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Big business thrilled by audacious attack

Mexican electrical union fights for its life

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Description:

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The Mexican Electrical Workers Union (SME), made up of approximately 43,000 active and 22,000 retired workers in Mexico City and surrounding states, is fighting for its life. The union's struggle has rallied allies in the labor movement and on the left in Mexico and solidarity from throughout the country and around the world, but, if it is to survive, the union and its supporters have to take stronger actions than they have so far, and time is not on their side.



On the night of October 10, President Calderón ordered federal police to seize the power plants, while he simultaneously liquidated the state-owned Light and Power Company, fired the entire workforce, and thus did away with the legal existence of the union. The Mexican president's attack on the Electrical Workers Union might be compared to Ronald Regan's firing of more than 11,500 members of the Professional Air Traffic Controllers (PATCO) in 1981 or to Margaret Thatcher's smashing of the National Union of Mineworkers (NUM) in 1984 in which over 11,000 miners were arrested and the union defeated. [1]

Changing the Balance of Force

Calderón's move to destroy this union represents an important turning point in modern Mexican labor history, a decisive step to break the back of the unions once and for all. Following up on his three-year war on the Mexican Miners and Metal Workers Union (SNTMM), Calderón has now decided to take on the leading union in Mexico City. But, even more important, it is, as one Mexican political leader noted, it is an act intended "to change the balance of forces," so that they favor the government. "After its electoral defeat and out of fear of social protest which the [economic] crisis is provoking, the government wants to give a demonstration of its power which everybody will understand: the left, the social movements, the PRI [Institutional Revolutionary Party], the unions, the Congress, the businessmen and the media. The logic is the same that was used in the [Salinas government's] attack on La Quina [head of the Mexican Petroleum Workers Union] in 1989: if you can do it the strongest, then you can do it to the weakest. If the most combative union can be defeated, then so can any other force."

Mexico City, where this blow has been delivered, is heart of the political opposition to Calderón and the base of support for left-wing leader Andrés Manuel López Obrador who claims to have won the last election. Mexico City is also the base of Marcelo Ebrard, the mayor of the metropolis, who some see as another possible presidential contender in 2012. So this attack on the union is also an attack on the left at its strongest point. And, at least at this moment and while we still hope to see the Mexican workers take the strong measures needed it seems as if the government can and has defeated the strongest, and can now turn its attention to the weaker.

A Turning Point

Mexican electrical union fights for its life

This is a turning point because it allows Mexico's capitalist class to resume the neoliberal project begun under Carlos Salinas de Gortari in 1988 but interrupted by a series of unforeseen events: the creation of the Party of the Democratic Revolution (PRD) in 1989, the Chiapas Rebellion led by the Zapatista Army of National Liberation in 1994, president Ernesto Zedillo's precipitation of the economic crisis of 1994-96, and finally the end of the old one-party state under the Institutional Revolutionary Party (PRI) and its replacement by National Action Party (PAN).

Salinas had succeeded in privatizing the Mexican Telephone Company (TELMEX), the railroads, and the Cananea Copper Company, but he failed to finish the job, with the energy sector, petroleum and electric power generation still state owned. Now, after a twenty year interruption, Calderón has under taken to finish the job.

The Origin of an Independent Union

The full significance of these events can only be appreciated when one sees them in the light of both their history and the current political context. The Calderón administration has chosen to attack one of Mexico's oldest, most militant and most democratic union. The Mexican Electrical Workers Union was born in the great Mexican Revolution of 1910-1940, a tumultuous upheaval from below by the country's workers, farmers and peasants, swept away the dictatorship of Porfirio Díaz and replaced it with a new order, if not exactly the order that the underdogs had been hoping for. In 1911, a group of electrical workers at the Light and Power Company organized the League of Electrical Workers. Then in 1914 they founded the Mexican Electrical Workers Union (Sindicato Mexicano de Electricistas).

