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MEXICO AFTER NAFTA: A PUBLIC FORUM FOR SOCIAL AND LABOUR ACTIVISTS ON THE CURRENT MEXICAN CRISIS

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by
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CERLAC Colloquia Reports

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MEXICO AFTER NAFTA: A PUBLIC FORUM FOR LABOUR AND SOCIAL ACTIVISTS ON THE CURRENT MEXICAN CRISIS

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Abstract:

This is a rapporteur's report of a day-long workshop designed to deliver overviews and updates focusing on the deep economic, social and political crisis that has engulfed Mexico. The sessions dealt with critical issues of interest for social, international and labour activists. Brief presentations were followed by discussion from the floor. Presentations went beyond headline news and official discourse, addressing the harsh realities caused by the deepening crisis, and the multiple responses to this crisis by the Mexican people and their allies in Canada and elsewhere.

Introduction

Canada's post-war social contract is in danger and local attempts at putting a human face on capitalism are shattering. But Canadians are not alone. The global forces threatening Canadians are also affecting Mexicans. While the North American Free Trade Agreement (NAFTA) increases interdependence between Canadians and Mexicans, it creates turbulent times for both. The need for dialogue and solidarity between the two countries has never been so pressing. According to Ricardo Grinspun, York University professor, the recognition of that urgency led to June 1995's "Mexico After NAFTA: A Public Forum for Labour and Social Activists." Forum speakers and other participants were invited to address the impacts of NAFTA, and the economic, social and political crisis that has engulfed Mexico.

Restructuring and Reform

In exploring a range of issues and recent events in Mexico, forum speakers agreed that NAFTA has not become the panacea for Mexico's ills its proponents claimed it would be. Global advocates of neoliberal restructuring and democratization typically argue reducing the state role in the economy reduces corruption and disperses economic and political power. The Mexican authorities are no exception. To promote NAFTA, they claimed it would catapult Mexico into the first world. Unfortunately, those arguments are based on myths, said University of Toronto professor Judith Teichman, the first forum presenter.

Ironically, Mexico's mid 1980s economic adventure has only served to concentrate economic and political power, she said. The economic restructuring that preceded NAFTA allowed Mexico's decision-making process to be dominated by technocratic-bureaucratic economists with little or no political experience. Armed with PhDs from fine American institutions, this elite vanguard lacks first-hand knowledge of Mexican factories and farms. These economists

have isolated themselves in a protected bunker -- free from the dangers of democratic political discussion. They have no qualms about using repression against those who rock the boat, she said.

When state privatization began, then President Carlos Salinas added some of his own rhetoric. He announced privatization would make the state more efficient and capable, since state owned industries were bastions of corruption: money could be better spent aiding the poor directly. According to Teichman, while some of the profits from privatization did go to community groups, it was obvious the plan had a very explicit political agenda: to reduce the power of the official labour movement and to increase the economic role of industrial and financial groups.

While Mexico's old economic model was not good, the current model is worse, said Teichman. Under the previous model, more people were incorporated into the system and more people were a part of the decision-making process. Now, political isolation at the hands of the bureaucratic elite is the norm, and the remaining Mexicans suffer as a result, she concluded.

The myth of electoral reforms is also linked to Mexico's process of economic integration. In 1994, Mexican authorities used the glamour of electoral reforms to divert public attention from the economic hardships facing the country, said McMaster University professor Nivaldo Galleguillos. Publicity generated over Mexico's electoral reforms was remarkable, he said, comparing current government strategy to a 1970s project that introduced gradual, piecemeal electoral reforms while protecting the political status-quo. The latter project began when the Institutional Revolutionary Party (PRI) began to view public disinterest towards party politics as a possible threat to its stranglehold on power. At that time, with the intention of increasing voter turnout while prohibiting any type of meaningful change in the electoral system, state authorities introduced electoral reforms. In the 1972 case, the government decided any political party that received 1.5 per cent of the popular vote would automatically be granted 25 seats in Congress. This amendment increased the opposition's share in Congress from three per cent to a highly symbolic 18 per cent. But in reality, this

concession did not reduce PRI control of the political process. In 1977, another reform was implemented -- proportional representation through which up to 100 other politicians could access Congress in addition to the 300 'elected' members already there. This reform increased the opposition's control within Congress to 28 per cent, but it also dispersed and weakened the vote.

