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**Organized Labor and Political Change in Mexico**

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# Organized Labor and Political Change in Mexico<sup>1</sup>

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## 1. Questions

- Why did labor play a very limited role in Mexico's democratization?
- Why authoritarian labor corporatism has been able to survive, despite the widespread political changes that the country has undergone—especially after the electoral defeat of the PRI regime, to which it seemed so tightly attached?
- In other words, why was labor neither a democratizing nor a self-democratizing force? How to explain the lack of labor militancy, the passivity of workers, their continuous acceptance of old leaders and authoritarian union structures?

## 2. The problem

- Rueschemeyer, et al. 1992. Labor: the most consistent democratizing actor.
- Other Latin American countries had more active labor movements: Uruguay, Chile, Argentina, Bolivia.
- It is true that the dominant model of democratization was procedural and mostly formal. But, apart from political parties and political elites, other social groups played a highly visible and decisive role: indigenous people's movements, intellectuals, the media, NGOs, common citizens.
- Unlike many other Latin American countries, Mexico has not had a major labor reform in the neoliberal period. But labor policy underwent deep changes: the unequal but strong alliance between state and labor was severely weakened; the state abandoned most of its role as arbitrator of labor-capital relations; centralized tripartite negotiation lost much of its importance and efficacy; social security was reformed, with the establishment of more individualistic, market-oriented mechanisms; in many firms, labor flexibility was de facto established, and unions lost influence on several important matters (hiring and firing, job descriptions, promotion).

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- The opening of the political system should have given labor many opportunities to actively oppose those changes or seek redress.
- There were important strikes in the 1980s and 1990s, especially in mining, steel, automobile and beer firms. But most of them were unsuccessful; others were used by the government as an excuse to privatize the firms or to fundamentally restructure labor relations.
- There was no general strike or massive labor insurgency; nothing comparable to, say, the 1984 general strike in Uruguay or the Comando Nacional de Trabajadores in Chile.

### **3. Fractures of Mexican Labor**

- Mexico has a large working population: 43.3 million. In average, from 2000 to 2007 the working population grew by 656,000, a year. Unemployment rate is less than 4 % (INEGI 2008).
- Like those of most Latin Americana countries, Mexico's exports grew rapidly since 1990. But unlike most of the region, in Mexico manufacturing exports predominate, accounting for more than 80% of total exports (Banco de México 2008). Obviously, manufacturing jobs are more likely to be formal and their workers are easier to unionize than those in trade and services.
- But according to the International Labor Organization, between 43 and 55 % of the urban working population are in the informal sector. Official data shows that 63 % of workers do not have social security or healthcare coverage (INEGI 2008). Thus, it seems reasonable to conclude that formal jobs account for only about half of total employment in Mexico. On the whole, informal jobs are more precarious and are taken only when no formal option is available.
- But there are other lines of fracture. According to a much cited estimation (Passel 2005), in 2004 there were 5.9 million Mexicans illegally living in the U.S. In average, there were 485,000 new illegal Mexican migrants every year from 2000 to 2004. The great majority of these people are workers. This would mean that, of every eight Mexican workers, almost one is illegally working in the United States. It would also mean that of every ten people who entered the workforce during that period, four had to illegally search for a job in the U.S.

- To the above, one should add the people earning a living from criminal activities. This number is extremely hard to determine, but some indirect data may be considered. According to a rather conservative estimate, the income generated by the illegal drug business amounts to about 1.8 % of Mexico's legal GDP. This figure would compare, quite favorably, with the income generated by agricultural exports and with the foreign direct investment received by the country. The traditional image is that drug money serves to finance the extravagant way of life of criminal bosses. But that image is partial. In the mid 1990s, probably more than 200,000 people lived off cannabis or opium cultivation—and this number surely grew in the subsequent years. Many participants in the drug business are small planters, street sellers or carriers. These are very precarious, poorly paid and dangerous jobs that are mostly taken as a survival option, given the scarcity of legal jobs (Velasco 2005a, 2005b).
- One factor closely associated to the growth of informal and illegal jobs is the crisis of the peasant economy. A single figure may be eloquent enough: according to official data, from 1991 to 2008, the absolute number of people working in the agricultural sector decreased from 8.2 to 5.7 million, for a total loss of 2.5 million jobs (INEGI 2008).
- In summary, in recent years rural jobs have been decreasing; formal jobs have grown in absolute numbers but not as a share of total employment; the numbers of informal and illegal migrant workers have grown both absolutely and relatively; and criminal jobs have also been on the rise. This all means that a formal job is a luxury to which less than half of Mexican workers have access—a luxury that has to be defended from million of competitors.
- But cleavages exist not only between formal workers and the rest. Formal labor is also internally polarized. On the one hand are the public sector workers (about 11.5 % of total employment), especially those working for the federal government and particularly those in the oil and electricity industries. On average, they are better paid, have more stable jobs, are more unionized, have more benefits and have almost universal access to social security. To the privileged sector also belong workers in the privatized telecommunication industry, in the financial system and, to a lesser extent, in large non-maquiladora manufacturing firms (De la Garza and Salas 2006).

