied (Aguilar and Vargas 2006: 26). This pattern was repeated through the administration of De La Madrid, Salinas and Zedillo. Despite conscious knowledge of how economic reforms would harm constituents, the CTM openly supported PRI candidates and policies (29).

Mexico's experiment with the Washington Consensus began in the 1980s with De La Madrid's administration. Mexico's leaders, similar to Chile's, had limited accountability. The PRI's uninterrupted rule had built extensive networks of support and incorporated state actors. Market reforms were further implemented, solidified and carried out with Carlos Salinas' sexenio. Mexico's crisis in the 80s forced leaders to consider an economic program to undue the debt problem. Decades of state-sponsored industrialization had indebted the country.

President Salinas pushed forward with the neoliberal reforms, attributing them to the state's critical "need". According to the President, Mexico had to "privatize to obtain resources to pay for the debt acquired by the state during all these years" (Cordera and Rocha 1994: 15). His administration, under the strong arm of technocrats, implemented the Washington Consensus vigilantly. In Mexico, labor leaders adhered to policies which harmed their constituents, a byproduct of an extensive clientilistic alliance between the state and the labor sector; this was repeatedly linked to gifts, assigned political positions

and favorable treatment from policymakers. Notwithstanding opposition, the PRI stayed in power through the reforms.

Salinas' administration was the first since Cardenas to present reforms that contradicted the goals of organized labor. In effect, Salinas' administration did more than just introduce economic reforms; throughout Salinas' *sexenio*, organized labor experienced four structural changes: new negotiation requirements for wages, changes in labor relations and work flexibilization, proposals to amend labor laws, and a complete restructuring of labor-government relations (Murillo 2003: 47). Murillo argues that labor-based parties in Latin America were fortunate in that their allied union leaders were complacent with the economic reforms as a means of upholding their loyalty to the party (2003: 17).

The CTM was bound by its commitment to the PRI. Market oriented reforms added uncertainty to the confederation's goals and survival, thus increasing the prospects of union plurality and a fragmented labor force. Neoliberal reforms in Mexico contradicted the steady relationship the CTM had built with the PRI, fueling unpredictability in economic policies and the government-labor interaction that had been established.

The CTM was poorly equipped to combat the changes that were brought about by privatization and open markets, note Aguilar and Vargas (2006). The Salinas administration succeeded in fracturing the CTM in order to "modernize" organized labor; however, the political elite understood that a fragmented labor carried less leverage at the negotiating table (Aguilar & Vargas 2006; Murillo 2001). The reforms instilled

uncertainty in the CTM, as did the looming possibility of a party in power outside of the PRI (Aguilar & Vargas 2006). Technocrats working under Carlos Salinas utilized clientilism and patronage to market the reforms; when this option failed, the state resorted to “more repressive tactics” in order to push their agenda (Teichman 2001: 203). Thus, even though reforms were meant to generate stability and a stronger sense of democracy, the methods backing the reforms clearly undermined this ideal.

Decades of growth and development had strengthened Mexico’s corporatist structure, yet left the economies in shambles. For decades, the CTM had represented the interests of the majority of organized workers. Although the bond between organized labor and the PRI evolved with import-substitution industrialization, economic reform distressed the steady relationship. A dramatic shift in state economic policy should have been cause for labor reform, yet the only type of labor reform proposed would have further empowered business interests. Indeed, neoliberalism and free market ideology brought upon a new era with new leaders.

Economic liberalization policies instigated an unraveling of the Mexican corporatist state and the actors it empowered, like organized labor. Political plurality brought union plurality; politicians began to highlight the differences between the old and new *economía*, old unionism and new unionism. Mexico, through “progress and order” was determined to find its place among the developed nations. These macro-level changes impacted both the political landscape and the Mexican labor market.

This study aims to outline the events and actions which weakened the CTM. What factors were responsible for diminishing the CTM’s influence and power? To answer this

question, I will highlight what had empowered the organization in the first place. The analysis will focus on CTM membership over the course of the administrations in question. Did the CTM increase in membership as liberal economic policies set in or did membership decrease, and if so, to what are those changes attributed? Politicians often use fragmentation to weaken labor unions. Lastly, I will examine: why did the CTM lose its general appointments to government positions and how was this change influenced by the CTM's membership size; how did the political system abate the influence of the archaic unions; what is the future of organizations like the CTM which have belonged primarily for the purpose of a corporatist state like Mexico.

I argue that the market reform policies of Miguel De La Madrid, Carlos Salinas de Gortari and Ernesto Zedillo increasingly weakened the influence of labor confederations like the CTM. The CTM maintained a historical presence and central relationship as an ally of the PRI for much of the 20th century. In addition, the CTM represented the single-most influential labor organization in Mexico, thus marking the crucial role it played in the lives and interests of workers in Mexico. The CTM had been an organization empowered through political favors for its leaders, a tremendous strength in the size of its membership, power through the political party which enabled its existence and a strong presence in the boldness of its leader, Fidel Velasquez, who led the organization for decades. Moreover, I will outline how market liberalization policies played out in Mexico, derailing the CTM and instigating the creation of a new labor discourse; Breaking with the old labor narrative, an environment of union and political plurality came in its place. Ultimately, the organization proved to be unprepared for the challenges of market liberalization, plurality and globalization.

CHAPTER II

THE DECAY OF THE TRADITIONAL CTM-PRI ALLIANCE

At the end of the 20th century, the Mexican Confederation of Employers, (COPARMEX) issued a dramatic conclusion; the organization believed that the CTM was the only organization capable of delivering political stability in Mexico (Aguilar & Vargas 2006). This assumption was already being tested by a political regime nearing its exit. The strength of the Confederation had originally derived from a mutually beneficial relationship, based on the exchange of political support for preferential policymaking and government posts. However, in the late 80's, defectors of the PRI, unhappy with economic reform policies and the state of affairs, began creating an environment of political pluralism by running independently of the party. This tension within the party had repercussions in sectors which were organized by the PRI, such as the central confederations.

Behind neoliberalism was the hope that economic reform could rescue the unpopular party. However, neoliberalism in effect threatened the prearranged order between the state and the CTM, slowly withering away the power of the central political

force in Mexico. For decades, the party had strongly relied on the CTM to organize the working class electorate, yet this critical function had come under siege with both political and union plurality. The CTM, a fully partisan labor organization, relied on the PRI as life support. Thus, the presidencies of Miguel De La Madrid, Carlos Salinas and Ernesto Zedillo, contributed to a decay of the CTM-PRI alliance. In post-2000 the CTM has not relinquished its existence, yet it has sacrificed the position to which it had become accustomed to for decades. Through electoral reform and political plurality came democracy and the decay of the old order.

In this chapter, I argue that the decay of the historical PRI-CTM alliance deteriorated the hegemonic position of the CTM. The corporatist nature of the CTM's existence meant the organization had not prepared for an existence without the PRI in power. The organization began losing its hegemonic position in the Congreso de Trabajo (CT) and the labor front. Throughout the 80's and 90's, it was forced into a corner, passing policies which contradicted its fundamental principles and its membership. While many other factors influenced the election of 2000, the breakdown of this crucial relationship between the largest workers confederation and the most dominant political presence brought long lasting changes to the labor front.

This section will focus primarily on the erosion of the PRI-CTM alliance. The rise of competing political parties in the 1988 election and the gradual decrease of the PRI-majority in the Congress and House of Deputies signaled a new era in Mexican politics. The PRI could no longer rely on coalescing the working class electorate. Mexico had experienced profound economic policy changes which had yielded a vastly uneven working class. The gradual decrease in government positions for CTM leaders and the

decreasing membership to the CTM and organized labor overall reflected a loss of confidence in the CTM and the PRI. Suffice to say that the death of the CTM's enduring leader, Fidel Velasquez, marked the last surviving symbol of old unionism. The forgoing factors had a cumulative effect on the shrinking weight of the organization and the new face of unionism.

The Decay of the Electoral Machine

For years, the PRI relied on the CTM to organize and generate crucial votes. The CTM, in exchange, had become accustomed to receiving top posts in government seats. This exchange grew unsustainable in the late eighties when the PRI began competing with other parties, putting a strain on the hegemony of the party. A party which could not retain popular votes could not deliver to organizations like the CTM.

