

# Mexico Labor Year in Review - 2015

January 22, 2016



2015 was another in a series of very bad years for Mexico. Mexican working people continued to experience in 2015 the difficulties of a stagnant economy, the violence of the drug war, repression of the labor and social movements, and the rule of corrupt political parties. Few workers had legitimate labor unions with which to resist employer and government policies, and fewer had the desire to engage in strikes. Yet some workers—teachers in southern Mexico, farm workers in Baja California, and maquiladora workers in Juarez—did courageously attempt to fight for their rights and for greater power. We begin this report with the drug wars that have so dominated Mexican life for the last decade.

## The Drug War, Crime, Justice

Mexico remains a killing field. The Mexican New Year, January 1, 2016, opened with the assassination of Gisela Raquel Mota Ocampo, the 33-year old woman who had just taken office as mayor of Temixco, Morelos. She was killed by four armed men who arrived in a black van and shot her gangland style. Senators and congressional representatives of her party, the Party of the Democratic Revolution (PRD), asserted that she had been murdered by organized crime. Her assassination was one of the 100 city council members and 1,000 municipal officials who have been killed in the last decade, principally by organized crime. In addition to government officials murdered, three reporters were killed in Mexico in 2015 and 35 have been killed since 1992, most by drug dealers.

The killings and mass kidnapping of the students of the Ayotzinapa Rural Teachers College that took place in Iguala, Guerrero in September 2014 continues to haunt Mexico. With the Mexican government unable to provide a credible explanation for the events that had taken place in Iguala, the Inter-American Commission on Human Rights created the Interdisciplinary Group of Independent Experts to investigate the situation. The group produced a series of reports that impugned the government's accounts, but failed to provide any complete explanation that could satisfy the parents of the disappeared students or the Mexican public. Much of the public has concluded that Mexican government officials at various levels, and possibly the Mexican Army as well, were involved with organized crime in either carrying out or covering up the kidnappings and murders.

The *New York Times* in an editorial on January 4, 2016, excoriated Mexican President Enrique Peña Nieto's government for its' handling of the case: "On Mr. Peña Nieto's watch, the Mexican government has swiftly and systematically whitewashed ugly truths and played down scandals....", mentioning the "white house" provided by government contractors to the president and the escape of drug kingpin, Joaquín Guzmán Loera from prison. "More troubling is the government's botched effort at investigating the September 2014 disappearance of 43 students, who appear to have been

massacred in the state of Guerrero.” The report, referred to the case as “one of Mexico’s worst human rights atrocities in recent history.”

Meanwhile Mexico continued to suffer the effects of the war between the government and the drug traffickers in 2015. Mexicans continued to be killed in extraordinary numbers in many states in the country. Between 2007 and 2014 some 164,000 people have been the victims of homicide, the great majority of those killed in the drug wars. Once source reported over 8,000 homicides between January and June 2015.

The violence is so great that life expectancy has actually declined even as health services were extended. *Health Affairs* magazine reported in January 2015, “The increase in homicides is at the heart of life expectancy stagnation for males in Mexico between 2000 and 2010. Homicide rates increased from 9.5 homicides per 100,000 in 2005 to more than 22.0 per 100,000 people in 2010. As a result there was a reduction of about .6 years in male life expectancy in the period 2000 to 2010.” This was despite the 2004 health program, *Seguro Popular de Salud*, for the uninsured population, which appeared to have improved the distribution of health resources.

### **A Stagnant Economy that Produces Enormous Wealth and Great Poverty**

Mexico’s economy remains stagnant, growing last year at a rate of 2.4 percent, according to the World Bank, below the government 3.5 percent goal. Some economists attribute the sluggishness in large part the weakness of the U.S. economy. Oil production, a mainstay of the Mexican economy, fell by 6.7 percent this year, the eleventh straight year of decline. PEMEX posted a US\$10.2 billion loss in the third quarter of 2015, and is in debt for US\$100 billion. The government is privatizing much of the industry and many of these companies are from the United States. Tens of thousands of workers are expected to lose jobs. Falling oil prices led to a weakening of the Mexican peso, hitting a record low of 17.96 pesos per dollar.