- On the other extreme are those workers with formal but highly precarious jobs. They are concentrated in traditional activities, like construction and personal services, but something similar happens in more modern activities, closely linked to transnational production chains. Average wages in the maquiladora industry (with about 1.2 million workers) are only 54 % of average wages in non-maquiladora manufacturing (De la O Martínez 2006); job stability is low, as are benefits, unionization, and access to social security. Labor in the textile and apparel industry is highly segmented, with most jobs being precarious. And Mexico’s information technology industry has been described as an “enclave” (Gallagher and Zarsky 2007).

#### **4. Low and Unequal Unionization**

- Data on the rate of unionization of Mexican workers are very scarce and uncertain. But the most reliable source (National Household Income and Spending Surveys) show that only 10 % of the employed population is unionized. This figure is lower than those of Argentina (38%), Brazil (23%), and Chile (13%).<sup>2</sup>
- In Mexico, unionization is positively related to several indicators of job and income quality. For example, only 5 % of workers with primary education are affiliated to a labor union, in contrast to 25 % of those with a college degree and 41 % of those with postgraduate education. In general, better jobs are more unionized (Esquinca and Melgoza 2006).
- The above is not surprising. Labor union is an organizational option better adapted to the characteristics of formal workers, but it is hardly accessible—or even useful—to other kinds of workers. Moreover, in the precarious sections of the formal economy (especially in the service sector and in the maquiladora industry), there is a proliferation of “ghost” or “protection” unions, whose very existence is unknown to the workers that they supposedly represent.
- Thus, differences in unionization largely contribute to explaining the existence of a “labor aristocracy” (“certain strata of workers who manage, by means of their special scarcity, skill, strategic position, organizational strength, etc., to establish notably better conditions for themselves than the rest”—Hobsbawm 1973).

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<sup>2</sup> Data from countries other than Mexico are taken from Work Indicators (<http://www.workindicators.org/>).

## 5. Union and Politics

- Traditionally, Mexican labor coalesced around two unequal blocs: a number of very large organizations subordinated to the state, and a relatively short number of small independent unions.
- Throughout the 1990s, the entire labor sector underwent several organizational changes. The top coordinating body within the official bloc was the Labor Congress (CT), whose main member was the Confederation of Mexican Workers (CTM). These were among the fiercest defendants of the authoritarian post-revolutionary regime. As part of his efforts to reform the PRI in the early 1990s, President Salinas proposed a “new unionism.” While maintaining the alliance with the government, new unionism would be more representative of its affiliates. This proposal led to the foundation of the Goods and Services Unions Federation (FESEBES), which later provoked the division of the CT.
- When the FESEBES broke down in 1997, some of its organizations left the CT and, together with several independent unions, created the National Union of Workers (UNT), which forms the core of the independent labor movement. Among the most important members of the independent bloc are the unions of university workers, of the Mexican Institute of Social Security (IMSS), of the main telephone firm (Telmex), and of the (state-owned) electricity firm for central Mexico. This bloc has been very critical of official labor policies and played an important role in stopping the attempted reform of the labor legislation.
- However, after almost two decades of transformations, the general structure of organized labor remains essentially unchanged. The formerly official corporatist bloc is still predominant, showing no intention to democratize its internal structure. It usually cooperates with the federal government, but it is quite autonomous and able to establish alliances with other political forces. The organization that has been most successful in this respect is the Education Workers Union (SNTE), which has become a major actor in electoral competitions.
- The independent sector grew modestly and seems more stable than in the past. However, many of its organizations are not notable for their internal democracy. Moreover, as the UNT (2007) itself recognized, ten years after its foundation it “has

not been able to extend its presence” toward precarious workers. It complains that “these workers lack a tradition of union organizing and do not have a labor culture, and therefore they do not express themselves in their workplaces and show little willingness to participate in social struggles.”