The newly created Electrical Workers participated in the general strike of 1916 to defend the right of independent unions to exist. In 1917 the union negotiated its first contract, laying the basis for what would become one of the strongest collective bargaining agreements in the country. Less radical than some other unions and more independent than many, the Electrical Workers survived the labor wars of the 1920s that pitted corrupt, government-backed unions against revolutionary anarchists and Communists.

The Union in the Cárdenas Period

When the popular nationalist and leftist General Lázaro Cárdenas became president, he brought most of the Mexican labor unions into his orbit and under his influence. The Electrical Workers general secretary Francisco Breña Alvarez, however, guided the union along its own independent path. In June of 1936, the Electrical Workers Union faced a conflict over wages with the British-Canadian Mexican Light, which then owned the central electrical companies for which their members worked.

The Cárdenas government would have liked to avoid a strike and proposed arbitration, but the union rejected any form of arbitration and struck. The strike by the union's 3,000 members shut off power in Mexico City except to hospitals and other essential services paralyzed the streetcars and brought management to the table. The union successfully defended the right to strike, eschewed arbitration, defeated the company, and maintained its independence from the government.

Between Scylla and Charybdis

During the late 1940s and 1950s, Mexico experienced its own wave of anti-Communism and its own version of McCarthyism, as the government deposed independent union leaders and replaced them with government-backed gangster leaders, the so-called charros. The Mexican Electrical Workers succeeded in avoiding the worst of that era,

allowing it to emerge in the 1960s and to continue in the 1970s as an ally of the "worker insurgency" then taking place and as friend to the new independent unions that were then emerging.

During the 1980s, the Electrical Workers Union once again found itself in conflict with the government-employer. In 1987, as students also struck the university, the union shut off power to Mexico City once again as it had 50 years before. Throughout the the years of the Carlos Salinas presidency (1988-1994), the union maneuvered between the Scylla of government domination and the Charybdis of the president's program of privatization.

The Electrical Workers veered toward the privatizing president to protect its own interests, but simultaneously strove to escape the sirens of patronage. That period was not its most heroic, yet, despite its compromises with Salinas, the Electrical Workers Union did not completely forfeit its independence and emerged in the 1990s and 2000s to lead coalitions to defend national electric power companies, Light and Power and the Federal Electric Commission, and the Mexican Petroleum Company (PEMEX) from privatization.

Fighting Privatization

The union was outspoken and active in its opposition to President Vicente Fox, his National Action Party (PAN), and its rightwing agenda. The Electrical Workers Union organized around it self a coalition of other unions, peasant leagues, and urban poor people to create the National Front Against Privatization. When Felipe Calderón became president in 2006, the Electrical Workers continued their struggle against privatization, joining with the National Union of Workers (the UNT), Mexico's independent labor federation, to build a massive national coalition dedicated to changing the direction of the country.

For almost a decade the Electrical Workers and its allies have successfully stopped first Vicente Fox and then Felipe Calderón from selling off the national patrimony.

Most recently, the Electrical Workers and its Mexican Union Front (FSM), have brought together other labor unions, peasant leagues and organizations of the urban poor. The FSM in turn united with the independent National Union of Workers (UNT) to create the *frentote* a gigantic coalition of virtually all of Mexico's organized working people. The SME, thus, stood squarely in the path of President Felipe Calderón and his National Action Party.

The Union and its Contract

The Mexican Electrical Workers Union had developed over the years into a powerful institution. The union's total members reached 43,000 working members and 22,000 retirees represented by between 700 and 840 full-time, paid delegates. The union contract, first negotiated in 1917, had evolved into a complex document describing 2,800 job categories and 92 wage scales for the various jobs. This contract protected the rights and privileges of union members, with SME union members having wages, benefits, and working conditions far superior to those of workers in many other unions and especially to unorganized workers.

