



# NAFTA and the Mexican Working Class Agenda

NAPOLEÓN GÓMEZ URRUTIA

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The result of the elections on July 1<sup>st</sup> and Andrés Manuel López Obrador's victory open up the prospect of Mexico and North America entering a new phase of working relations.

Today's working classes in Mexico are suffering the effects of decades of underdevelopment, thanks to the combined effects of corporate interests influencing labour policy and neoliberalism governing economy policy.

24 years ago, when the North American Free Trade Agreement between Mexico, Canada and the United States was first signed during the last year of Carlos Salinas de Gortari's government, it promised the beginning of a new chapter in trade, economic and political relations between the three countries, the start of a transformation towards development and first world status for Mexicans, as well as the closing of the inequality and wage gap through fairness and the creation of new opportunities for the great majority of the population.

At the time, Mexican workers earned among the highest income levels in Latin America. Today, two and a half decades later, wages in our country are the lowest in the continent, including those in Haiti, Honduras and El Salvador, which are actually higher than ours. According to Inegi, the average earnings in Latin America today are 347 dollars per month, whereas in our country this figure is just 141 dollars, while workers in countries like Panama earn an average of 744 dollars per month.

What has happened over those nearly 25 intervening years since the signing of the free trade agreement in 1994? For one thing, workers in industries connected to global supply chains (automotive, metalwork, electronics, agriculture, mining and oil) have earned very low incomes throughout this period in comparison with the value of their products and wages in other countries.

The economic and labour policy of promoting the competitiveness and flexibility of companies on the basis of poverty wages has been utterly wrong; it has promoted the sustained exploitation of the workforce through employer protection contracts signed behind workers' backs, and the suppression of the rights of freedom of association and collective bargaining, which would have allowed the working classes to defend and reassert themselves.



Today, by way of example, at Goodyear's new factory in San Luis Potosí, the top salary is just 280 pesos per day. In their equivalent US factories, this same company pays 23 dollar per hour for the same working day, which is equivalent to 3,500 pesos per day. With a few honourable exceptions, protection unions have been imposed on workers, set up or commissioned by the corporations themselves and headed up by puppet leaders at their beck and call, allowing no voting rights to decide on collective bargaining agreements or union leaders, who in many cases they don't even know.

Worse still, multinational companies have used these types of subcontracting to weaken labour rights and working conditions, especially when it comes to health, safety and hygiene in the work place. Meanwhile, a large part of the work force works on an informal basis, without social security and without their human rights being respected, many earning the minimum wage of 88.36 pesos per day or perhaps even a little less, which is far below the standard required for social wellbeing according to CONEVAL (National Council for the Evaluation of Social Development Policy).

There are currently around nine million workers who earn the minimum wage in Mexico, and even some who earn lower than this. It is therefore incredibly important to correct the salary imbalance not only for the lowest earners, but also overall and within contracts; they need to be altered and raised to fair and decent levels that would improve the economy by way of increased consumption to stimulate demand and expand investment, employment and the domestic market. In other words, the vicious cycle of stagnation, inequality and poverty needs to be broken, and transformed into a positive force for to drive growth in the economy and better social standards.

The minimum wage debate is hugely important, but big Mexican business owners and their multinational counterparts do not see it as a crucial issue to be addressed. Their central concern is how to limit the collective rights of the working class, while for workers the issue is how to defend their right to form their own trade unions, bargain collectively with their employers and use the right to strike if needed to achieve their aims, all of which is theoretically guaranteed by international law and our own constitution, but suppressed in practice.

Finally, at the moment there are three essential processes that could serve to overturn the injustices of the last 25 years and improve the living standards of the working classes: firstly, including the chapter on labour and environmental rights in the revision or renegotiation of NAFTA, or trilateral agreement (known in English as the 'United States-Mexico-Canada Agreement'); secondly, carrying out thorough reform of labour legislation; and thirdly, enforcing Convention 98 of the WTO (World Trade Organisation) on the right to freedom of association and collective bargaining, recently unanimously ratified by the Senate of the



Mexican Republic, which a group of corporate and business interests attempted to derail, albeit without success.