The electoral machine referred to the extensive network of electoral support the CTM could generate for the PRI. For decades, the CTM played a crucial role in the selection and election of the PRI candidate, in some cases delivering entire districts to the PRI (Burgess 2004: 71). The CTM would go to great lengths to organize elections, register voters and carryout all the steps election day to ensure the peaceful transition of the *dedazo*¹. The CTM had a total membership exceeding 455,000 members in 1986 and over 900,000 members in 1993, the PRI could rely on for unconditional electoral support (Bensusan 2007). This was crucial as the party was facing increasing criticism from economic troubles. In between elections, the administration would flirt with other independent unions, yet around the time of the transition, the PRI would cater to the

¹ The *dedazo* refers to the historic tradition in Mexican politics of the seated president choosing his successor. It dates back to Lazaro Cardenas.

CTM's needs to guarantee a smooth transition. As Burgess argues, the PRI's increasing reliance on the CTM support "outweighed any desire to modernize the labor movement". The "symbiotic relationship" between the two and the Confederation's concentrated power maintained a fractured labor movement, just as it had the political playing field (73).

The election of 1988 was symbolic because it drew defectors out of the party, signaling that the CTM's "support for the presidential choice could not be taken for granted" (Burgess 2004: 86). There was fracture even from within the CTM for Salinas' support and defectors were duly punished (Burgess 2004: 86). Most importantly, this election challenged the presidential succession when Cuatemohoc Cardenas ran independent of the PRI and on a platform which revered the working class, in the image of his father, Lazaro Cardenas. The CTM found itself in a compromising position and received a great deal of backlash from the PRI to encourage and assure its support. Right in time for the *dedazo*, the CTM saw its privileges restored; sectorial posts were reinstated, proposals to reduce CTM influence were defeated (Burgess 2004: 87). As political plurality became more common, the PRI feeling threatened began awarding labor leaders with more meaningful positions. This, however, was detrimental to the CTM in the long run, as it had not exercised or established a relationship with any other party.

In the 1994 election, the political climate precipitated political defeat for the PRI. The CTM, however, maintained its militant support for the PRI, exercising the stabilizing influence on the presidential succession it was widely recognized for. The real test came when, in 1994, the preferred PRI candidate and future president, Donaldo Colosio was

assassinated². This event threw the party into a spiral to find another suitable candidate. The CTM and the CROC threw themselves behind the next best PRI candidate, Ernesto Zedillo (86). Zedillo, author of the neoliberal reforms from Salinas' term, represented an enemy for the working class. Notwithstanding, Zedillo campaigned as a president for the working class and proletariat, claiming he wanted to be the candidate for the working man (Aguilar & Vargas 2006: 87). Despite weeks of avid campaigning and active endorsements for the party, the CTM denied that it was a para-state actor of the PRI as Election Day drew near. The Confederation stated that members had the freedom to consciously choose their candidate (Aguilar & Vargas 2006: 88). In the same breath and aware of the potential of losing the election, the CTM openly expressed that any worker not voting for the PRI was a traitor and would be kicked out of the Confederation. As Garcia notes, "In this manner, a lack of democracy continued to be the distinct seal of the PRI and the CTM, a mark that would later bring adverse consequences for the two" (Aguilar & Vargas 2006: 120). Indeed scholars like Maria V. Murillo and Katrina Burgess have highlighted the CTM for its shortsightedness in its partisan alliance.

The function of "electoral machine" came under attack in the late nineties, when the CTM could no longer amass the votes it once did. Electoral reform had taken measures to ensure transparency in Mexican elections, leaving little room for parties to buy their electorate's support. This was consequence of a number of factors, among which was the reform of the electoral system, the introduction and success of other political parties like the PAN and PRD and general discontent with the state of affairs with the PRI. The CTM became a liability for the party because it could no longer

² Colosio had been selected by PRI-president Carlos Salinas to be the candidate and successor.

“deliver votes”. The media and other avenues had gained influence and changed the course elections and the political landscape, as had the general trend towards more transparency in government (Burgess 2004: 74).

Realization that the CTM no longer served as a functional electoral machine came when under President Zedillo the electoral system was reformed in Mexico. PRI-opposition leaders in the Senate and Chamber of Deputies headed an extensive reform of the Instituto Federal de Elecciones (IFE) in 1996. The electoral reforms ensured that elections would operate free of the other branches of government, ensuring the inherent transparency of a democracy. One aspect of the new electoral reform laws was that it prohibited the collective affiliation of unionized workers (Aguilar & Vargas 2006; Bensusan 2007). Neither the party nor the Confederation could employ the corporatist tactics of before without the electoral support it had relied on. The 1997 elections were extremely difficult for the PRI to mobilize all of its sectors in efforts to win the election and it was the historical election in which the PRI lost the majority of in the Chamber of Deputies (Aguilar & Vargas 2006: 118).

By the 80's, the PRD and PAN had begun posing a formidable threat to the PRI. Cuatemohoc Cardenas's independent campaign drew attention to the candidate selection process within the party. The PAN, a more conservative and economically neoliberal party also began making electoral advances. Political plurality culminated in the elections of 1997 when the PRI lost the majority in the House of Deputies. Political plurality was further encouraged by the reform of the Instituto Federal Electoral (IFE) in 1996. Steps were taken to ensure that elections operated free of the interests of the branches of

government, eliminating such things as collective affiliation. See below for the results of the presidential elections between 1982 and 2000.

Table 2. Electoral Turnout in Presidential Elections Between 1982-2000

PARTY	1982	1988	1994	2000
PRI	74.3%	50.7%	48.69%	36.11%
PAN	16.4%	31.1%	25.92%	42.52%
PRD (Alianza)	3.7%	16.8%	16.59%	16.64%

Source: Instituto Federal Electoral (1996-2011) found online at http://www.ife.org.mx/portal/site/ifev2/Estadisticas_y_Resultados_Electorales/

The PRI no longer held a politically dominant position and its corporatist structure was collapsing. The party was facing increasing pressure to democratize domestically and internationally. The economic crisis of the 90's fueled discontent with the PRI's neoliberal agenda. Continued discordance in the interests of the PRI generated a prolonged weakening of the party overall, such that the PRI bureaucrats supported the pension reform openly while the PRI-sponsored unions' leaders opposed the same measure (Bensusan 2007: 70). In fact, labor was experiencing a process of democratization itself and the CTM membership was in rapid decline, as unions once affiliated with the CTM sought outside options. A new confederation was formed in 1997, the Union Nacional de Trabajadores (UNT) in light of the dynamic changes taking place in the political arena and a general loss of confidence in the CTM.

The decay of the government-labor relationship and the function of the CTM's electoral machine coincided with a decade of political and union plurality. The outcomes of the elections of 1994 and 1997 were stark indicators to the CTM that the organization had outgrown its function as an electoral intermediary for the PRI and a signal to the

beginning of its relative weakness (Aguilar & Vargas 2006: 92). Finally, the election of 2000 served as the ultimate measure of the new political climate, as organizations like the CTM scrambled to find new strategies to survive in the system.

Decline in Membership and CTM Presence in Government Posts

The most remarkable measure of the strength of the corporate apparatus of the Mexican state was the degree and extent to which the state controlled and incorporated key actors, such as labor, business interests and the military. In the case of the CTM, the Confederation had a relationship with the political party built on more than 60 years of work and integration into the system. Historically, the CTM acted as a tool to integrate different regions and sectors under a single organization, which pledged its support to the party in power. Post-revolutionary Mexico had undergone a system of “organization” of workers into confederations, unions and federations. This period of time coincided with the actual period of political organization in Mexico when the PRI, or as it was formerly known, the PNR, was founded (Aguilar Garcia 2008: 13). Lazaro Cardenas had organized a party which utilized labor to “subdue regional leaderships” (Leon 1990). There were endless opportunities to group Mexican citizens; as a result, one of the most practical ways seemed to be by grouping workers, who already shared a common identity through ideology, sector, or industry. The *centrales* would later come to constitute the Congreso de Trabajo, a partisan pool of PRI-leaning labor confederations which dominated policy and decision-making in the labor sector. The *centrales* combined the party features of a state institution, a party machine and an employment service into one.

In 1938, the CTM began partaking in its role of ensuring a peaceful presidential succession. In exchange for its services, the leaders of the CTM were rewarded with top-

level positions inside the government. *Charrismo* culture was born out of the system which effectually placed labor leaders in government posts to enact legislation which represented workers (Aguilar Garcia 2008; Smith 1991: 343).