- In 2007, federal authorities registered 9,045 strike threats. The great majority of them (80 %) were posed by unions affiliated to the official Labor Congress. Of the 28 actual strikes registered during that year, 21 were by Labor Congress organizations. This may serve as an indication of the level of militancy of both the official and independent blocs (STPS 2008).
- The survival of labor corporatism and the relative passivity of independent unions are even more remarkable given that the two most visible legal foundations of PRI corporatism—collective affiliation to political parties and compulsory affiliation to one union—were eliminated in the 1990s.
- To explain this situation it is necessary to recall the fractures of labor mentioned before. Organized labor is in a paradoxical situation: it occupies a subordinated position in the Mexican social and political structure, but it is a privileged sector within the underprivileged part of society. In the late twentieth century, labor largely lost the protection of the state. At the same time, neoliberal reforms made employers more independent and powerful. The competition from below (from non-unionized workers, from workers outside the formal economy, and from the unemployed) became stronger. Facing all these risks, organized labor has many reasons to maintain internal discipline and unity. Individual workers have many incentives to support or tolerate their traditional leaders in exchange for job stability and for preserving some of their privileges. This structural situation is a powerful force against labor democratization; it largely explains the survival of authoritarian labor corporatism in the context of procedural democratic change in Mexico.
- As one author says: “Capital and labor are *contingent* democrats for the very reason that they are *consistent* defenders of their material interests. Like their predecessors, capital and labor in late-developing countries will champion democratic institutions when these institutions are perceived as advancing their material interests” (Bellin 2000).

- The above would explain the relative passivity of the labor “aristocracy.” The factors that explain the political disengagement of precarious workers (within or without the formal economy) are different, but also related to the existing inequality. Collective action has costs: it needs time, experience, work, money, loyalty, and so forth. The need to cope with urgent survival needs often leaves little time for independent organizing. The potential costs of confrontation (repression, defection, treason) are high. Therefore, rather than forming broad and independent coalitions, individuals and groups from the lowest sectors tend to compete among themselves for the limited opportunities available to them. Not “class consciousness” but social dissolution and anomic, fierce struggle among the poor is the natural result of widespread poverty and extreme inequality. Obviously, cooperation is not impossible in this context, but it is more likely to focus on private matters (securing a job, helping friends and family) rather than on collective struggles for broad, politically defined goals.

## **6. Conclusion**

- The problems of Mexican workers are obviously related to an international environment that is highly detrimental to traditional forms of labor organization and working conditions. Thus, the factors mentioned here should be understood as arising from the interaction between such an environment and the internal conditions of Mexico.
- The ideas summarized here may give a rather negative image of Mexican labor. In fact, it is not that workers have been uncourageous or indolent. But their bravery and energy have been largely confined to issues that are perhaps more fundamental and pressing: searching for jobs or creating their own jobs, keeping them, working hard, surviving.
- Similarly, the fact that labor has not played an active role in Mexico’s democratization does not mean that it has played no important role at all. But this role has been mostly passive. Without labor’s political restraint, the transition to a competitive regime perhaps would have never taken place. It is important to remember that a tacit but omnipresent condition put forward by the economic and social elite of the country is that political change must not alter the country’s socioeconomic structure.

- Thus, by taking precarious jobs, by illegally migrating to the United States, by submitting to authoritarian leaders and exclusionary organizations, labor made perhaps its greatest and decisive contribution to political change in Mexico.
- Of course, the question is for how long Mexican labor will be able and willing to put up with these adverse circumstances. It is difficult to respond to this question now. But such a response is crucial for understanding the future of work in Mexico and, to a certain extent, Latin America.

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