

# The economic policy of inequality

NAPOLEÓN GÓMEZ URRUTIA

Thursday, 19<sup>th</sup> May 2016

An economic and social policy which does not translate into greater wellbeing for the majority of the population is a conservative and ignorant policy that can only lead to greater inequality and the risk of permanent social, political and employment crises which eventually destabilize a country. In Mexico, income distribution has become increasingly unequal, as employment and wages have steadily decreased while the profits of large companies grow exponentially every day.

That strategy has gone hand in hand with the loss of freedom and democracy, as well as the gradual disappearance of the middle class. The fruits of economic growth have been lost over the past 30 years and instability has grown tremendously for Mexicans. The ignorance and ambition of businesspeople and the most corrupt politicians have exacerbated this situation, added to the fact that corporate consolidation, technological changes and the entry into the market and the global economy of millions of workers in China and other Asian countries has complicated the sphere of productive work in Mexico, competing as they do with lower prices and products of only acceptable quality.

The problems Mexico faces have increased due to the low growth rate of the economy, the loss of opportunities, rising unemployment, the dramatic drop in wages to stagnant levels, the increase in poverty and the growth of insecurity. All this has resulted in a terrible decline in Mexico's image abroad and the discrediting of the government, because now not even their changes and reforms generate confidence or any expectation of a real change in society.

Today the labour market has lost the power and ability to generate decent and fair wages. Over 30 percent of Mexicans of working age are unemployed or earn poverty wages. Poverty affects more than half the population and in some states, such as Oaxaca, Chiapas and Guerrero, this proportion reaches two-thirds, double what it was three decades ago. Real wages have stagnated and even dropped to a level lower than increases in productivity, which up until the 1980s had remained close. The income gap has therefore worsened rapidly to the detriment of employees and the population, making Mexico the country with the lowest average income in Latin America, something that is both immoral and utterly unfair.

At this stage it is necessary to increase wage levels, for both minimum and general wages, maintain productivity growth, but through education and training rather than exploitation, and open up more and better job opportunities for women and young people, thereby moving towards a new strategy of shared responsibility and prosperity. It is not possible to continue with the callous model of growth which comes with the price of inequality, because the consequences could be a real economic, political and social crisis.

# La Jornada

The system of government in Mexico has not done enough over the past 30 years to build a system of social security, tranquility and stability that allows workers and their families, as well as society, to ensure they make progress in life and maintain a prosperous level of activity which would lead to greater welfare, not lesser as is currently the case. This is the real nature of the problem that many people perceive, with the exception of those who have the ability to decide and take action to change the course and destiny of economic development.

It is probably not an issue of lack of ideas or strategies for improving the quality of life of individuals and the working class. It is more likely the result of insensitivity and the lack of a genuine political commitment to implementing the required changes to activity and the structures of production. In most cases, when reforms are introduced, they are purely cosmetic reforms to maintain the privileges of those who benefit from inequality. Or they are measures that are advertised to give a picture of democracy that does not exist in practice. Sometimes, measures that serve only to meet domestic and international pressure, but are never actually intended to be fulfilled, are also applied.

One such case is that of the recently proposed labour reform, in which it is clear that the State is trying to retain control of the working class through maintaining the decadent and fascist system of official registration of unions with the Ministry for Labour, despite this being outdated and contradictory to freedom of association. Another is that the new Executive Power retains control of the new organization of the Judiciary Power, that will supposedly replace the Federal Board of Conciliation and Arbitration, and will leave local boards under the control of governors and local bullies.

In sum, there is progress, but it is of questionable origin and far from transparent ends. Because if the aim is indeed to democratise Mexico's labour policy, this should begin with respecting the right to strike as well as collective bargaining and freedom of association in elections and the recounts demanded by workers, increasing wages and benefits, protecting the life and health of the workforce through frequent inspections and forcing companies to comply with the rules and regulations in force. That is not an idealistic model, it is a project for a strategy which is committed to the future of the Mexican people, which can immediately be put in practice if there is political will.