The CTM was an organization which placed a strong emphasis on its political relationship with the PRI. The exchange of “power quotas” for “active support for the party’s hegemony” was the basis of the alliance and dated back to the Revolucion. This relationship was molded in the Cardenas years, but fortified through vast state intervention and ISI policies. For decades, the CTM controlled the majority of the labor seats on the Boards of Conciliation and Arbitration. This issue drew repeated attacks later on when Presidents Salinas and Zedillo attempted to dissolve the Boards by reforming the Federal Labor Law. At the height of ISI, the CTM controlled 60% of the Labor Sector’s deputy positions and controlled 8 out of 12 senate seats (Burgess 2004: 68). Moreover, the CTM was the only member of the Labor Sector to have a leader serves as governor until 1982. The Secretary of Labor and member of the CTM became the President of the PRI more than once.

In 1988, the CTM was able to maintain 50% of the representative seats and 68% of the senatorial seats. The Confederation competed with the Confederacion Revolucionaria de Obreros y Campesinos (CROC), Federacion de Sindicatos de Trabajadores al Servicio del Estado (FSTSE) and Sindicato Nacional de Trabajadores de Educacion (SNTE) for top positions in the 88 election, which can be explained by the party’s partiality towards another central confederation (i.e. the CROC) as the PRI fought defectors in the general election. The 1988 election was one stigmatized by the breaking off of Cuatemohoc Cardenas who tried to form a dissident caucus separate from the PRI

support. Salinas ultimately won the general election, although many accused the party of fraud claiming the real candidate had been Cardenas. Nonetheless, the 88 election was amazingly close for comfort and costs the CTM a handful of seats to other *centrales* and more-favored unions.

Table 3 tracks the number of posts garnered by each labor federation between 1988 and 2000, illustrating the fluctuation of the CTM's posts. Mid-term elections in general usually followed a trend of ceding a significant number of positions to peripheral unions. This is illustrated in both the 1991 and 1997 elections, when the remaining *centrales*, the CROC, the Confederacion Regional Obrera Mexicana (CROM) and the Confederacion de Trabajadores y Campesinos (CTC), and the FSTSE and SNTE garnered significant positions in the Chamber of Deputies and the Senate. The CTM retained 50% of the Deputy seats in 1991 and 68% in 1997, marking still a significant portion of the positions in power; in the Senate, labor leaders from the CTM made up 60% and 80% of the positions in 1991 and 1997, respectively. Thus, it would be difficult to argue that the CTM necessarily lost its predominant presence in both the Chamber and Senate. Instead, representatives in key positions and the increasing diversity are indicative of a diverse and pluralistic labor sector.

Table 3. MEXICO: Number of Key Positions and Percentages, Classified by Labor Organization 1988-1997

	Representatives					Senators				
	1988	1991	1994	1997	2000	1988	1991	1994	1997	2000
CTM	34 (50.7%)	36 (50.7%)	39 (84.7%)	28 (68.2%)	11 (55%)	11 (68.7%)	9 (60%)	12 (100%)	8 (80%)	4 (66.7%)
CROC	14 (20.9%)	5 (7.0%)	5 (10.9%)	3 (7.3%)	1 (5%)	1 (6.3%)	1 (6.7%)			
CROM		2 (2.8%)	2 (4.3%)	3 (7.3%)	3 (15%)					
CTC		1 (1.4%)								
FSTSE	4 (6.0%)	9 (26.7%)		6 (14.6%)		1 (6.3%)	3 (20%)			1 (16.7%)
SNTE	13 (19.4%)	12 (16.9%)			7 (35%)	1 (6.3%)	1 (6.7%)		2 (20%)	1 (16.7%)
OTHER		1 (1.4%)		1 (2.4%)	1 (5%)	1 (6.3%)	1 (6.7%)			
TOTAL	67	71	46	41	20	16	15	12	10	6

Source: Javier Aguilar Garcia and Reyna Vargas Guzman, *La CTM en el period de la globalizacion* (2006: 123)

The PRI faced a two-fold crisis in the eighties. On the one hand, the party was losing both domestic and international legitimacy for its methods; on the other hand, an economic crisis and the end of an era of state-sponsored assistance had made it a rather unpopular party. The debt crisis in the 80's prompted a turn-around in economic policy. Restructuring of the economic and political system began with the first technocrat, Miguel De La Madrid (Aguilar Garcia 2008: 14).

In 1982, De La Madrid encountered a country in crisis; his administration enforced tough austerity measures, increased taxes, increased the price of foodstuffs and froze wages. These policies, while necessary, were at odds with the decades of state-led interventionist policy that the CTM had grown accustomed to. In the wake of the 1982

crisis, the CTM manifested its discomfort with the President's economic plan, to no avail. Instead, De La Madrid's administration began favoring other *centrales*, playing the federations against each other (Aguilar Garcia 2008: 38). This tactic worked well as leverage between election cycles, for example, the 1991 and 1997 midterm elections. Consequently, its tacit compliance with unfriendly policies placed the CTM in a position to bargain for greater posts—senator seats, representatives, mayor and governorships.

Salinas' administration took three paths to reduce the CTM's power: 1) eliminated labor leaders which did not comply with economic policies; 2) cede power to the other centrals to diminish the CTM's power; and 3) support the creation of new central unions Federación de Sindicatos de Empresas de Bienes y Servicios (FESEBES) and the UNT (Aguilar & Vargas 2006: 62). Fidel Velasquez, because of his historic presence and ties to the PRI, complied with the economic reforms and maintained his position in the CTM (Aguilar & Vargas 2006: 62).

The government reformed the electoral law in 1990, in an effort to regain legitimacy for the regime (Aguilar & Vargas 2006: 69). Velasquez in 1990 called on all CTM-unions to ally themselves with the PRI in a campaign of solidarity in preparation for the mid-term elections (70). One of Salinas' missions while in office was to reform the Labor Code (65). Unions such as the FESEBES expressed their support for reforming the law, while the bulk of the centrals in the CT opposed the measure (66). This was in part because the Labor Code authorized power to unions through control of the Arbitration Courts; the CTM held the majority of the positions in this realm. In sync with the needs of globalization and market demands, Salinas widely encouraged increasing efficiency and productivity (67). Leader of the CTM, Fidel Velasquez, made open threats

that the CTM would retreat its support for the PRI if labor reforms were fulfilled, thus the law froze between 1992 and 1994. Finally, NAFTA served as a climatic finish to President Salinas' term, as his social programs, free trade agreement and neoliberal policies had all been propelled, allowing him to carry the strongest influence in the presidential transfer of power (80).

In exchange for its unyielding support through Salinas' neoliberal project, the CTM had managed to pressure for 9 senate positions and 50 representative seats (Aguilar & Vargas 2006: 71), in addition to reviewing minimum salary. By the end of the 92 mid-term elections, the CTM obtained 51% of the representative positions it lobbied for and 60% of the senate positions (Aguilar & Vargas 2006: 73). Despite the effort to modernize the party, the PRI maintained its corporatist approach with valuable sectors, such as labor (Aguilar & Vargas 2006: 74).

The *sexenios* of Carlos Salinas and Ernesto Zedillo further marked the rupture between economic policy and the needs of organized labor. During these years, Mexico underwent a project of modernization, with the end goal of landing Mexico into the elite group of "developed nations." If the CTM was marginalized during Salinas' term, it was completely sidelined in Zedillo's. The Confederation had taken *any and every* position in favor of the administration in power and at odds with the interest of workers from 1982 until 2000. Such was the contradiction that the organization had supported both policies of wage freezes and the devaluation of wages from 1983 until 2000 (Aguilar Garcia 2008: 41).

The most severe crisis came in Zedillo's administration, labeled the Peso Crisis. His administration tried to mediate the crisis through a series of economic pacts and

emergency reforms. The *centrales* complied with emergency reforms, like the Unitary Agreement to Overcome Economic Emergency (AUSE), although most of the reforms proved to be ineffective. After AUSE, Zedillo was forced to impose yet another emergency adjustment program. The new program took into consideration the demands of globalization by removing the wage ceilings on collective bargaining and introducing productivity bonuses in order to encourage more productivity (Aguilar Garcia 2008).

The CTM pressured for an increase in wages in 1995, as inflation grew uncontrollable at 164.4%, and wages only increased by 7% (Aguilar & Vargas 2006: 97). The confederation had little success in bargaining increased wages, and only accomplished an increase in salaries of 14.75%. The UNT, on the other hand, obtained an increase of 18% and the CROC obtained an increase of 24.5%. The CTM's negotiating power was rapidly diminishing as consequence of competition with other unions (100). The government tried to negotiate another pact but labor leaders declined, uninterested and frustrated with economic pacts that had failed to bring economic stability to workers (101). The CTM continued to comply with emergency reforms, exercising resistance in between election cycles, as it had grown accustomed to do.