The contract also gave the union power vis-à-vis the company in matters of financing, development and new technology. It required management to inform the union of the annual budget, building plans, investment and acquisitions, and current finances. The contract forbade the company from out-sourcing work even in non-electrical areas such as auto shops, construction and carpentry. The union had virtual control over all hiring and firing, and the union ran a technical school with more than 1,200 students preparing to become Light and Power employees. The union contract also required the company to provide the union with 75 million pesos (7.5 million dollars) for contracting expenses, cultural activities, for retirees, and in advances for union dues in June so that union members could buy school supplies. While critics called this the "dictatorship of the proletariat," in was in reality a strong union

contract, not so different than those found two decades ago in every industrial country in the world, providing its members with job security, economic security, and in general with social well-being. Calderón has swept away the union and torn its contract to bits.

Union Conflict Precipitates Crisis

Calderón may have been encouraged to make his bold move to eliminate both company and union by the development earlier this year of an internal union conflict. The Mexican Electrical Workers Union is a notoriously democratic union which has often seen rival factions struggle for leadership of the union. The June 2009 union elections saw Martín Esparza, the incumbent general secretary heading up the Green Slate of the Unity and Union Democracy caucus and Alejandro Muñoz, the union's treasurer, heading up the Orange Slate of the Union Transparency caucus. Muñoz accused Esparza of having used his union office to line his own pockets, and Esparza made similar accusations against Muñoz. Esparza also accused Muñoz of colluding with César Nava, a PAN leader who previously served as Calderón's closest aide (secretario particular). Muñoz denied the accusations that he was close to Nava.

Muñoz accused the union of irregularities in the electoral proceeding, but was convinced to await the results of the June election, which he lost to Esparza. A month later, Muñoz filed charges with the Federal Board of Conciliation and Arbitration. This opened the door for the government to intervene in the union. Subsequently, on September 10, Secretary of Labor Javier Lozano, declared that there had been irregularities in the election, and on October 5 he refused to recognize Martín Esparza as general secretary, effectively decapitating the union by declaring that it had no legally recognized leadership. The Mexican government has broad powers to withhold recognition (known as *toma de nota*) from union leaders. This government interference violates the International Labor Organization's Convention 87 which says workers have the right to organize and run unions of their own choosing. Five days after Lozano refused to recognize the union leaders, Calderón sent the police and army to seize the plants.

It is hard to tell exactly how the internal conflict affected the union and its leaders, but in the crucial days before the government carried out its coup, the leadership failed to mobilize the union and its allies to defend their workplaces and union. Though the union had told the press a week before that it believed the government was preparing to seize the company facilities, it apparently took no steps to advise its members to resist the police and hold the plants. For example, on October 10 group of just 30 police officers seized the Systems Operation center which controls the electrical substations of the entire country and amazingly the famously militant union did nothing to attempt to stop that takeover of that crucial facility or any others. At the same time the police also took over the union hall and its radio station, also without resistance. [2]

The Political and Labor Union Context Today

Calderón and his National Action Party, controlling the executive branch of government, have led this attack, but they have had the support of the Institutional Revolutionary Party (PRI) which dominates the legislative branch. The government's attack on the Mexican Electrical Workers Union has been opposed by the parties of the left: the Party of the Democratic Revolution (PRD), the Workers Party (PT), and Convergence. The PAN and the PRI together control more than two-thirds of the representatives and senators.

The PRI's support has been important not only in the legislature but also in the organized labor movement. The PRI, the former ruling party of Mexico, controls the Congress of Labor, the Confederation of Mexican Workers and other confederations and industrial unions, such as the Petroleum Workers Union. So, though the Mexican Electrical Workers Union is party of the Congress of Labor, none of the other union leaders in that umbrella organization of the official labor movement have said a word in defense of the electrical workers, and none of those unions have come to its aid.

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While the PRI controls most industrial unions, the head of the largest public employee unions Elba Esther Gordillo of the 1.5 million member Mexican Teachers Union (el SNTE) and Valdemar Gutiérrez Fragoso of the 300,000 member Mexican Social Security Workers Union (SNTSS) have been allied with the Calderón and the PAN. Gordillo joined Calderón in creating a new Alliance for Quality Education (ACE), which many critics see as opening the door privatization in that area. Gutiérrez Fragoso, in addition to his duties as head of his union is also a PAN legislator. Neither the Teachers Union nor the Social Security Workers Union have spoken out against the government attack nor acted in solidarity with the Electrical Workers Union.

