

Dateline Mexico by Josefina Menéndez

Labor's revolt against the IMF

The destruction of this country's economy is jeopardizing the decades-long alliance between the unions and the state

The 98th national convention of this country's largest labor umbrella group, the Mexican Labor Confederation (CTM), ended up Feb. 27 in a revolt against the destruction of the Mexican economy by the International Monetary Fund.

In his keynote, CTM Secretary for Economic Affairs Netzahuacoyotl de la Vega set the tone by defining the IMF deal signed by the government last December as a "contractionist commitment that raises the danger not only of halting the formation of capital and production and collapsing employment levels, but of postponing attention to the marginalization that important sectors of Mexicans are being subjected to because the government's social budget is one of the first sectors to be reduced."

Although the leading social component opposing the Fund's monetarist demands, up to now the confederation had stopped short of directly attacking the IMF deal because of fear of breaking the alliance with the state which has been the foundation for Mexico's political stability in this century. It was for this reason that labor supported the government's drastic austerity measures in early January.

The alarming effects which the IMF program is having on the economy are now jeopardizing this decades-long political agreement, and now labor leaders are targeting the officials most identified with the IMF. "What the CTM resolved yesterday, sir, is not based on theory, but on reality," de la Vega told Secretary of Program-

ming and Budget Carlos Salinas de Gortari in an interchange on the speakers' platform. Salinas is widely known here as a voice for the Wharton School's monetarist theories. De la Vega further warned Salinas the IMF-imposed measures such as high interest rates "can only be maintained for a short time."

Speaking for the government, Salinas had told the convention that the economy should not grow this year because that would upset plans to reduce the public deficit from 17 percent to 8.5 percent of the GNP, as promised to the IMF. Salinas added that such an accomplishment would not only set a precedent for Mexico but also for the whole world. The budget secretary ended up by repeating the motto calling for low-cost, labor-intensive jobs that has won him labor's animosity the most: "More jobs for every peso invested."

Labor's response to Salinas and other government officials' monetarist fanaticism has gone beyond words. Last month the Mexican electricians union (SME), one of the country's most militant unions, refused to add a surcharge on electricity bills imposed by the government. On March 3, the union organized a meeting where leaders of the Congreso del Trabajo labor umbrella group (the main sector of which is the CTM), threw their support to the SME's "tax revolt." Days before, telephone workers union leaders had threatened to follow suit and not implement a recently announced hike on telephone charges.

Workers in turn are responding to growing anti-IMF sentiment among farmers. Because of hikes in electricity and other services, the cost of water to farmers has risen six-fold in some agricultural areas. A U.S. businessman recently reported to *EIR* that a meeting he held last month with a government official in the state of Yucatán was interrupted by an emergency: The district irrigation manager was being held hostage by enraged peasants who were no longer able to afford to irrigate their crops.

Contrary to its timid calls to save the country's economic infrastructure earlier this year, labor is now sharpening its anti-IMF program. The CTM convention ended up with a plan calling for:

1) A scientific program designed to produce a qualified labor force. This resolution directly confronted Salinas's calls for "pick-and-shovel jobs" by stating that "the CTM condemns the notion of quantitative criterion."

2) Strengthening the country's capital-goods industry as the centerpiece of an economic recovery.

3) Condemning high interest rates because they "mean inflationary pressures and discourage productive investment," again an attack on Salinas, who earlier had said that low interest rates "discourage savings and reduce resources available for investment."

Labor leaders are increasingly challenging the IMF's allegations that the country's economic ills come from "too-rapid development," to point to the country's deficient scientific and technological capabilities. CTM Deputy Secretary Blas Chumacero stated to the convention. "Public education policy should be based on the principles upon which the National Polytechnic Institute was formed, so that it produces the scientists and technicians needed by the country."