A small decline in the number of positions in the government in 1997 can be accredited to factors, such as the lack of support of the bases towards their leaders, the neoliberal assault on workers' rights, the death of Velasquez and the recurring image of Cuauhtemoc Cardenas as a potential candidate and savior for workers (Aguilar & Vargas 2006: 123). In addition, the CTM witnessed in the 1997 elections a decrease in power and support and increasing competition among other unions for favoritism (125). The CTM

was forced to continue to work diligently to maintain the relationship which the only party it had historically relied upon.

The CTM blindly supported pacts and reforms which were detrimental to its membership base. Consequently, another difficult obstacle for the CTM came in the loss of members due to discontent and union plurality. The CTM lost a significant portion of its membership as workers sought unions which better represented them. Approximately half of its membership was lost between 1997 and 2005 (Aguilar Garcia 2001: 45). This occurred for a number of reasons, such as: the increasing inability for the CTM to promote the goals and interests of its membership; the increasing plurality of the labor sector decreasing of unionized workers and; the weakening grip of the PRI. Overall, these factors contributed to a general loss of confidence in the political system and the decay of old organized labor.

Economic pacts had created a disparity among workers. For instance, one aspect of the PACTO (Pact for Economic Solidarity) was the narrowing of the earning differentials between unionized and non-unionized workers (Burgess 2004: 78). Thus, non-unionized workers came close to earning salaries which nearly topped that of organized workers. In this matter, the idea of belonging to a union was largely irrelevant for workers seeking better opportunities. For an organization like the CTM which was made up of over five-hundred unions from across sectors and industries, salary differentials gave rise to irregularities among workers. Thus, the organization struggled to find a common platform which would fit the needs of its entire membership. The CTM also proved its inadequacy when it came to achieving goals for its members.

As a result of neoliberal policies, the PRI began to lose power in a variety of important positions, such as municipal positions, governorships, and senator and representative spots at the federal level (Aguilar Garcia 2008: 109). In 1997, the PRI loss was by far the most significant it had endured nearly 70 years; it lost the absolute majority in the Chamber of Deputies (Camara de Diputados) or the Lower House of the Mexican Congress. With this loss of power came a realignment of the centrales; the year 1997 coincided with the birth of the UNT. Organized labor had placed all of its hopes in the continual dominance of the PRI and its power to provide the rewards at the other end. With its decline in power, labor had to reshuffle to fit the changing political landscape.

Once the backbone of Revolutionary Mexico, organized labor struggled for subsistence in the final years of the 90s. Union membership, in rapid decline since the 80s, was proof that, among other things, organized workers no longer confided in the system (Bensusan 2007: 76). In 1984, 30% of citizens belonged to unions; in 2000, only 20% of workers belonged to unions (Bensusan 2007: 77). Membership suffered because unions had lost their ability to offer workers higher pay, security and benefits which had been the cornerstone of the Mexican labor movement. To illustrate, in 1984 unionized workers made 19% more than non-unionized workers; in 1988, unionized workers made only made 17% more than non-unionized workers (Bensusan 2007: 77). Thus union affiliation offered little incentive or recourse to a rapidly aging working population facing economic uncertainty and widespread unemployment.

Since the election of 2000, old central unions which once served as wings for the PRI are now the minorities, and new unionism is more heterogeneous and instable (Bensusan 2007: 79). Although the CTM's membership did not exceed 1 million

members in the 1990s, in 2006 it was only 765,000 (Bensusan 2007: 79). In 1986, only 67 non-CT member unions were registered. In 1997, that number grew to 373 non-CT member unions. Under new unionism, non-CT unions offer alternatives to workers who feel their needs were unaddressed in the CT. Leaders of these unions refuse to become members of the CT, now that they have found outside support to register unions not affiliated with the central confederations. The state itself has contributed to the erosion of the *centrales* since both De La Madrid and Salinas drastically reduced the bargaining power of the Congreso de Trabajo, leading what Javier Garcia Aguilar labeled as a “direct assault” on leadership privileges through new programs such as new unionism (2001). The following table illustrates the decline in membership in the Congreso de Trabajo unions from 1978 to 1997.

Table 4. Membership in the Congreso de Trabajo from 1978-1997

Confederation	1978		1986		1993		1997	
	Associated Unions (AU)	Membership	AU	Mem.	AU	Mem.	AU	Mem.
CTM	767	315,883	469	455,718	573	914,124	581	926,455
CROC, CROM, CGT, COR	937	152,288	550	145,951	707	261,250	732	247,973
Total	1,704	468,171	1,019	601,669	1,280	1,175,374	1,313	1,174,428

Source: Javier Aguilar Garcia (2001) in *La Poblacion Trabajadora y Sindicalizada en Mexico en el Periodo de la Globalizacion* (145). Author uses statistics from the Secretaria de Trabajo y Prevision Social, Unidad Coordinadora de Políticas, Estudios y Estadísticas del Trabajo (UCPEET)

The election of 2000 marked a turning point in Mexican history. The most visible change was that the President of the Republic represented the more conservative PAN. Many predicted the corporatist structure of the PRI would fracture without its hegemonic control. Slowly, the system which had enabled actors like the CTM would finish

decaying. In 2000, the CTM lost 60% of the representative posts and 50% of the senator positions it had retained in the 1997. The CTM would have to find new strategies in a pluralistic environment.

Like the economic policies of the old days, the CTM-PRI alliance underwent deconstruction during the period of globalization. In its place came union and political plurality, democratization, free trade and privatization. These variables further weakened the CTM, which relied on its ability to deliver votes to the principal party. It derived its power from its robust size and influential positions of power. The neoliberal reforms broke with the past, alienating groups that had once supported them, marking the beginning rupture in the corporate umbrella. Marginalized during Salinas' and Zedillo's, the CTM lost nearly every battle it fought; it was not an organization adept to democracy and plurality. Like the PRI, the CTM was forced to adapt to a new system, which didn't favor a single confederation, union or sector. In the midst of the reforms, the CTM had to search for new methods and strategies to find its place in a democratic Mexico. The next sections analyze the strategies the CTM had to employ to manage under neoliberalism, the effects of a new model of unionism and the far-reaching impacts of the era of globalization on organized labor.

CHAPTER III

CHANGING FACE: NEW UNIONISM AND NEW STRATEGIES

The sexenios of Carlos Salinas and Ernesto Zedillo further marked the rupture between economic policy and the needs of organized labor. Mexico underwent a deep project of globalization and modernization, with the goals of shrinking the government's role and tackling fiscal deficits (De La Garza 1993). The downsizing of the state and movement away from a state-led system of production created a new working class which did not share in the antique traditions of unionized workers. The CTM's traditional role as a "pillar" of stability for the state and party became antagonized throughout organized labor and associated with the PRI's "authoritarian and anti-reform wing" (Levitsky & Mainwaring 2006: 35). Dynamic changes among organized workers and union ideology had long-lasting impacts for both the *confederaciones* and Mexican workers.

In this chapter, I propose events that dramatically changed the course of organized labor. By the mid-80s, the union ideology which had fueled the Mexican Miracle had become antiquated. Workers faced new struggles; globalization had permeated borders,

changing domestic relations worldwide. In light of this, organized labor within Mexico faced many of the same internal and external reforms taking place in the international industrial relations community. Particularly the decade of the 1990s was a volatile time for workers. President Salinas undertook a project labeled “New Unionism” which established new unions and a new agenda for organized labor which fit the needs of globalization and neoliberal economics. The death of the CTM’s leader, Fidel Velasquez also had a symbolic bearing on the organization’s standing as well as its struggle to find a new leader. An organization which had an alliance built on more than sixty years was forced to change its traditional approach. Further, the CTM went head to head with two administrations over reform of the Labor Code and the Federal Labor Law. The CTM struggled to preserve its influential position, unmasking its weakness in the final years of the PRI’s decline.

New Unionism

In 1997, the PRI lost the absolute majority in the Chamber of Deputies. With this loss of power came a realignment of the *centrales*. Reforms and policies which pushed for greater political tolerance and diversity were proposed and passed, ushering in an era of greater plurality. The CTM and the Congreso de Trabajo had gambled on its close alliance with the PRI. With its electoral loss, labor had to reshuffle to fit the changing political landscape. The PRI’s gradual withdrawal from the center of power prompted a number of democratic changes in other sectors. For one, the long-standing partisan Congreso de Trabajo lost much of its clout through the political opening process. This was coupled with the founding of the UNT and a general rise towards a movement coined as “new unionism” (Aguilar Garcia 2008). The UNT marked the newest and most

influential organization within this movement, according to Bensusan (2007), as it carried an outwardly liberal agenda which sought to deconstruct the centrales.