Massive Protest March

Still, the Electrical Workers Union has many allies. Labor unions and social movements, and opposition political parties organized a huge protest march on Friday, October 16 which was estimated at between 150,000 and 300,000 participants. The march began at 4:00 p.m. at the Angel of Independence on Reforma Avenue and marched to the Zócalo, Mexico national plaza, the last marchers arriving at 8:00 p.m. University workers, nuclear workers, miners, the teachers union opposition, telephone workers and many others hiked through Mexico to show their solidarity. While the march was a strong show of support, it was not a show of force, never attempting to retake any of the facilities.

Early last week Andrés Manuel López Obrador, who, arguing that he won the 2006 election, calls himself the "Legitimate President of Mexico," convened a mass meeting of tens of thousands of his supporters and turned the platform over to Martín Esparza, general secretary of the Electrical Workers Union. Both Esparza and López Obrador called the government's action unconstitutional and illegal and both called for resistance. López Obrador called upon the legislature to create a commission to investigate the situation. No such investigation is likely to take place, given that the government party and its allies control the congress.

Since the police seized the power plants there have been daily rallies and demonstrations by thousands of Electrical Workers in Mexico City. Neither speaker proposed a plan of resistance through mass action aimed at the government but rather inclined toward legal strategies.

The mass march pressure the government into holding a negotiating session with the union, but that session soon reached an impasse. Secretary of the Interior Fernando Gómez Mont said that the government's decision was "irreversible." Secretary of Labor also commented calling the liquidation of the company a "consummated fact." The Mexican Electrical Workers also refused to compromise on its demands that the police be removed from the workplace, that the liquidation of the company be revoked, and that the government negotiate the issues with the union. Further progress in any negotiations seems unlikely, and become less likely with every passing day.

As that incident demonstrates, mass marches will not be able to force the government to reverse its decision, though it remains possible that a national response, a national civic uprising such as the local uprising in Oaxaca three years ago, might be capable of stopping the government. Still, if the union is not prepared to take the necessary action in Mexico City, it cannot expect others to come to the rescue. The union must lead or be swept away.

Solidarity from Mexico and Abroad

Throughout Mexico workers, students, and communities, labor unions and left parties rallied and marched to support the Mexican Electrical Workers Union. In Cuernavaca, Moreles some 3,500 marched. In Oaxaca the Union of Workers and Employees of the Benito Juárez Autonomous University shut down the university in protest and solidarity. In San Luis Potosi the Potosi Union Front carried protested the development at the State Legislature and expressed their solidarity with the electrical workers. Divers organizations the National Union of General Tire

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Workers, the Board Popular Front (FAP), and the Party of the Democratic Revolution expressed support at the national, state and local levels.

Expression of international solidarity arrived from the United States and Canada, from Holland Germany, and even from workers in Iraq. Unions from around the world condemned the Mexican government and gave voice to their solidarity with the Mexican Electrical Workers Union. While such expressions of solidarity help to give heart to the struggle electrical workers of Mexico, unlike in industries such as shipping where dockworkers solidarity can have a direct impact, those foreign unions can have little leverage on a nationalized power company in another country though the CFE does import coal, and coal miners, railroad workers, and marine workers might be able to interrupt those shipments.