As unemployment in Mexico climbed steadily, public attention, both local and global, was directed toward electoral reforms which did not alter the status-quo, said Galleguillos in response to a participant's question. The participant had asked about the significance of various other political reforms adopted by the PRI government, including new electoral cards.

Despite the fact the electoral cards were technically sophisticated, they were proven easy to falsify, Galleguillos said, citing an example from his election observations in a rural area in Puebla, during the August 1994 presidential elections. When a minor of about 15 years old arrived to vote, Galleguillos asked how he had received his card. The minor responded, "Well, they gave me one." Galleguillos concluded, "When it comes to electoral mechanisms, one cannot give Mexico the benefit of the doubt."

Economic integration and the effects of rural restructuring in the January 1994 Chiapas uprising were also forum themes. The Chiapas uprising had historical roots, said University of Toronto professor Dick Roman. The late 1890s marked an assault on small and communal land holdings in Mexico. The conservative project turned land into a commodity, and communal lands into small farms and agricultural businesses. Lands were declared void of inhabitants and simply given away. In this hostile climate, the historical seeds of the Zapatista rebellion were sown. The threat of the Zapatistas and the break-up of the country encouraged the government to incorporate land reforms. The inauguration of Lázaro Cárdenas in the 1930s marked a break with the assault on the communal land structure. President Cárdenas sought to implement article 27 of the constitution, which asserted the primacy of public interest over land and sub-soil rights. It also promised landless people that they would receive land in the near future. Between 1934 and 1940, Mexicans witnessed their largest agricultural

reform ever.

But in the 1980s, land rights protected by article 27 came under attack. Encouraged by the International Monetary Fund, the government reduced state subsidies to producers, resulting in a tremendous increase in bankruptcies in the rural sector. Land was broken-up and used as collateral. Finally, the state's decision to open the country to corn imports was another direct blow to small-scale farmers who lack the means to compete with highly mechanized competitors to the North.

According to Roman, other events also contributed to the recent Chiapas uprising. The region experienced a tremendous economic boom from the 1960s to the 1980s. Consequently, the state's elites, especially cattle farmers, seized much of the lands formerly held by small-scale producers and indigenous communities. This, coupled with the region's population explosion, created a serious land shortage in Chiapas. Gaps between rich and poor became glaring -- suffering and misery escalated. The Chiapas revolt in 1994 was then, the outcome of dramatic struggles that worsened over time.

Roman believes one of the most interesting aspects of the Chiapas struggle is that it has raised the issue of indigenous rights without promoting a separatist or provincial cause. The Chiapas rebels realize their fight cannot be won nor guaranteed without a transformation at the national level. This event serves as a good example of how local and provincial matters are related to national issues, he said. Noteworthy is that rebel leaders deglorified the armed struggle in claiming that because of circumstantial reasons, they were compelled to use violent means, but that other societal groups would have to find their own paths of resistance. Another forum participant agreed the Chiapas uprising was a direct result of economic restructuring -- trade liberalization and cheap imports have meant a complete disruption of local economic activities.

Next, forum participants questioned the first three speakers. To the question of whether the recent National Action Party (PAN) electoral victories signified any important changes in Mexican politics, Galleguillos responded the events were rather insignificant. "Don't put too much stock in these victories. One of the big

mysteries of Mexican politics is why state electoral victories are not translated into results in national elections.”

Another participant question sparked a response from Roman on how the Mexican regime generally received favorable press reports in North American media accounts of the Chiapas events. “Why is Mexico not known as a place with 500 political murders? Why is it not known for its extensive repression? Could it be the U.S. media doesn’t care, that there is disinterest about the dirty laundry of a friendly regime? Or is it because of the public relations campaigns of the Mexican government?”

Two previous experiences parallel the Mexican, added Galleguillos. “In both Panama and the Gulf War, the media willingly failed to provide pertinent information to the public. In Mexico, even less is known. To be sure, nothing happens in Mexico until it happens first in the New York Times.” Another forum participant added that since Carlos Salinas sits on the board of directors of the Wall Street Journal, the media blackout is, without a doubt, an intentional act.