New unionism characterized the final years of the twentieth century, which culminated both in the political and electoral opening of Mexico as well as a vanguard surge of “independent unionism.” Independence was characterized by the establishment of unions not affiliated with the Congreso de Trabajo and the CTM. New unionism hoped to eradicate the *charro* union bosses from power, reasserting the power in the hands of everyday workers. The primary underlying assumption of new unionism in Mexico was based on the depoliticizing of unions, implementing a national sense of social justice in the midst of an overall democratization. These efforts were accompanied by grassroots movements and efforts to initiate reforms to the Federal Labor Law (LFT) which could favor workers, not political parties, with the ultimate goal of true freedom for unionized workers.

Behind new unionism was the philosophy that old unionism in Mexico had been in a petrified state, heavily regulated and dominated by the PRI. The movement invited the creation of new unions, which recognized the extent of the projects they would like to undergo and would not sacrifice workers for power. This Arcadian vision for the future of the labor sector created a substantial current in the organized labor community, unsteady the floor beneath the CTM and Congreso de Trabajo.

New unionism mirrored the same ideas of democracy, representation and the deconstruction which were occurring in the political arena. President Salinas marked a number of “tenets” for New Unionism. Among these were to make unions strong and

representative; create an environment in which unions did not rely on confrontation; working with unions which cooperated in the production process; preserving the historical alliance between the state and workers; creating an environment which respected unions and organized labor; aiming to perfect labor relations between businesses and unions; recognizing the need for workers to increase productivity; reducing the cost to enter new markets; and lastly, having businesses which created a “culture of motivation and communication which encourages incentives and rewards hard work” among organized labor (Aguilar & Vargas 2006).

Salinas’ administrations advocated the creation of new central unions, such as the FESEBES and the UNT (Aguilar & Vargas 2006: 62). Thus, the formation of the UNT fit into the new model of unionism (Bensusan 2007: 68). Among some of the conclusions made by Javier Aguilar in analyzing the onset of new unionism and the state of unions in 2000, the author concluded that still in 2000, the Congreso de Trabajo and the CTM had a very strict, hierarchical structure modeled after the political system which had governed Mexico for so long. Further, the gradual and steady decline in membership and associated unions to the CTM and CT signaled the increasing competition and plurality of unions. The CTM’s relative weakness in this period is in part due to the Confederation’s encompassing and blanket-like nature, which blocked it from forming a cohesive, unilateral platform. Another indication of the rise of new unionism has been the increasing number of independent unions; in part, this phenomenon is a result of three administrations which promoted strength in independent unions outside of the CT and CTM (Aguilar 2001:380). This tendency to abate the *centrales* was further exacerbated by employers who participated in favoring independent unions. Finally, the CTM did

lose approximately half of its membership between 1997 and 2005 (Javier Aguilar 2001: 45). Whether that is accredited to new unionism or not, it still represents a significant loss for the organization.

In the new political system, post-2000, unions continue to face “modernization” as was shown in Fox’ administration when he showed de facto privatization despite union opposition (Roman & Arregui 2006: 97). In the new systems, *charros* survived and have been enabled by the PAN as new party bosses. All in all, the *charros* are more concerned with furthering their own interests than that of their membership. The PRD has tried to establish electoral support and short-term goals, but has not shown interest in making long-term investments in organized labor. Attempts to pass the Chapultepec Pact (2005) demonstrated how the new system tried to merge the interests of capitalist, CTM leaders and intellectuals; this is an example of *new unionism*. Finally, the real focus of new unionism fundamentally is in the industry or sector it represents, thus creating a challenge for an organization like the CTM.

Death of Velazquez: 1997

In the wake of Velazquez’ death, there was a substantial fear that a power vacuum that could debilitate Mexico's largest federation of unions, the CTM. Velazquez’ death was nothing short of symbolic, preceding the mid-term elections of 1997 by two weeks; it was in this election that Mexico entered into a new era of political plurality. The great labor leader was commemorated as “a monolithic figure in Mexico's labor movement and ruling party for most of this century” (Deseret News 1997). Throughout the century,

Fidel Velazquez' role had been praised in that as a leader he lent stability to the CTM, and as an interlocutor, he delivered millions of votes to the PRI.

The PRI-CTM alliance, however powerful, had substantially declined by 1997. Nonetheless, the PRI still continued to be the largest political party and the CTM, the largest confederation. Replacing the CTM's leader proved to be challenging; he was ultimately replaced by Leonardo Rodriguez. There was a general consensus in the labor community that no leader would be able to encapsulate the role which Velazquez had played for half a century (Coerver et al. 2004).

Notwithstanding the setback for the CTM itself, the death of Velasquez provided hope to leaders of other unions who hoped for the possibility to strengthen their relationship with the government in his absence (Aguilar & Vargas 2006: 131). With the death of Velasquez also came the exit of many pivotal groups of the CTM, such as pilots and flight attendants, electricians, subway workers and more. Nearly five months after the great labor leader's death, the National Worker's Union was formed (UNT) as the new central confederation, with expectations that it would act as the new interlocutor between the changing government and labor (Aguilar & Vargas 2006: 132). Not only did the CTM feel threatened by the UNT, it reacted by staging verbal attacks on the union, accusing it of undemocratic methods and methods which only sought to benefit union leaders. It did not help that in 1999, more than 50,000 workers left the CTM in search of a union which better fit their needs (Aguilar & Vargas 2006: 133). Repeated failures on the part of confederations like the CTM led to a greater fragmentation of the CT. This in turn fueled a more defensive and proactive union movement which fought for social

security benefits, fervently opposed labor flexibilization and neoliberal reforms (Bensusan 2007: 82).

Changing Negotiation Strategies

Mexican unions and confederations in the neoliberal era were forced to change negotiation methods, as forceful opposition proved to be ineffective. The political environment at first did not invite opposition despite the polarizing nature of PRI reforms. It was throughout this period of time that the CTM had to conceive new strategies. These new methods included the repeated use of subordination over confrontation and the reducing occurrence of strikes as a method of negotiation.

By the eighties, the CTM's traditional role had grown outdated and ineffective. The CTM had forged a strong state-labor relationship throughout the period of state-led industrialization. For example, the period of time referred to as the Mexican Miracle (between 1960 and 1970), when Mexican industry grew from 29.1% of the GDP to 38.5% of the GDP and GDP grew from \$16.2 billion to \$51.2 billion is the period in which labor enjoyed the most favorable policies and treatment (Smith 1991: 325). Prior to neoliberal economics, the CTM and much of organized labor enjoyed a climate of heavy state interventionist policies, import-substitution industrialization (ISI) and a strong degree of latitude and power in decision making. ISI rewarded workers with material gains, such as wages and social benefits. Throughout the period of ISI, the PRI created new channels of union access to the state and forged deep union loyalties (Levitsky & Mainwaring 2006: 32). The PRI had established a reputation built on a regulated labor market and heavy state intervention (Murillo 2002). This level of state intervention meant that labor leaders held more decision-making power, not employers.

While its allies were in power, the CTM exercised considerable scope of power. However, as the PRI's platform drifted further away from the revolutionary ideology, the CTM found its own position compromised. According to Katrina Burgess, CTM leaders grew accustomed to applying norm-based voice, which refers to "demand-making that conforms to the norms governing interaction with the party in power" (2004: 65). In this case, the CTM resorted to nothing short of compliance with policies which were detrimental to its membership. In short, norm-based voice for the CTM consisted of acts of subordination by leaders, which found little to no recourse to the PRI's economic and political reforms.

Maria Victoria Murillo also highlights how the central confederation changed its approach in 80s and 90s. According to Murillo's "Theory of Union-Government Interaction" the CTM began exercising both effective and ineffective restraint³ during the period of neoliberalism, yet the bottom line is that the organization only relied on restraint (2001: 14). Renouncing the use of militancy, such as protests and strikes, the CTM changed its general approach: they forewent decades of the "effective militancy" approach and in its place invoked "restraint" and other forms of bargaining. This is illustrated by the number of "registered strikes" which were registered yet not actually carried out (Murillo 2001). In fact, Murillo is able to illustrate how two labor-based parties, the PRI and the Peronista Party in Argentina, were able to subdue labor amidst unpopular reforms; both had "allies" in power and both exercised restraint, subordination and compliance with neoliberal reforms.

³ *Restraint* in reference to union negotiation is defined as a tool which does not utilize protests or strikes to gain outcomes; instead labor leaders resort to the negotiating table to achieve results.