Union's Legal and Legislative Strategy

While marching in the streets, the Electrical Workers Union is also pursuing a legal strategy, having hired Néstor de Buen, the country's leading labor lawyer, to argue that the Calderón government seizures of the company was unconstitutional and illegal. The union also plans to have its members file individual lawsuits called amparos, something like injunctions, arguing that their individual rights have been violated. While other unions have used the individual lawsuits as a mechanism to delay government actions, they would seem to be a weak tool in this case. The union says it will also pursue a legislative strategy, pressuring the Mexican Legislature to present a "constitutional controversy," arguing in effect that the executive branch of the government overstepped its constitutional authority. Such a legislative strategy appears to have little hope of success given the alliance between President Calderón's National Action Party (PAN) and the Institutional Revolutionary Party (PRI) which together control a very large majority of both houses of congress. The union's legal strategy is premised on the argument that since Light and Power was created by the legislative decree it cannot be eradicated by executive decrees. The union and its supporters have also argued that the president's action violates both Mexican labor law and international labor standards.

Police, Army Still Occupy Plants

At this moment, 5,000 federal police, backed up by at least 10,000 police reserves, and 3,000 military officers still hold over 100 facilities. The plants are being operated by management and by 3,000 electrical workers brought in from the other state-owned power company, the Federal Electrical Commission (CFE), and another 800 engineers and technicians provided by the military. Workers at the CFE are members of the Sole Union of Electrical Workers of Mexico (SUTERM), a union historically controlled by the PRI whose leaders are eager to collude with the government in the hopes of sharing in the booty of jobs, union dues, and political influence.

Since the police took control of the plants there have been many localized blackouts that have shut off power for hours to Mexico City neighborhoods, to other cities and towns, and to industry, with hundreds of factories idled in the nearby State of Mexico. The government has blamed the blackouts on the union, while the union attributes the blackouts to the incompetence of the government and the workers brought into run the plants.

Future of the Light and Power

The Calderón government has said that, having extinguished the Light and Power Company, it will now turn its facilities over to a new company which it plans to merge with the Federal Electrical Commission in the near future. The government says it plans to hire 10,000 former Light and Power workers to work for the new company under new terms of employment. The 45,000 union workers have been told that they must collect their severance pay by mid-November to be eligible to be hired by the new company. So far about 1,400 workers have collected their

severance pay. There have also been 11,700 payments to the 22,000 retirees. As an added inducement to workers, the Secretary of Labor has thrown in scholarships to study English for workers who file for their severance soon.

The government has set aside 20 billion pesos (about 200 million dollars) for the costs of the liquidation of the company labor force. Each worker is being paid the severance to which they are entitled under Mexican law, 300,000 to 400,000 pesos or about U.S.\$30,000-40,000 each.

The Economic Argument

Felipe Calderón's decision to liquidate the Light and Power Company did not result out of any contract negotiation or strike, but rather out of a political decision to do away with the nationalized company and the union which stands at the center of the Mexican left and in the path of the president's privatizing agenda. The Calderón government, however, argues that this was a purely economic decision based on the economic and productive inefficiencies of Light and Power. There is, however, no clear cut economic case to be made; the issues are complex. The government argues that the Light and Power Company had an annual deficit of 44 billion pesos (400 million US dollars). Georgina Kessel Martínez, Secretary of Energy, asserts that Light and Powers expenses were almost always double its sales, requiring enormous government subsidies. In reality that "deficit" was largely the result of transferring electric power from the Federal Electric Commission (CFE) to Light and Power (LyF), both government owned companies.

Calderón in his speech to the nation justified eliminating the company because it was "losing one third of the electricity it distributed because of theft, technical failures, corruption, or inefficiencies." That the CFE was more productive than LyF seems beyond doubt, but many things explain that:

- ▶ Mexico City, the Federal District and Central Mexico, which Light and Power served, represent the most difficult geographic, demographic, and economic area of the country. While rural areas present special challenges, the complex and constantly expanding and evolving megapolis of 20 million people and millions of others in surrounding central states is even more so.
- ▶ The residents and businesses of Mexico City reputedly "steal" electrical energy from the system through illegal connections. I put "steal" in quotes because it is after all a national system which exists to provide electricity to the Mexican people at a reasonable cost.
- ▶ Government agencies, for example Los Pinos, the Mexican presidential residence and office, did not pay for their electricity. For reasons that are unclear, the government company also failed to charge some Mexican businesses such as hotels for their electricity.
- ▶ The union argues that for the last 20 years the government declined to invest in the company, allowing the plant and distribution system to deteriorate, in order to create an economic crisis.