The Mexican economy, like all capitalist economies, manufactures inequality, producing a small group of very rich men and women and tens of millions of poor people. The richest men and women in Mexico and the corporations dominate the entire economy. Mexico’s 1%, much like that in the United States, exerts a tremendous influence over government policy through business organizations such as the Confederation of Mexican Employers (COPARMEX).

### **Mexico’s Richest Men and Women**

Mexico’s richest men and women own many of the major industries of the country where the country’s working people work for wages lower than those paid in China.

**1. Carlos Slim Helú** is the owner of Grupo Carso a conglomerate with stakes in many major Mexican companies. He was the richest person in the world from 2010 to 2013. His wealth is \$75.9 billion dollars.

**2. Germán Larrea Motta Velasco** has a major stake in Grupo Mexico a company that is the largest mining and infrastructure company in Mexico. His wealth is \$14.2 billion.

**3. Alberto Bailleres** owns bottling, mining and retail operations. His wealth is \$10.2 billion.

**4. Ricardo Salinas Pilego** heads Grupo Salinas, made up of companies that have interests in telecommunications, media, financial services and retail stores. He owns the large Television Network called Azteca TV. His wealth is 9.8 billion dollars.

**5. Eva Gonda Rivera** owns a major stake in a beverage company FEMSA that operates both in

Mexico and in South America. Her wealth is \$6.7 billion.

**6. Maria Asunción Aramburzabala** holds a stake in Grupo modelo, the company that produces the beers Corona and Negra Modelo. Her wealth is \$5.6 billion.

**7. Jerónimo Arango** and his brothers sold their stake in retail company Cifra to Wall Mart's Mexican subsidiary in 1997. This brought them substantial wealth and Jerónimo Arango's net worth is \$ 4.4 billion dollars.

**8. Emilio Azcarraga Jean** is the director of the Mexican Televisa, a broadcasting company that makes soaps called Telenovelas. His wealth is \$3 billion.

**9. Rufino Vigil González** is CEO of Industries CH, a steel and processing company with the annual capacity of more than 5 million tons. Mr. Gonzales owns 64% stake in the company that has numerous subsidiaries and produces commercial steel and welded steel tubes. His wealth is \$2.4 billion.

**10. José and Francisco Rojas** are the Mexican beverage and snacks magnates. They own more than half of shares in Coca-Cola Philippines. Their wealth is \$2.2 billion dollars.

### **Poverty in Mexico**

The top 10 percent of the Mexican population receives 35 percent of the nation's income, the bottom 10 percent receive only 1.9 percent. The Mexican economy makes some very rich. It, also, makes millions poor and who grow poorer even when the economy grows.

Coneval, a Mexican government agency, found that the overall poverty rate rose in 2014 to 46.2 percent of the population or 55.3 million people from 45.5 percent or 53.3 million in 2012. The growth in poverty took place, despite the fact that the gross domestic product rose 3.9 percent in 2013 and 2.1 percent in 2014.

Unicef, the United Nations Children's Fund, reports that more than 40 million Mexican children live in poverty and 4.7 million in extreme poverty.

### **The State of the Working Class and the Labor Unions**

What is the size of the Mexican working class? Mexico's total population in November 2014, according to the Mexican Institute of Statistics and Geography (INEGI), consisted of 121,168,094 persons; of those 88,694,199 were 16 years of age or older; but the economically active population numbered just 53,179,919. As of November 2015, the Mexican Institute of Social Security, which covers private sector workers, had 17,239,587 affiliates.

Mexico's official unemployment rate is only 3.9 percent, but that is largely because the unemployed so often become street vendors or engage in other petit business. Informal employment in Mexico, that is workers who work for private businesses not covered by IMSS or who are self-employed, represents about 60 percent of all Mexican workers. An International Labor Organization study found that 59.1 percent of workers labored in the informal market. Workers in this sector not only do not have membership in IMSS, the national workers' health service, but they do not have labor unions, contract, or standard wages, benefits, or conditions.

Mexican labor unions continue to decline in size, strength, and political power, while remaining largely controlled by the government and the ruling Institutional Revolutionary Party (PRI). One study suggests that unions declined from representing just over 30% to just below 20% of workers

between 1984 and 2000,<sup>[i]</sup> while today unionization is about 10%.<sup>[ii]</sup> One expert finds that only 8.6% of the economically active population is unionized.<sup>[iii]</sup>

Still even that figure might be high. A recent article suggested that there are less than three million union members, and perhaps less than one million. Exactly how many union members there are is difficult to ascertain because no one has confidence in the unions' reported membership figures. While the Confederation of Mexican Workers (CTM) claims to have four million members, an anonymous source told the author of the article mentioned above that it actually has only about 700,000.