Organized labor struggled to survive amidst a changing political and economic environment, which invited globalization, free trade agreement and the devaluation of labor. This climate forced leaders to rethink their old methods and brainstorm for new, innovative and effective strategies to combat unfriendly reform. One general trend which emerged in the 90s took the form of soft protests, such as the boycott of May Day from 1994 to 1997. May Day, or Labor Day, had a historical significance in Mexico and much of Latin America (Bensusan 2007: 83). The first May Day was celebrated in Mexico in 1913, organized by the Casa Del Obrero Mundial. The following year, May Day commemorated the founding of the Confederation of Unions, thus marking the birth of organized labor in Mexico (CONAMPROS 2012). A pivotal turning point occurred when workers took to the streets in protests on May 1, 1995, refusing to stage their annual peaceful parade. Instead, laborers “transformed the nation's traditional Labor Day celebration into a huge protest against President Ernesto Zedillo and his economic policies” (Los Angeles Times 1995). Historically, this day had been reserved for pro-government demonstrations of support, yet it was used in this instance as an opportunity to attack the neoliberal reforms of Zedillo’s administration.

In the context of neoliberal reforms, the CTM used strike petitions as its typical response to economic policies (Burgess 2004: 75). More strikes were registered than were actually staged during this period of time, due in part to the fragile climate of labor; leaders feared sacrificing their own positions or promotions. The amount of strikes registered outnumbered strikes which were carried out (Aguilar & Vargas 2006: 106). In 1989, the CTM staged a total of seventy-one (71) strikes against the government, while registering over 4,700 strikes. In 1993, in the midst of a tumultuous year of economic

crises, the organization staged nearly one-hundred (100) strikes, the highest number in the 90's. That same year, the CTM broke the five-thousand (5,000) mark, registering in total 5,163 strikes. From 1993 onward, registered strikes exceeded 5,000 per year, yet actual executed strikes reduced to 93 in 1995, 38 in 1997, 33 in 1998 and only 22 in 2000 (Aguilar Garcia & Vargas 2006: 106). Thus, there is a significant decrease in the number of strikes staged against the government, while registered strikes were on the rise.

In the post-PRI decade, studies have critiqued the CTM for its lack of effectiveness in attaining social benefits, negotiation and dealing with technological changes (Bensusan 2007: 77). In the 2000s, less than 10% of collective contracts are reviewed per year and strikes have dramatically reduced in frequency. Despite the actual reduction in executed strikes, according to the Arbitration and Conciliation Board (JFCyA), strikes now last longer in the presence of plurality than they did before (78). In democratic Mexico, the old central unions which served as wings for the PRI are now the minorities and marginalized. New unionism, however, might be more heterogeneous but it is also more instable (79).

Resisting Reform to the Labor Code

While the CTM assumed a very subordinate position in the face of neoliberal reforms, it proactively fought and resisted reform to the Labor Code. The CTM utilized a coalition of opposition in the face of reform the Federal Labor Law and the Labor Code. Attempts to reform the Labor Code were made by Salinas and Zedillo, and later by the PAN coalition in the presidency of Fox. Despite avid attempts to reduce the power of organized labor through legislative reform, unions and organized workers were able to

resist and oppose the reforms. Repeatedly, the CTM joined with other members of the *Congreso de Trabajo* and unions across Mexico to resist these reforms.

Salinas proposed reforming Article 123 of the Labor Code on the day NAFTA was passed. In his book, the former president recalls the opposition he received from CTM leader, Fidel Velasquez (2002: 484). He had proposed to reform Section 20 of the Labor Code: the Conciliation and Arbitration Clause. In his words, he believed that “conciliation and arbitration should be voluntary” (2002: 485). Salinas believed labor reform would regulate itself, just as the markets did. Salinas wanted to dissolve *obligatory arbitration*, as required by Section 20 of the Labor Code (Salinas de Gortari 2002: 488). According to him, workers should only trust and rely on themselves and believed the “state should not intervene to gain balance between productive factors” (2002: 489). Though Salinas actively campaigned on reforming the Labor Code, the bulk of the *centrales* opposed the measure (Aguilar & Vargas 2006: 66). Velasquez made an open threat that the CTM would retreat their support for the PRI if the labor reforms were fulfilled, thus the law froze between 1992 and 1994.

Another set of reforms which met rigid resistance were the attempts made to reform the Federal Labor Law (LFT). The proposed reform sought to help workers mobility; enable contracts for shorter hours and workdays, limit corporate responsibility, eliminate the Arbitration Court, reduce loans to public companies and give workers the freedom to unionize as they wish (Aguilar & Vargas 2006: 110). The PAN suggested that the Arbitration Court had outgrown its central role and had no place under the jurisdiction of the Executive Branch, instead deserving a place under the Judicial Branch (111). The PAN also suggested reducing the workday from 48 to 40 hours. Through its efforts, the

PAN sought to limit the power of the state in the mediation of labor and instead giving that role to business itself. The CTM stated its firm opposition to PAN's reforms, threatening to support the opposition (113). This in part was because part of the PAN's plan was to completely eliminate the monopolized factions of labor (113). The PAN advocated for labor reform which they claimed would finish eliminating the corporatist structure which had bound Mexico for much of its history (113).

The PRI rejected changes to the LFT at the risk of losing the support of the labor sector (Aguilar & Vargas 2006: 114). In response to the initiation of reform to labor laws, the "centrales" also created a platform to combat. This platform included: agreeing to improve the productivity of labor, the protection of strikes as a form of negotiation, preserving the arbitration courts, and protecting the unconditional presence of unions and their critical functions (Aguilar & Vargas 2006: 115). The CTM issued a final ultimatum by stating that if such a reform was allowed to occur, the organization would go to the extent of rounding up support across Mexico, uniting all types of unions against the reform (Aguilar & Vargas 2006: 116).

The *centrales* faced an increasingly hostile climate in the final years of the neoliberal project. These changes combined the project of New Unionism, the death of a historical figure and backbone of Mexican organized labor, changing negotiation strategies and the final battle to resist reforms to the Labor Code and Federal Labor Law. Despite a lack of constitutional change, unionism experienced substantial internal and structural changes since 1988 (Bensusan 2007). These changes are the result of the gradual increase in autonomy of unions from the state and the decrease of presidential and political influence from the state. These changes carried little to no benefit to

workers. In the words of Susana Bensusan “*Hace falta ceder poder legal a cambio de ganar poder real*” (2007: 85). In effect, by the closing of the 20th century, Mexican elites had in fact promoted a strategy of “perestroika without glasnost”—of economic restructuring without a genuine political opening (Smith 1991: 396).

CHAPTER IV

MEXICO, GLOBALIZATION AND NEOLIBERALISM: EFFECTS ON ORGANIZED LABOR

Globalization has been as much a social movement as economic; economically, globalization has brought free trade and interconnected global economies; socially, globalization has broken national borders, integrating capital, technology, and information. As Thomas Friedman argued, “globalization succeeded in creating a single global market and, to some degree, a global village” (Friedman 2000). This global village has enabled accessible international commerce, placing increased pressures on productivity and a competitive labor force. In the 80s and 90s, Mexico, like many other countries, adopted globalization, a movement which spawned the decade of political opening in Mexico. Consequently, plurality in the political arena and the avant-garde of free market policymaking coincided in a way which fundamentally altered industrial relations.

In this section, I argue that globalization, through free-market macroeconomic policies and the integration of Mexico into a global arena, debilitated organizations like

the CTM, which were linked to a dated ideology and a political system which had come under attack. Globalization initiated a shift in economic policies which transferred the focus to productivity, a scope outside of the CTM's capabilities. De facto labor flexibilization was extensive and prompted the creation of a large informal sector; in short, flexibilization challenged the logic behind organized labor, which suffered grave losses in this era. Globalization, through its leaders, shifting ideological stances and economic prescriptions subverted organized confederations like the CTM. In Mexico, neoliberalism was ushered in by technocrats, a group of economic and academic elites whose very essence contradicted with the political elite of the past. Leaders in this era implemented reforms based on the idea that Mexico, with an economic makeover, could become part of the globalized economy. As a result, globalization brought de facto flexibilization to organized labor, contributed to political and union plurality and preceded the signing of NAFTA, Mexico's first free trade agreement with the U.S. Globalization also highlighted the rights of workers and advocated for greater transparency, putting the burden on the Mexican government to improve the conditions of the working class. Lastly, globalization through the displacement of workers, contributed to an increase in immigration to the U.S. In sum, the consequence of globalization for the CTM came in the lack of preparation and anticipation of policies which would have complimented the demands of an integrated economy.