The Question of Wages, Benefits, Pensions

The Calderón administration has suggested that at the center of Light and Power's economic problems was the high cost of workers wages, benefits and pensions which threatened to bankrupt the system. The government says that 160 billion pesos out of its 240 billion peso wage bill went toward pensions for 20,000 retired workers.

Without a doubt, the Mexican Electrical Workers Union had succeeded in its 95-year history in winning for its

members a labor union contract which might be the envy of workers throughout the country. Unlike most Mexican workers, Light and Power workers earned about 6,000 pesos (600 US dollars) per month, something approximating a living wage. Retired workers enjoyed very generous pensions equal to or greater than their work wages. But the alleged financial crisis of the company may not have been the real motive behind Calderón's aggressive action.

The Real Economic Motive?

Martín Esparza, the union's leader, argues that the real economic motive for the government's action is the desire of private industry to get its hands on the 100 kilometer network of fiber optic cable which was the property of Light and Power. The fiber optic cable system which can be used for telecommunications was licensed in 1999 to WL Comunicaciones S.A. de C.V., a Spanish company.

A year later the company, whose majority partners are two former Secretaries of Energy, Fernando Canales Clariond and Ernesto Martens, gained the right to operate the fiber optic network for 30 years, with the possibility of further extensions. Secretary of Labor Javier Lozano has also been as a consultant, assisting WL Comunicaciones in winning its concessions. [3]

The Impact: Business Thrilled

Mexican and foreign capital is thrilled at Calderón's action. The Business Coordinating Council (CCE), the Confederation of Mexican Employers (COPARMEX), the Federation of Industrial Chambers (CONCAMIN), the National Chamber of the Manufacturing Industry (CANACINTRA), and the Mexican Council of Businessmen (CMHN) all praised Calderón and encouraged him to see the attack on the electrical workers as just a first step. The Mexican capitalist class has had a taste of blood, likes it, and wants more.

Investors.com, speaking for and to international capital, in an article titled "Mexico Knocks a Union's Lights Out" called it, "one of the best things to happen to Mexico." Business Week, while less euphoric, speculated that Calderón might now take on the Mexican Teachers Union and the PEMEX, the state oil company, and the Petroleum Workers Union, and Carlos Slim's TELMEX with its high telephone costs.

A More Authoritarian State

Senator Rosario Ibarra, Mexico's first woman candidate for president in 1982 and longtime human rights activist, expresses her alarm at a whole series of recent developments including the government's seizure of Light and Power which suggest that the Mexican government has become more authoritarian. [4]

José Narro Robles, the rector of the National Autonomous University of Mexico (UNAM), suggests that the government's seizure of the power plants and elimination of the company and the union will aggravate an already difficult situation for the country's majority of working and poor people. Warning of possible social unrest, he says, "Our country is living in a very delicate moment. Nobody can deny it. No one can deny it when we have such a large number of millions of Mexicans in inadequate conditions, in poverty or in extreme poverty."

Narro fears social unrest, and his fear is understandable, but it seems that if the Mexican Electrical Workers Union and the labor movement are to survive, it will take social unrest of a well organized and massive sort to stop the Calderón government. If such forces began to move, they might even push that government aside, though so far, there are no signs of such a development on the scale needed.

October 20th 2009

[1] Manuel Camacho Solís, "SME: las verdaderas razones," El Universal, October 12, 2009. Solís is a member of the leadership of the Broad Progressive Front (FAP).

[2] Silvia Otero and Alberto Morales, "'Apagan' LyFC; liquidan empleados," El Universal, October 11, 2009.

[3] Rosalia Vergara, "Calderón y el SME: La guerra por la fibra óptica," Proceso, October 17, 2009.

[4] Rosario Ibarra, "Alarma ante la situación de los derechos humanos," a statement distributed by the Revolutionary Workers Party (PRT), on October 17, 2009.