Figures regarding labor union contracts are equally difficult to access. The Federal Labor Board (JFCA) claims that there are almost 30,000 labor contracts, though the Secretary of Labor (STPS) has registered only 5,846 contracts and 3,716 other labor agreements.

Those unions that do exist are often creations of the government and the labor bureaucracy operating in collusion with lawyers and sometimes gangsters to create "ghost unions," often unknown to the workers they represent, that negotiate collective bargaining agreements with minimal wages, benefits, and conditions called "protection contracts." Independent unions say that there are 12,000 such "protection contracts."

In 2014 there were only 68 strikes called of which 41 were resolved. While this is not a measure of all strikes and workstoppages that might have taken place—many of which take place outside of the cumbersome official process—it does indicate that the level of class struggle in Mexico is low. (We look below at some of the larger and more important workers' movements.)

## **Repatriated Mexicans**

Migration to the United States has long been a safety valve for Mexico, permitting Mexicans unable to find good jobs or fearing violence to find employment and relative security across the northern border. The Obama administration deported more immigrants than any of his predecessors, expelling 438,421 in the peak year of 2013. The administration carried out a policy shift in 2015, reportedly intended to integrate immigrants rather than deport them, though by December of 2015 Latino immigrant groups around the country were protesting a new wave of holiday season deportations aimed principally at Central Americans.

Mexicans make up the greatest number of immigrants, both documented and undocumented, and are those most likely to be deported. According to the PEW Research Center, 33.7 million people of Mexican descent or origin live in the United States, 11.5 million of them immigrants and another 22.3 million who identify themselves as of Mexican descent. Also, of the estimated 11.1 million undocumented immigrants in the United States, 55 percent are believed to be Mexican. Though as the PEW Research Center recently reported, more Mexicans are now voluntarily leaving than coming to the United States, returning to their homeland to unify their families.

The Obama administration acted aggressively in 2015 to deport undocumented immigrants to the United States, expelling some 235,413. While those deported came from 181 countries, the largest numbers came from Latin American countries and principally from Mexico which had 146,132 of its citizens removed from the United States. Many of those returned to Mexico find it difficult to reestablish themselves, and some children and adolescents may not know the country or speak the language. A study by the Mexican Secretary of the Interior (Gobernación) describes the returnees as stigmatized as "failures and delinquents" and often face problems of health, employment, and education, reports *La Jornada*, the Mexico City daily.

## **Labor Protests, Strikes, and Issues**

Workers have faced enormous difficulties in Mexico in the last decade. Most of the unions, controlled by the government or sometimes by gangsters, have proven to be obstacles to workers, a few independent unions or other workers' organizations have led important struggles to improve workers' lives and increase their power.

### **Teachers Continue Protests**

The National Coordinating Committee (la CNTE) of the Mexican Teachers Union (el SNTE) remained, as they have been for the last three decades, the most militant sector of the Mexican working class, mobilizing hundreds of thousands of teachers in militant demonstrations. La CNTE and allied dissident teacher organizations in other states have mobilized to oppose the Education Reform Law pushed by Mexican President Enrique Peña Nieto and passed by the Mexican Congress. The Education Reform Law strengthens government control over education by requiring testing of teachers, among other measures. Teachers have also been supporting the movement demanding justice in the case of the Iguala disappearance of the 43 Ayotzinapa Teachers College students.

In the states of Oaxaca, Chiapas, and Michoacán where the movement is strongest, teachers engaged in enormous marches, occupied public buildings, and stuck the schools. They closed testing centers and burned tests. Teacher activists have attempted to keep teachers who took the tests from entering the schools. At the time of national elections in June, teachers attempted to force voters to honor the call by the Ayotzinapa movement and the teachers union dissidents for a boycott, closing polling places and destroying ballot boxes and ballots.

The Mexican and state governments mobilized troops and police to suppress the teachers demonstrations, arresting a number of teacher activists in different cities and states. The dissident teachers accuse the government of criminalizing their protests. Undeterred, la CNTE and its allies entered the new year with calls for more protest marches over education reform.

