

**CENTRAL AMERICAN
LABOR RESPONSES TO FREE TRADE**

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I. Introduction

The rapid expansion of free trade has challenged trade unions in Central America just as it has elsewhere in the Third World.¹ One set of challenges is external: the threat of corporate domination in face of declining state power. Some analysts argue that corporate structures and strategies pose qualitatively different hurdles for unions in the 90s. In any case, free trade also precipitates another set of challenges: union struggles to internally adapt to external change. In Central America, the rise and decline of regional civil wars has complicated the internal adaptation. Repressed throughout the 1980s and early 1990s, some unions formed alliances with paramilitary organizations. The arrival of peace has greatly altered these ties. But at the very time unions were under neoliberal attack, they have also been deprived of customary support and resources.

In face of these challenges, unions are rallying to broaden their membership, and exploit international support to regain an influential social voice. In the first section below, I will examine external challenges; in the second, internal adaptations. In the third section of the paper, I will explore current debates and directions of the Central American labor movement in the free-trade context.

II. Free Trade Challenges to Trade Unionism in the Isthmus

In Globalization and Third World Trade Unions, Henk Thomas argues that free trade has inaugurated a new epoch of corporate human relations strategies which necessitates a sophisticated union response (1995:8f). I rejoin that what is new for Central America is not fresh corporate human relations but government decline in face of corporate expansion. In the section below, I elaborate how Central American unions additionally confront four corollary trends: expansion of the difficult-to-organize maquila sector; the reduction in labor code enforcement; the rise in informal sector activity resulting from corporate restructuring; and the privatization of state enterprises. None of these immediately demonstrates the "Japanese Model" of institutional networking and human resource management of which Thomas speaks. Nevertheless, they do require an innovative labor response.

A. The decline of the state as labor negotiator

Free Trade has forced smaller national governments to sacrifice autonomy and power. Witness the February, 1997 accord in telecommunications which empowers the World Trade Organization to determine how quickly the 70 signatory countries are deregulating: "The U.S. has effectively exported the American values of free competition," explained acting U.S. trade representative Charlene Barshefsky. To countries that enjoyed protected monopolies and lush office jobs for special patrons, yet wanted access to U.S. markets, "our message was, 'Grow up; you get what you give.'" However, some nations reacted angrily, claiming "economic imperialism" (NYT Feb. 17, 1997). To put it another way, they reacted to losing control over their own institutions and destiny.

The U.S. of course is not simply exporting values, but promoting major corporate interests that stand to profit from taking over these local enclaves. Such an orientation is hardly new, but in

the absence of cold war dynamics, the U.S. is pursuing the 'free market' agenda more aggressively. At the same time, as national states surrender their ability to legislate over their own social spheres, they become less effective institutionally and politically. They have less power to effectuate compliance with laws that regulate economic activity, such as the respect for basic trade union rights, and the payment of minimally-adequate wages.

Central American states never become models of the import substitution industrialization that characterized Mexico, Argentina, Chile or Brazil. Nor were they substantial labor supporters. Nevertheless, despite their "banana republic" reputations, they have buffered workers from unbridled corporate action. Although the unionized population has rarely surpassed 10% of the workforce, labor has won wage increases and certain benefits and job protections for all workers. Recently, however, national governments have become enamored with neoliberal arguments. The typical view: "Salvador must reduce the rigidity of its labor market and acquire more flexibility." By cutting benefits and removing the law on severance pay, the country hoped to become "less like Europe, more like Chile."²

"Industry had sought protection of the state so that manufacturing could flourish," explained Gilberto Ernesto García Dueñas of CENTRA, a Salvadoran research institute sponsored by unions. "But now globalization places the state in a difficult spot. So the president announces we have to improve our quality to compete on an international level. Business here is trying to enhance production to reduce costs. But rather than invest in technology, it seeks to lower labor costs. So after 20 years of state protection of obsolete industrialization with obsolete machines, it now adopts the USA-model. In textiles, business has reduced personnel by half to achieve a lower price."³

