

Dateline Mexico by Carlos Cota Meza

Another face of the Mexican 'miracle'

Disguising unemployment as the "informal economy" could come back to haunt the Salinas government.

In Mexico, the rise in unemployment is now being gauged by the rate of growth of what has been euphemistically dubbed the "informal economy."

A study on the informal economy was recently released by Canacindra, the National Council of Manufacturing Industries, which asserted that the phenomenon "has nearly doubled in the past five years (1986-90)." The study observes that the informal sector employs 5.7 million people, representing 22.5% of the total national work force of approximately 19.3 million persons. In 1986, the informal economy was estimated at 12.9% of the national total. Of the 5.7 million engaged in "informal" activities, 68.8% are family businesses.

If one adjusts the size of the economically active population (EAP) in accordance with the official statistics on the rate of demographic growth, Mexico's working-age population in 1990 was 34.5 million. Taking Canacindra's figure of 5.7 million "informals," one ends up with an official figure for unemployment of 9.5 million Mexicans, adding up to a total of 15 million persons without the protection of a contracted wage or social benefits.

The Labor Congress, the leading officially recognized umbrella organization for the country's trade union federations, has its own view of rising joblessness. Of an EAP of 34 million Mexicans, according to Labor Congress studies, 15% are without employment (that is, 5.1 million persons) while more than 40% (about 14 million) are catalogued as in the ranks of the underemployed. Thus, according to the La-

bor Congress, the Mexican economy has 15 million workers in "formal activities" and 19 million in "informal activities" or doing nothing at all.

What has most contributed to the growth of the "informal sector" is the program of President Carlos Salinas de Gortari to privatize the state companies. As the Labor Congress itself states, "What is certain is that unemployment and underemployment has not been stopped during this six-year period. . . . The problem is growing because of the policy of privatizing state companies, the trade opening, and the anticipated effects of the about-to-be signed Free Trade Agreement."

In 1982 there were more than 1,100 state-owned companies, of which 770 have been either sold, merged or liquidated, another 165 are undergoing that process, and 220 more are expected to go on either the auction or chopping block before 1991 ends. Between 1989 and the present, one of the country's largest employers, *Petróleos Mexicanos* (Pemex), has fired 28,129 workers. The shutdown of the Azcapotzalco refinery alone eliminated 5,400 jobs. The "modernization" of the state fertilizer monopoly Fertimex reduced its Mexico City work force from 2,900 to 700. Its non-union labor force nationwide was cut from 7,000 to 3,000. With the privatization of the state steel plants, 700 workers have already been let go, and 1,700 more are about to get their pink slips.

In the country's 57 recently privatized sugar-processing plants, the new owners have already requested gov-

ernment authorization to fire 40% of their personnel (more than 30,000 workers). The National Railroad company has fired 1,900 workers, and is talking about "re-adjusting" 50% of its work force. According to the National Railroad Commission, a dissident branch of the official railroad workers union, this would put 18,000 workers out on the street.

In the textile industry, according to spokesmen for the national trade union and business leaders of that branch of industry, they see "a resurgence of the problem of bankruptcies" which began "with Mexico's entrance into the GATT." The shoe industry is also suffering the same fate. According to the business council of that industry in Jalisco state, more than 8,000 workers "have been left without jobs because of imports." Union leader Napoleón Gómez Sada from the metallurgical industry has charged that many thousands of workers have been fired in the past three years. Union membership has declined from 220,000 to 185,000.

The problem facing the unions, the ruling PRI party, and the government itself, is that much of the unemployment being sold today as the "informal economy" is "organized unemployment" involving professionals and other highly qualified and trained individuals. The result, of course, is that Mexico is producing a highly *politicized* army of unemployed, which has already flexed its muscles by giving the ruling PRI party a black eye in the politically volatile states of Guanajuato and San Luis Potosí.

This is the unlooked-for, but absolutely lawful consequence of the Salinas government's commitment to the "privatization," "modernization," and "free trade liberalization" of the Mexican economy, which will intensify following the signing of a North American Free Trade Agreement.