### **Farm Worker Uprising in Baja California**

In early 2015 farm workers in Baja California Norte surprised their employers and the nation. Thousands of farmworkers in the San Quintín Valley of Baja California, just 185 miles south of the U.S. border, struck some 230 farms, including the twelve largest that dominate production in the region, on March 17 interrupting the picking, packing, and shipping of zucchini, tomatoes, berries and other products to stores and restaurants in the United States.

The strike was organized by the Alliance of National, State, and Municipal Organizations for Social Justice (AONEMJS or Alliance) made up of indigenous groups from Chiapas, Oaxaca, Guerrero, and other areas whose members work in the San Quintín Valley. The Alliance combined a call for a general strike in the valley's fields with the blocking of the Trans-Peninsular Highway that leads north to San Diego, California. Creating roadblocks and burning tires along a stretch of some 120 kilometers of the highway, they succeeded for 26 hours in stopping the delivery of the ripe produce to markets in the United States, with immediate repercussions for grocery stores and restaurants. Costco, for example, reported that its shipments were down. Strikers also seized government buildings and a police station.

Some employers made promises of improvements in wages, but few workers' saw significant improvements. While both state and federal authorities called for investigations and various agencies sent officials to look into conditions in the fields, in the end the federal and state government took no action that would have improved the workers' situation significantly.

The Alliance and a number of workers continued to engage in protests and to seek support from the public, but the movement gradually dwindled. Some Alliance activists continue to organize clandestinely in the fields.

## **Juarez Maquiladora Workers Strike**

In November 2015 in Ciudad Juárez across the border from El Paso, Texas, maquiladora workers in several factories began a series of protests that continued into the new year. Juárez has 330 maquiladoras employing some 225,000 workers, about 13 percent of the national maquiladora industry workforce. Just 17 of the largest factories owned by U.S., Japanese, and European capital employ 69,000 workers.

Workers at Foxconn, Lexmark, ADC/Commscope, and Eaton demanded better pay, improved working conditions, and union representation. The workers handed out leaflets, marched in the streets, picketed in front of industrial parks, participated in hunger strikes. Workers base pay was typically about \$50 per week plus another \$40 in bonuses in a high cost of living border city.

The protests in December focused on the Lexmark, a multinational company that produces printer cartridges, paying workers 70.10 pesos or US\$4.03 per day. Workers are demanding an increase to 120 pesos or US\$7.00 per day. On December 8, some 700 employees stopped work to that demand, as well as insisting on the annual holiday bonus, required under Mexican law, which the company had withheld.

The AFL-CIO, the largest U.S. labor federation, issued a statement in solidarity:

“The AFL-CIO stands in solidarity with the workers at Commscope, Eaton, Foxconn, Lexmark and all of the maquiladoras in Ciudad Juárez. To improve conditions, the labor movement calls for:

- Companies to end their repressive practices, reinstate the workers who have been fired and negotiate contracts that establish living wages and decent working conditions.
- The Labor Board to order the reinstatement of workers who have been fired and grant legal registration to the unions that have requested it.
- Mexico’s federal government to intervene to ensure that events in Ciudad Juárez do not make a mockery of its proposed labor reforms before they are even enacted.
- The U.S. government, as well as state and local ones, to any review any government purchases from these suppliers that may be using U.S. taxpayer dollars to subsidize violations of labor rights.

“More holistically, when Pope Francis visits Ciudad Juárez next month to conduct a cross-border mass, we hope his call for the faithful “to fight for social benefits, a dignified retirement, holidays, rest and freedom for trade unions” will be heard loud and clear.”

On December 28, the Local Labor Board (JLCA) denied the Lexmark workers petition to create and register a labor union (*registro*).

As the new year began, workers at Lexmark and some other workplaces continued their *plantónes* (sit-ins) while working to organize and win recognition for independent labor unions.

## **Cross-Border Solidarity in Fight Against Chedraui**

Local 770 of the United Food and Commercial Workers (UFCW) in Los Angeles and the Frente Auténtico del Trabajo (FAT), an independent labor federation in Mexico, as well as other labor union and community organizations have been fighting the multinational Chedraui corporation both in Mexico and in Los Angeles. Chedraui is the third largest retailer in Mexico after Walmar and Soriana and operates super markets and big box stores in Mexico and in 50 stores in Southern California and Arizona.