Concerning Mexico’s economic situation and the crisis of capitalism on a global scale, Teichman stated the changes in Mexico since 1982 are closely related to transformations in the world economy. Events like the 1970s oil crisis, the decline of the U.S. dollar, competition between the United States, Germany, and Japan, and the formation of international trading blocks have profoundly affected the Mexican economy. It is extremely important to understand the coincidences between international changes, and changes within Mexico, she said. A rise in petroleum production transformed Mexico into an oil exporting nation. When the bubble burst in 1981, the nation’s strategies had to be revamped and leaders had to look for new sources of economic growth. One such method involved the integration of Mexico into new international economic structures. U.S. multinational corporations are focusing on ways to make production costs more competitive. One strategy to increase competitiveness is to move into economies where it is cheaper to produce. “This is, in a nutshell, where Mexico and NAFTA fit into the previously mentioned international changes,” said Teichman.

Another issue raised was the effect Mexico’s financial crisis will have on the rest of Latin America’s enthusiasm in joining NAFTA. Teichman indicated that Mexican leaders had enormous confidence in the neoliberal model and see it as the solution to all economic problems. They say its implementation will ensure political peace. Many of those who continue to believe in it are young, politically naive, and resistant to reading history, she said. Teichman cited examples of being told history and politics are irrelevant -- that faith in the economic reforms is all that is needed. Such blind devotion to the system should be severely questioned, she added.

Argentinean proponents of economic integration claim Argentina is different from Mexico. Teichman suggested Latin American political leaders have not taken the Mexican economic crisis seriously and warned that current developments in Argentina mirror those in Mexico.

Chilean officials are also attempting to distance themselves from Mexico, whereas the previous year it was the contrary, added Grinspun. He spoke on the crisis of the Mexican balance of payments. “It was usually argued that Latin American countries should move beyond import substitution industrialization to avoid crises such as the current Mexican one. But now it’s clear the new model brings worse results.” A huge myth concerns the role of capital in restructuring efforts. It states that countries should attract capital. Once attained, market forces will guide this capital into the best investment opportunities, and bring growth and shared prosperity. Grinspun criticized this view for not distinguishing between productive investment and financial flows. “Although Mexico was very successful in attracting capital, now it is suffering the results of a financial orgy. Firms tried to obtain short term gains with little intent to move into productive areas or to encourage job creation.” While creating massive gains on paper, the financial bubble was appropriated by a small group of Mexicans who were associated with transnational capital. The productive sphere suffered as interest rates increased greatly. The results were massive job loss and de-industrialization, he concluded.

NGO and Union Perspectives

The Chiapas uprising is related to general trends in human rights in Mexico, said Suzanne Rumsey, Inter-Church Committee on Human Rights in Latin America representative. The Chiapas revolutionaries, Ejercito Zapatista de Liberación Nacional (EZLN) demands could be applied to various groups in the country. The demands included an end to repression, respect for indigenous autonomy, and an equitable and democratic Mexican state. Unfortunately, the government's response to the demands were militarization and more repression.

Although the official National Human Rights Commission was formed in 1990, its effectiveness in dealing with human rights abuses, such as those committed by the military in Chiapas, is almost non-existent, said Rumsey. "This institution plays a public relations role. While it can make recommendations, it cannot implement anything. In its 1993-94 report, the commission explained that only 30 per cent of the complaints received were within its mandate. Furthermore, only 47 per cent of its recommendations had been complied with."

To make matters worse, the Mexican judiciary is politicized and corrupt, she said. In late 1993, changes in the criminal code allowed Mexican authorities to detain people without an arrest warrant and lengthened detention, even for vaguely defined crimes. President Zedillo's judicial reforms required the entire Supreme Court resign -- when Zedillo gave the order to send the military into Chiapas, there was no standing Supreme Court. Since then, military presence in Chiapas has increased. Military personnel are also selectively helping native communities with the objective of dividing them. This, she believes, portrays a "Central Americanization" of Chiapas.

While human rights abuses abound in Mexico, Canadian officials are separating trade from human rights issues. Foreign Affairs Minister André Ouellet recently announced that Canada cannot be a "human rights boy scout" and Canada will continue to trade with countries like Mexico. Rumsey indicated that even the Canadian Security Intelligence Service (CSIS) has been harassing

Canadian human rights workers who are sympathetic to the Zapatista cause. "CSIS claimed it wanted to protect those working on human rights and related issues in Mexico. But in reality, CSIS has a mandate to maintain security within Canada." Thus, the information CSIS is looking for, and relations between CSIS and its counterparts in the U.S. and Mexico, are still unclear. However, it is certain that Canadian officials are silent on human rights abuses in Mexico while CSIS investigates solidarity workers in Canada, she concluded.

