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Worker at Palau coal mine in Mexico's Coahuila state. Mexico's economy must cope with a million new job-seekers entering the labor market each year.

Siesta for Mexico

"The Dilemma of Mexican Labor" by Jeffrey Bortz, in *Current History* (Mar. 1987), 3740 Creamery Rd., Furlong, Pa. 18925.

Mexico's collapsing economy requires major rebuilding of that nation's industries. But Bortz, coordinator of the Program on Mexico at the University of California, Los Angeles, argues that Mexico's entrenched labor relations system, which "promotes industrial inefficiency, does not represent workers democratically, and maintains a highly privileged labor bureaucracy," may block needed reforms.

In 1917, at the close of the Mexican Revolution, a compromise or "social pact" was made among Mexico's warring groups. Organized labor came under government control; in return, union members were guaranteed a minimum wage, job stability, and the right to strike.

The nationalization of industry and labor unions went hand in hand with protectionist economic policies. This "noncompetitive industrialization" allowed domestic Mexican industries to flourish artificially without the threat of foreign competition, and to pay workers higher wages than they could earn in unsubsidized industries. By 1976, however, massive Mexican trade deficits brought on a crisis. The government was forced to limit wage increases, while prices inflated drastically. When prices for Mexico's exported oil plummeted in 1982, the crisis worsened.

President Miguel de la Madrid's attempts to reform the Mexican economy since his election in 1982 have met resistance from leaders of the major unions, united under Mexico's labor federation, CTM. Labor leaders protested so strongly when the Ministry of Planning eliminated the work

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sometimes subcontracted to union officials at the state-owned oil monopoly, PEMEX, that most of the union's other privileges were left intact. The government did succeed, in 1986, in closing the Fundidora Monterrey steel mill. This move saved millions in subsidies but cost 8,000 workers their jobs. Union leaders' corruption and their failure to stop such plant closings has led to worker resentment and unofficial strikes by some of the few unions unaffiliated with the ruling party, PRI (Institutional Revolutionary Party). However, government labor boards can simply shut down strike-bound state enterprises, frustrating the independent unions' efforts.

Bortz thinks that the economy cannot improve without industrial reform, and industrial reform will not succeed without union reform. But, he notes, tampering with the labor system threatens the "social pact" that has kept Mexico stable since World War I. Government officials and dissatisfied workers alike must face this dilemma: Is union reform worth the risk of social instability, and if not, what is the price for the Mexican economy?

Soviet Inequality: Wealth and Wages

"Life, Work, and Politics in Soviet Cities: First Findings of the Soviet Interview Project" by James R. Millar and Peter Donhowe, in *Problems of Communism* (Jan.-Feb. 1987), U.S. Information Agency, 301 4th St. S.W., Washington, D.C. 20547.

Seventy years after the Russian Revolution, the USSR is a society in which high income is allocated to a small portion of the population and where these highly paid workers increasingly distrust the Soviet regime.

So say Millar, an economics professor at the University of Illinois and director of the Soviet Interview Project (SIP), and Donhowe, a business and economics editor at the University of Illinois News Bureau. Their findings come from the SIP, a survey of 2,793 emigrants conducted in 1982-83 by the National Council for Soviet and East European Research and the National Opinion Research Center. Emigrants were selected so that the sample would conform as closely as possible to the demographics of Soviet cities.

Soviet income distribution is quite stratified. SIP researchers estimate that, in 1979, the top 20 percent of Soviet households received 46.4 percent of Soviet wage income (compared to 44.3 percent in the United States). The lowest 20 percent of Soviet workers controlled 7.4 percent of Soviet wage income (compared to 4.1 percent in the United States).

There are many roads to earning high incomes. Some Soviet workers use *blat* (bribery) or *proteksiya* (influence) to rise. Many Soviet workers make high wages moonlighting in the illegal underground economy. Doctors and dentists earn 1.2 rubles per hour when they work for the state—and 33 rubles per hour when they work for themselves. On the average, Soviet workers earn 1.08 rubles an hour in public-sector work and 8.14 rubles an hour for work done privately.

High-income workers and young people are the groups most likely to rebel. Forty-five percent of upper-level professionals regularly read *samizdat* (underground literature), and 96 percent listen to foreign radio broadcasts. Dissatisfaction with Soviet life rises as incomes rise.