In Los Angeles, a dozen workers and their allies were arrested in mid-December 2015 when they blocked the Five-Points intersection.

The UFCW has also succeeded in persuading U.S. law makers, led by Representative Alan Lowenthal, Democrat of California, to write a letter to U.S. Secretary of Labor Thomas Pérez calling for an investigation of the company practices.

The two unions, UFCW and FAT, have also pursued a unique legal strategy, filing charges simultaneously against the company's policies under both the North American Free Trade Agreement and the Organization for Economic Cooperation and Development.

Lance Compa, an international labor law expert at Cornell University's School of Industrial and Labor Relations said that, "The simultaneous NAFTA and OECD complaints reflect an innovative union strategy for putting local and national labor disputes under an international spotlight. No one has ever tried this before. Unions have filed complaints under the NAFTA labor agreement, and under the OECD guidelines, but in unrelated cases."

In the NAFTA portion of the case, the FAT accuses Chedraui of maintaining phony unions with protection contracts to keep out legitimate labor organizations. At the same time, when Chedraui took over the Mexican Gigante chain in 2008, it refused to bargain in good faith with the UFCW.

### **Electrical Workers Win Some Jobs for Members**

The Mexican Electrical Workers Union (SME), after six years of struggle in the streets, won a victory in November 2015 when as a result of negotiations with the Mexican government a new private, Portuguese company called Fenix, a subsidiary of Mota Engil, agreed to hire some of the unions 16,000 active, jobless members.

The problems began several years ago. In October 2009, President Felipe Calderón of the National Action Party (PSN) sent the military and the police to seize the Light and Power Company of Mexico City plants, then liquidated the company, resulting in the termination of 40,000 unionized electrical workers. Calderón's motivation was both to break the power of the independent union, to destroy the anti-privatization coalition that it led, and simultaneously to destroy a bastion of more independent voters, many of whom cast their ballots for the left-of-center Party of the Democratic Revolution.

Most of those who were terminated accepted their severance pay and went in search of other work, but 15,000 continued to fight for their jobs under the leadership of the SME which organized every imaginable sort of protest while also pursuing both legislative and legal options. The Fenix/Mota-Engil company has so far agreed to hire 541 workers, or 4 percent of the workers fighting for their jobs. While the numbers so far are small, the union sees this as an important victory in beginning to win jobs for all of those still seeking employment.

### **Domestic Workers Organize Labor Union**

Domestic workers, those who clean, cook, and watch children homes of wealthier people, formed the

Domestic Workers Union (SINACTTRAHO) in August of 2015, the first in the country's history. The union is affiliated with the independent National Union of Workers (UNT). (A Spanish language news clip about the documentary *Día de descanso* [Day of Rest] and the campaign [here](#).)

Mexico has more than two million domestic workers who in addition to long hours (often on-call 24-hours a day), low pay, and few if any benefits, often suffer sexual harassment and sometimes physical and psychological abuse. They hope that their union will help them win both better wages and conditions and dignity on the job.

Some 1.5 million of Mexico's 26 million homes have domestic workers, according to the Mexican Institute of Statistics and Geography.

### **Cananea Miners Win Long Overdue Profit-Sharing Settlement**

Miners at the Cananea mine, members of Local 65 of the Mexican Miners and Metal Workers Union (SNTMMRM) won a long overdue demand when the Mexican Labor Board (JFCA) ordered Grupo Mexico, one of the country's largest mining companies, to pay workers 318 million pesos (or about US\$18 million) owed in profit sharing. The union had sought the profit-sharing payments eight years ago.

In the midst of a strike in 2010, the company, with assistance from state and federal authorities, succeeded in breaking and eliminating the union at Cananea, though the union and the workers have continued various protests and actions.

### **Petroleum Workers**

As mentioned above, the Mexican Petroleum Company (PEMEX)—some would argue as a result of failed government policies—has both been losing money and falling into debt, as a result of which the company plans to layoff what are expected to be large numbers of its 153,000 employees.

Last summer the Mexican Petroleum Workers Union (STPRM), led by Carlos Romero Deschamps, a PRI loyalist who is not only secretary general of the union but also a Senator, began negotiations of a new contract with PEMEX. Dissident groups within the union claimed that Romero was giving away substantial elements of their contract.