In the wake of the state-initiated attack on labour, NAFTA proponents still claim the deal will increase employment and raise workplace standards. So far, Mexicans have witnessed the opposite in both cases. Maquila Solidarity Network activist Bob Jeffcott explained the trends of increasing unemployment and lowering of workplace standards occurred even before the peso crisis began in late 1994. Maquila workers in the northern border region have been hit hard, but they aren't the only casualties, he said. Mexican workers in general have suffered, some to the tune of a 50 per cent drop in wages. A great loss in legitimacy and credibility for Mexico's largest union, the Confederación Trabajadores de México (CTM), has resulted -- despite its seemingly everlasting staying power. Jeffcott notes a growing wave of labour militancy in the maquila region, particularly in Ciudad Juárez. This explosion of activity has involved workers of all stripes, including some who are not members of any organizations, and even some who work in CTM plants. Jeffcott pointed to a week-long strike in which 5,600 workers participated. "This activity, which occurred at the RCA plant, was led by an informal workers' coalition. The strikers were successful despite harassment, and negotiated a pay increase 13 per cent above the seven per cent negotiated by the union."

To encourage bonding and solidarity amongst workers of the three NAFTA countries, Jeffcott suggests issues of job loss and capital flight should not be focal points in establishing linkages. Instead, activists should concentrate on issues like workplace standards, corporate blackmail, salaries, and social benefits.

Interdependence between Mexico and Canada is growing, and NAFTA has forced a

critical change in Canada's relationship with Mexico, said Nick De Carlo of the Canadian Auto Workers. "We are now directly affected by the Mexican economy, and therefore the issue for us as a union cannot only be concerned with support work, but rather in the creation of a strategic alliance." De Carlo cited the political shift to the right in Canada at both federal and provincial levels. "We must see the fight as one which is common. We need common proposals to try to limit the power that capital has over the economies of the Americas."

Since the CAW normally associates with groups in a labour-to-labour fashion, the fact that much of Mexico's organized labour is tied to the state is bound to create problems, he warned. De Carlo feels forming tighter bonds between Canadian and Mexican labour will be no easy task, but is essential. He encourages Canadian labour organisations to learn from examining unemployment and social change in Mexico. "The fight for jobs and against social service cuts has to be pulled together. We are fighting the same issues and we are part of the same movement." De Carlo emphasized the need for a permanent organisation to facilitate the building of support within Mexico. Such an organisation would be used by Canadians not to interfere, but to share responses. "We need to build a political movement in which the key would be education. We have to demystify NAFTA. We have to take on the banks and the governments and the corporations that continue to attack trade union and working people's rights."

Alejandro Alvarez Bejar, Universidad Nacional Autónoma de México economist and labour specialist, said the economic crisis is merely a symptom of the economic model itself. He criticized the neoliberal model for betraying Mexicans. In the financial rescue package negotiated by the United States and Mexico immediately following the peso devaluation, both parties talked of figures ranging from \$18 billion to \$52 billion. But this isn't enough. "We still have a serious problem in the banking sector, and the risk for the coming future is the danger of bank failures. To stop capital flight, higher interest rates will be utilized, but this will be an atomic bomb as far as the productive sector is concerned."

The result is a trade off in which financial markets will be stabilized while destroying the

county's productive areas, he said. This translates into tens of thousands of companies, not all of them small, which are running the risk of bankruptcy. In terms of external debt, Alvarez Bejar indicated ex-president Salinas assured Mexicans there was no reason for concern. Now, many have realized there has been a massive accumulation of debt, but there are now fewer public enterprises to sell to reduce the problem. He recommended changes in the role of the army, within the official party and the entire political system. "Zapatistas are considered a national security problem, unions are considered a national security problem, and even credit card holders are considered a national security problem. We are under military surveillance and the government is clearly moving further towards that direction. This will lead to thousands of human rights violations in different regions of the country and at different levels of government."

There has been an explosion of working class militancy in Mexico lately, culminating last May 1st in the nation's largest demonstration in 20 years. But one should be careful in interpreting this event. Firstly, the leader of the protest had very specific demands. He was the head of the union of the 'Ruta 100,' a public transportation company which formed the main striking body. Other groups at the demonstration found their voices were drowned out by the demands of the Ruta 100. Furthermore, the protest lacked a sizable number of industrial workers, who form the heart of corporate control over organised labour.