Neoliberal economic policies pierced the veil which had maintained Mexico in a calcified economic system for nearly 50 years. After decades of import-substitution industrialization, the Mexican government had outgrown its debt. In fact, Mexico was the first country in Latin America to default on its debt in the 1980s. The crisis in Mexico

was so widespread in the early eighties that between the years of 1982 and 1988, the real value of the minimum wage dropped by 48.3% and that of contractual wages dropped by 47.6% (Aspe 1993). The crisis in the 80s forced leaders to reconsider an economic program which would tackle the debt problem.

Technocratic Thought and Globalization

Coincidentally, the debt crisis and the wave of technocratic thinkers came together in the eighties to implement neoliberal economics which advocated for minimizing government intervention in the economy; thus, free trade, fiscal discipline, and privatization were widely encouraged (Kuczynski & Williamson 2003). The design, methodology and implementation with which neoliberalism was imposed in Mexico is fully on account of the wave of foreign-educated leaders, such as Jose Lopez Portillo, Miguel de La Madrid, Carlos Salinas de Gortari and Ernesto Zedillo which dominated decision making after the 1980s. These leaders recognized “Mexico’s role in the world, and the importance of insertion, as opposed to isolation, as a means of advancing the national interests” (Golob 1997: 99). Economic policy under technocratic leaders like Pedro Aspe advocated a retreat from heavy state intervention; instead it endorsed building stronger relationships with business interests and international players. Thus, the role of *technopols* in Mexico as agents of globalization cannot be overlooked; their role in promoting and engineering an economic agenda broke ground for ideological shifts in the political, economic and labor arena.

In Mexico, market reforms took the form of the privatization of certain industries, liberalization of exchange rates and lowering and elimination of tariffs. These policies freed the market, causing capital to move in and out, eliminating inefficiencies and

encouraging a work culture based on productivity and creating a competitive market. Notwithstanding high expectations of growth and confidence, reforms in Mexico failed to provide employment opportunities at a time when Mexico's young population was growing at a quick rate. Subsequently, the reforms were unpopular and brought widespread unemployment. The progression to free trade was completed in 1992 with the signing of Mexico's first free trade agreement, NAFTA (Covarrubias V. 2009: 75). Mexico, a country which had previously relied on the export of petroleum, saw manufacturing and foreign investment substitute this sector after free trade. This era of adjustment cost the country millions of jobs, creating thousands of unemployed workers which fled to the U.S. (76).

Neoliberalism and free market ideology brought upon a paradigm shift of industrial relations in Mexico. Faced with unpopular neoliberal reforms, the CTM continued to identify with the PRI by blindly supporting pacts and reforms which was detrimental to its base. Consequently, the CTM lost approximately half of its membership between 1997 and 2005 as workers sought unions which better represented them (Aguilar Garcia 2001:45). The CTM was not equipped to compete with the increasing plurality of the labor sector. Political plurality brought union plurality and an unraveling of the Mexican corporatist state. These macro-level changes impacted both the political landscape and the Mexican labor market.

The period of globalization has instigated a free flow of services, capital, labor and goods, and encouraged an increasing interdependence of commercial relations and foreign investment across borders (Escobar Villanueva 2007: 4). Mexican emigration has increased during this period, consequence of an inversely proportional relationship

between the volume of migration and the strength of the Mexican economy. In concert with reforms, the PRI has shifted from the revolutionary ideology to a platform which better compliments globalization and neoliberal reforms.

One of the consequences of a labor ideology built on the Mexican Revolution is that it had not factored into consideration both worker's rights and production; thus, it only addressed the problem of economic development (De la Garza Toledo 1994: 20). For this reason, neoliberal economics undermined the old labor ideology and transformed the PRI party to a party which identified more with social liberalism. This new discourse changed the focus and ideology of industrial relations from worker-based to employer-based. Employer-based ideology focused on improving productivity and quality of production (19). This outward effort to transform labor can be seen in specific programs, like the National Agreement for Increased Productivity and Quality (ANEPC) and various new union training and education programs which were implemented during Salinas' term (19). Thus, organizations like the CTM had little to weigh in on policy decisions, as reforms in the labor sector primarily revolved around empowering employers, not union bureaucrats or the working class. The transition to a system focused on creating a competitive workforce and higher productivity meant that labor leaders had little to contribute to this discourse (Aziz Nassif 1994: 133). Collective work contracts also contradicted with globalization because they were based on a system which promoted individuals through seniority, not training. This meant the Mexican government had to enact widespread labor flexibility to meet the demands of globalization—higher productivity.

The PRI's Shift in Ideology and Social Liberalism

To further detriment, by the mid-80s, the union ideology which had fueled the Mexican Miracle had become antiquated. Workers in the new global economy faced new struggles; globalization was changing domestic economics at an international level. Particularly the decade of the 1990s was a volatile time for workers. Salinas de Gortari delivered the new “social liberalism” in a speech on the anniversary of the PRI’s founding in 1992. Among his key points, Salinas described the new state as one that would no longer intervene in the economy, save a necessary intervention to fix “imperfections.” It also “did not promise what it could not deliver” (Salinas de Gortari 1992). That is, the new state did not accept the paternalistic approach for social justice, which had acted as the foundation of the Mexican Revolution ideology. Under globalization, the state has repositioned itself to a position which encourages individualism and away from being a benefactor (De la Garza Toledo 1994: 20). In short, neoliberalism brought a shift in platform both economically and socially.

Social liberalism served as a way to justify the PRI’s transition to a more conservative platform which stressed flexibilization and deregulation of the labor market. “Flexibilization” meant labor, like capital, became more mobile and fleeting; countries had to rethink the competitiveness and productivity of labor. Labor flexibilization made it easier for workers to leave jobs, seek better positions and compete in the market (Stone 79). The push for labor flexibilization was evident in Mexico, as it was the national objective under Ernesto Zedillo’s administration in the *Plan Nacional del Desarrollo 1995-2000*.

Labor Flexibility and Independent Unionism

Labor flexibility, however, gradually reduced and weakened the archaic CTM through deregulation, which emphasized the autonomy of workers and individuals in the new markets. In detail, flexibilization in the 90s contributed to making the jobs of managers more “flexible” by giving them freedom to hire and fire, subcontract workers, utilize merit based promotions and establish internal mobility. Flexibility destroyed the advantage that unions had had over the bargaining and negotiation system. Labor flexibilization mirrored the macro-level economic changes occurring in the political arena; regulation was virtually incompatible with neoliberal economics.

Globalization also contributed to the vanguard surge of “independent unionism.” Salinas plan for new unionism and its role in a globalized Mexico aimed at making labor more competitive. He decentralized union relationships, encouraging workers and management to reach agreements on their own. This did not include pluralism, however. In short, Salinas encouraged a “new labor culture” among organized workers (De la Garza Toledo 1994: 21). Independence was characterized by the establishment of unions not affiliated with the Congreso de Trabajo and the CTM. While independent unionism better addressed the needs of workers, it undermined both the organizational structure and strategy of the central confederations like the CTM. As a result, the long-standing partisan CTM lost much of its clout through the political opening process and the surge in independent unionism.

Cooperation between business and labor gave Mexico the credit worthiness it needed to lower inflation and attract foreign investment, through lower interest and exchange rates. After all, business and labor bought into the new ideology which

promoted business productivity and protected total quality of labor (De la Garza Toledo 1994: 30). This ideological pact paved the way for NAFTA, inasmuch as it preserved unions and confederations.

NAFTA in the midst of globalization furthered the creation of significant transnational labor communities and identities. This worked to the advantage of small, fringe unions in Mexico, but directly contradicted the central Mexican confederations. The CTM, for example, maintained a contradictory position in support of NAFTA for its own motives—maintaining the minimal bargaining power which the sector still had in securing the presidential succession. Additionally, NAFTA trans-nationalized some common causes for labor. It was a unique opportunity for labor leaders across borders to join together in opposition, yet it became increasingly difficult for North American unions to find a common platform with Mexican confederations, which for the most part, were wholly integrated into the political system. The CTM's privileged position as the supreme interlocutor for labor meant that it had no express interest in creating transnational alliances.

It is important to highlight in the case of NAFTA, neither the Mexican state nor the *centrales* fought to put labor rights on the agenda of the agreement. The push for greater transparency worked to unassumingly integrate these rights on the part of the U.S. and Canada. The Mexican government maintained a steadfast position, arguing that Mexico wanted “trade, not aid” (Cook 1994: 145). NAFTA did not bring high quality jobs. This is because Mexico opted to compete on the one factor it was most competitive in—labor costs. Sectors which inevitably saw explosive growth were the garment, textile

industries and maquiladora sector. These market niches created hyper-dependency for the sector and the creation of low-quality and low-paid jobs.