The company and the union refused to file copies of the draft contract with the authorities or to make it available to the public or to the workers. The Mexican National Institute of Transparency, Access to Information, and Protection of Personal Data (INAI) has demanded that PEMEX present a copy of the draft contract to that agency.

Independent of the contract negotiations, on January 13 it was announced that PEMEX will layoff 13,000 more workers, bringing the total for 2015 and 2016 to 26,000 workers who are now unemployed.

The National Technical and Professional Petroleum Workers Union (UNTPP) is bringing suit against both Romero's STPRM and against the Mexican Labor Board (JFCA), claiming that the negotiations carried on by the STPRM and PEMEX violated their rights by increasing the retirement age from 55 to 60 and the years of service from 25 to 30. Workers also argue that the union illegally used their pension fund to pay union debts.

### **The Political Situation**

President Enrique Peña Nieto and his Institutional Revolutionary Party (PRI) rode out a series of



scandals in 2015 and remained the dominant political party in the country. Despite the criticism of the government's handling of the Iguala killings and disappearances, despite the revelations that the president and his wife had use of the "white house" from a government contractor, and despite the escape from prison for the second time of the drug dealer Joaquín "El Chapo" Guzmán (later recaptured), the president and his party held a firm grip on power. The left-of-center Party of the Democratic Revolution has lost ground everywhere because of the apparent role of the PRD mayor of Iguala in the disappearance of the 43 Ayotzinapa students.

In the June 2015 national elections, the PRI and its subordinate ally the Green Ecological Party won 24 million or 67 percent of the 39.7 million votes cast. The PRI-Green coalition won exactly half the seats in congress, meaning they needed only one vote to secure a simple majority. With the New Alliance Party, the teachers union party allied with the PRI, they have a majority. The conservative National Action Party (PAN) won 8.3 million or 20.9 percent, while the left-of-center Party of the Democratic Revolution (PRD) won only 1.9 million or 10.8 percent of the vote. The new Movement of National Regeneration Party (MORENA)—which split from the PRD—running in its first national election received 3.3 million votes. The leftist Workers Party (PT) lost its registration because its percentage of the vote had fallen to 2.99 percent; it is no longer an electoral party.

The political situation is similar in state government. The PRD has three governors and the mayor of the Federal District, PAN has six governors, and the rest of the 32 federal entities, 22 states, are controlled by the PRI. In the Federal District, the PRD continues to control six districts, but there too it was punished, with the PAN winning two and the PRI and its allies three and MORENA five.

The attempt of the National Coordinating Committee (la CNTE), the dissident group in the Mexican Teachers Union (el SNTE), together with some left organizations to organize a boycott had a negligible impact on the election.

Andrés Manuel López Obrador, twice a PRD presidential candidate and the founder and leader of the left-of-center MORENA, declared in February 2015 that he will be MORENA's presidential candidate in 2018. He has called upon his new party to build the organizational structure that will make it capable of winning the presidential election and the majority in Congress. While it is possible that he actually won the 2006 presidential election, it seems doubtful at present that he would be able to united the three left parties, the PRD, MORENA, and the Citizens Movement Party (also known as Convergence) to defeat the PRI.

So, as 2015 ended, a government serving business and *la clase política* remained in power, the left electoral parties remained divided, the unions remained on the defensive, but some courageous workers continued to fight for their rights, for a better life, and for a more democratic society.

This article was first published in *Mexican Labor News and Analysis*.

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<sup>[i]</sup> David Fairris and Edward Levine, "Declining union density in Mexico, 1984-2000," *Monthly Labor Review*, available at: [www.bls.gov/opub/mlr/2004/09/art2full.pdf](http://www.bls.gov/opub/mlr/2004/09/art2full.pdf)

<sup>[ii]</sup> Roberto Zepeda , "Disminución de la tasa de trabajadores sindicalizados en México durante el periodo neoliberal," *Revista Mexicana de Ciencias Políticas y*

*Sociales*, Vol. LI, núm. 207, septiembre- diciembre, 2009, pp. 57-81.

<sup>[18]</sup> Enrique Quintana, "Sindicatos, especie en extinción," *El Financiero*, April 29, 2015, available at: <http://www.elfinanciero.com.mx/opinion/sindicatos-especie-en-extincion.html>