From a Canadian perspective, Mexican solidarity movements may appear to be weak and unorganized. Yet, they are very much alive and flourishing. "The [movement] is hard to understand and hard to relate internationally. You may ask 'where is your organization, to what federation do you belong?' But the fact is, we have a very powerful movement." It is important for Canadians to look closely at current events in Mexico. This will give Canadians a better understanding of local problems and concerns, since events in Mexico are similar to events here, he concluded.

During the next discussion, a forum participant asked if there was any truth to the rumour that of the supposed 43 Zapatista demands, the government met all but two. Alvarez

Bejar suggested although the government did enter discussions with the Zapatista leaders, the government commitment to meeting those demands was questionable. The main demand, that the army leave Chiapas, was ignored by the government. Rumsey clarified: there were originally only 34 demands, and the majority were expressed in national terms. Unfortunately, in promising they would genuinely examine the special needs of the Chiapas highlands, the PRI government transformed the calls for national change into localized, isolated issues.

Forum discussion also focused on the existence of a black list bearing names of potential enemies of the regime. Social workers, labour organisers, and members of church groups all seem to be on the list. Although the Mexican government flatly denies the existence of the list, there is overwhelming proof to suggest otherwise, according to Rumsey. The circulation of this document is just another visible sign of the emerging policy on national security. To the government and the armed forces, everyone and everything, it seems, is now considered a national security risk. "Bishop Ruiz's name has been included on a list of EZLN collaborators. The offices of (NGO) CONPAZ have been searched, as well as those of the Fray Bartolomé Centre (a human rights centre in Chiapas). The Jesuit Human Rights Centre has received death threats, and a Jesuit radio station was recently shut down for allegedly calling people to arms in special code."

Rumsey stressed that since January 1994, numerous NGOs have requested to discuss Mexican affairs with Minister Ouellet. Unfortunately, the response has always been negative, with the Canadian foreign affairs minister simply directing their concerns away from key decision makers.

A Michigan State University participant suggested that while NAFTA is generally seen as an economic policy, it should be viewed as foreign policy too. "The U.S. has a sophisticated policy of hegemonic control and economic integration in Latin America. Could NAFTA just be an updated Monroe Doctrine?" NAFTA countries are now witnessing the total collapse of the social apparatus in Canada, the United States and Mexico, he added.

A project entitled "Caravan to Chiapas," in which a group of vehicles drove from Toronto to Chiapas in August 1995 was also discussed. The Caravan provided humanitarian aid and moral support to people in Chiapas.

The Mexican military, said another participant, has recently become more prominent in the sphere of Mexican politics. However, in a backhanded sort of way, this may not be such a bad thing. The reason the PRI has generally received good press is due, in part at least, to the fact that the army has usually played only a minor role in the nation's affairs. Perhaps the international media will notice the increased military presence, and realize that Mexico is not democratic. The days of favourable press reports for the regime may be numbered, thanks in part to the Mexican military itself, the participant suspected.

Luin Goldring, a York University sociology professor raised the topic of El Barzón, a new Mexican social movement created by indebted small-scale producers in Zacatecas. Since inception, El Barzón's partisanship has increased, and local chapters have popped-up all over the country. Alvarez Bejar added the movement has spread into manufacturing sectors and even appeals to a huge number of credit card holders. Criticism of Mexico's banks is deeply embedded in this social movement, and bankrupt entrepreneurs are now marching with the workers. He also noted the current debate in Mexico over measuring unemployment rates. "We have an open unemployment rate which used to be lower than that of Canada and the U.S. Obviously, the current system does not accurately portray the grim reality for most Mexicans. At the beginning of the 1990s, the rate was 3.5 per cent and now, officially, we are near six per cent." In reality, almost 6 million Mexicans, or roughly 10 per cent of the population, are without work of any type. This does not even include the problem of underemployment, which would increase numbers considerably. "Due to the substance of the current economic program, the situation will only get worse. In fact, from 1980 to 1993, Mexico lost at least one million jobs in the manufacturing sector. So, clearly, the problem is related to structural change and NAFTA."

Towards a New Vision

Ricardo Grinspun advocated a fair economy as he wound-up the workshop. “One thing to be learned from proponents of neoliberalism is that they have a very simple vision of the world and they push for that vision with all their might. The basic building blocks of an alternate societal view, more humane and compassionate, are already there. But we need to structure them, articulate them, and try to make them a reality of action in a social movement that unites workers and popular sectors across the NAFTA borders.”