Amidst globalization, Mexico has seen a radical shift toward *de facto* flexibilization. The result has been a switch from a worker-central industrial model to one which is more aligned with the needs of employers. This has been the result of globalization which places increased pressures on countries to make both products and labor competitive. Thus, in the new age of Mexican organized labor, old central unions have had to adjust to the changing needs of the Mexican economy, catering and at the disposal of the market.

For organized labor, the threat on workers has had repercussions. The informal sector has more than doubled, and membership for unionized workers is at an all-time low. The state itself has contributed to the erosion of the *centrales* by drastically reducing the bargaining power of the Congreso de Trabajo (Aguilar 2001). In the years which followed the election of 2000, old central unions which once served as wings for the PRI are now the minorities, and new unionism is more heterogeneous and instable (Bensusan 2007: 79). Confederations and unions have not found a way to combat the new structure in industrial relations and workers have sought outside opportunities or emigrated to improve their lives.

At the risk of losing their hegemonic positions, Mexican elites forewent solely relying on the market and giving up the reigns of the state. Instead, the Mexican state under the social liberalism discourse has tried to invoke a neocorporatist discourse which preserves all of the aspects of corporatism which served the elites prior to the reforms (De la Garza Toledo 1994: 30). Through neoliberal corporatism, the state has succeeded

in preserving the “macro-level pact” between business interest, organized labor and the state. This pact tactfully fulfills the needs of a deregulated market and a globalized economy, by increasing business competitiveness.

In conclusion, technocrats spawned an era of neoliberal reforms which deconstructed the archaic labor-party alliance paving the road for a Mexico ready for globalization. What substituted this alliance came in the form of union and political plurality. Globalization has imported democracy and free trade; economically, globalization has created an environment befit for labor deregulation and privatization. Economically, globalization has conflicted with a dated labor narrative; market competition cannot afford the heavy state-interventionist policies of previous decades. It plainly does not favor organized labor. For these reasons, unionized workers have had to strategize, by abandoning the old confederations, which, for the most part, already struggled from having a base too broad and sparse to bargain for. Unionized workers displaced by economic changes in the 90s have entered the informal economy, joined alternative, independent unions or traveled north for better opportunities.

The CTM was not an organization adept to democracy and plurality. Amidst neoliberal reforms, the central confederations found themselves pledging support to a dying party and an ideology they did not believe in. Like the PRI, the CTM was forced to adapt to a new system, one which didn't favor a single confederation, union or sector. Lastly, changes in economic policy shifted the focus away from the labor force to productivity; consequently, labor leaders had little to contribute to this discourse.

It goes almost without mention that the real measure of globalization and neoliberal economics has come in the pronounced waves of emigration from Mexico to

the United States. In short, the era of globalization for Mexico has been evidenced by the displacement of the working class and agricultural sector in Mexico. Thousands of workers have been displaced in the process, fleeing to the U.S. for better working opportunities. The diaspora of the migrating working class has had a significant economic impact on Mexico; inflowing remittances raise the standard of life for the lower socioeconomic groups creating new sociological impacts for these groups. This cycle, that of emigration from Mexico to escape poverty, unemployment or poorer working conditions, has come to characterize much of Mexico post-neoliberalism and amidst a globalized market. In an effort to take all the steps necessary to assure that its economic policies matched the needs of globalization, the Mexican government overlooked the significance of preparing a working class for the needs of globalization.

CHAPTER V

REFLECTIONS ON THE CTM'S ROLE UNDER NEOLIBERALISM

In this essay, I have offered a full glimpse of the evolution of the CTM's relationship with the PRI over the period of market reform. Neoliberalism was not an isolated incident in Latin America; in fact, Chile, Argentina and Venezuela have often been the focus of discussions of labor-based parties amidst neoliberal reforms. Each country tampered with its own prescription of neoliberalism and also experienced different outcomes. In Chile and Venezuela, neoliberalism and clashes with labor heralded in the last days of the ruling parties, such as the autocratic ruler in Chile or the classic two-party system of Venezuela. In Argentina, an example more akin to Mexico, leaders furthered their own interests on account of a labor sector which was more fragile and less incorporated than the official *confederaciones* in Mexico; further, Argentina's Populist Party survived the reforms, much like the PRI's leaders did.

Likewise, many academics have focused on the decay of the corporatist state in Mexico, in light of neoliberal reforms. Thus, I chose to highlight the importance of organized labor in Mexico and the acrobatic dance it was forced to learn beginning in the

eighties. Organized labor in Mexico invokes references to a historical relationship, fostered and tendered over the years; in fact, organized labor for much of the twentieth century was one of the most controlled and disciplined sector. Its importance cannot be overstated, as for much of the period of ISI, this group led the Mexican Miracle. In the midst of global economic changes, labor grows of increasing importance.

Neoliberalism and globalization changed the landscape in Latin American industrial relations, shifting the focus away from a state-led model of industrialization to one which catered the evolving needs of the market and profitability. The wave of privatization and the storm of the Washington Consensus were not coincidental; Latin America, like most less developed regions, would eventually have fallen knees first to the demands of globalization, timing was only a determining factor.

I have presented a variety of perspectives which support the argument that the reforms of three administrations, De La Madrid, Salinas and Zedillo, incrementally decreased the power of the CTM, by usurping the organization's bargaining tools and contributing to an environment of plurality. My analysis has shown that the CTM had a vested political, social and economic interest in the PRI's rule; loss of support and confidence in the PRI-based confederation reflected and paralleled changes occurring in the political landscape of Mexico. The CTM had forged a political partnership with the PRI which was elaborated during the Mexican Miracle; this alliance came under siege as both the CTM and the PRI began battling unpopularity through crises and reforms which left thousands unemployed. Socially, the PRI administrations of Salinas and Zedillo contributed to the destruction of the archaic unions by supporting and creating an environment which benefitted independent unionism. The administrations did this

because they met less resistance from a fractured labor front and could promulgate reforms at a lower cost. By Zedillo's administration, a more pluralistic Congress introduced and approved Electoral Reform. Reform of the electoral system was detrimental to the PRI, which had relied on its ability to maintain its power. Electoral reform also guaranteed that the CTM had officially outgrown its role as mediator in the PRI presidential succession process, thus surrendering its last bargaining chip to the democratic system. This final step solidified the future of both the ruling party and corporate actors associated with it. Socially, the three last administrations of the 20th century promoted unionism which mirrored electoral democracy; unanticipated support for this new model of unionism undermined the central confederations, like the CTM which for decades had been neglecting the needs of their membership.

Finally, globalization forced Mexican leaders to reconsider regulation, consequently the net result was widespread labor flexibilization. Deregulation of the labor market stemmed from the concept that firms, more specifically foreign firms, would pursue activities in Mexico in which they could generate the greatest profit, in this case at the expense of cheap labor. This serves as another example of labor subordination since the central organization accepted and complied with policies which were fundamentally worse than those established in previous administrations. Thus, even an organization with nearly 70 years of a presence in the industrial scene could not lobby against the inevitable pressures of globalization.

Moreover, there is an underlying contention that while globalization deteriorated the standing of the CTM, inadvertently it made the rights of laborers a transnational concern. In short, globalization transformed what the Mexican economy necessitated

from workers, higher productivity and greater flexibility to firms running operations in Mexico, whilst also bringing to light the transgressions workers faced, forcing leaders to raise the standard of working conditions via national reform and independent unionism.

A few tendencies emerge repeatedly in this evaluation of the CTM's role; for one, the CTM played partner for too long forgoing its actual duty to lobby for the individual worker at a time of critical need. This relationship was mirrored by complacent workers who waited until the mid-1990s to pursue independent unionism or to exit the unionized circles; in this model, workers, too, played partner, accepting petty gifts and incentives in exchange for their electoral support. Secondly, the PRI molded the labor sector in its manner, bargaining on the chance that a devoted labor sector would bring everlasting stability to the political machine. Amidst crisis and reform, Mexican elites sought someone to blame for the states' own inefficiencies, thus placing the burden on unions and workers.

In the midst of the storm, the CTM found itself juxtaposed between existence and facility. It sacrificed its ability to influence for its necessity to survive. Globalization was an inevitable fate for all states in the post-communist era. In the case of Mexico, globalization brought to light a century of power built on paternalistic politics and a culture which had suppressed democracy through incorporation, in the end proving to be unsustainable.

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