In Guatemala, Sergio Guzman, Secretary of the independent UNSITRAGUA labor federation, finds employers reacting in similar fashion to "a new world economic situation where unions are seen as an obstacle. In Guatemala, where they seek even lower taxes, the current government is doing nothing regarding poverty, much less workers and their living conditions."⁴

B. Growth of assembly production

Within a relatively short time span Central American nations have also experienced mushrooming non-traditional export production in both agriculture and industry.⁵ Unions are eyeing the maquila apparel sector which between 1985 and 1995, dramatically expanded its exports to the U.S. As a result, in Guatemala for example, the number of maquila factories jumped from 41 to 220 between 1985-90, with a workforce of 50,000--an annual growth rate of 75%! In 1990, these plants added \$53.7 million to the value of Guatemalan exports; by 1992 it reached \$110.1 million, the third most valuable export after coffee and sugar, with nearly 300 plants that employed 70,000. Around 80% of those employed were women. In El Salvador, by 1995 maquila exports represented about a quarter of export net value, a huge increase from years previous and nearly equivalent to traditional exports. Honduras had about 180 factories employing 45,000 workers. Maquila operations in Nicaragua also expanded significantly, and plans are in the works for four free-zones in the mid 1990s,.

Despite their heady growth, maquila managers have eschewed efforts to unionize. They say, "employees have to modernize, states Sergio Guzman" But what is the cost? Many workers are

being fired to improve competition. Companies are shifting work from 8 to 12 hour shifts. Workers face additional exploitation if they wish to keep their jobs. There are some companies that know they must compete by more humane methods, but many seek to destroy any union."⁶

According to Joaquin Arriola Palomares, one of the authors of an ILO-sponsored study on maquila in the region, "small businesses are often contracted, with fixed margins and it is hard for them to increase wages. They do pay minimum salaries, but often do not meet obligations for extra hours, pensions or social security contributions. Their margin is only 10-15%, so they seek curbs in benefits and increases in productivity. North American firms are no different from others; the smaller companies need increased productivity."⁷

"The maquila sector has gone after unions in a big way in El Salvador" concluded Mark Anner, representative of the Norwegian Labor Federation. Every organizing effort has meant a substantial number of fired workers--for every 300 workers unionized in that sector, 1000 have been fired. Among the 200 factories, many with 800 to 1000 workers, 5 have unions, and these are largely symbolic. Not one has achieved 51% of membership, the amount required to negotiate a contract. In fact, only 5% of the workforce here has proper trade unions. Meanwhile, minimum wage is 1050 colonos a month (and that often isn't paid in the maquilla). When 20 are fired, 200 are waiting for jobs.⁸

C. Reduction in application of labor code requirements

One key battle between neo-liberalizing states and struggling unions has been over labor legislation. The expansion of maquila production has often been accompanied by an informal agreement between business and government that laws protecting trade union rights would be unenforced. Police and military routinely patrol factories and free trade zones to stifle potential 'trouble,' making union organizing exceedingly difficult.

Palomares and Aviola found little evidence of labor code compliance in the maquila areas of El Salvador. "According to the Ministry of Labor, there were 2,600 investigations. But from our data, inspectors arrive rarely, and receive bribes when they do. It is questionable whether they inform both parties of their presence."⁹

"Code implementation is practically non-existent in El Salvador," affirmed former AIFLD regional director Michael Donovan. "The Minister of Labor is the last man in any budget allocation, and doesn't have sufficient resources. The inspector arrives and gets bribes from the management. You also have a pro-business government that carries the baggage from the war."¹⁰

Similar patterns exist in other CA nations despite pressure via the General System of Preferences (GSP), cited by U.S. and Central American unions, that beneficiary governments must comply with U.S. trade rules on labor rights (i.e. basic ILO standards). As a result, most countries have strengthened labor code provisions, and some have granted improved union access to maquila workers (see Frundt, 1996). Nevertheless, non-compliance remains the norm.

D. The rise in informal sector activity

Unemployment and underemployment in Central America has increased since 1980 (ILO, 1995;). During the 'lost decade,' the trend was attributed to national debt conditions. However, its

simultaneous persistence with economic growth in the 1990s is more related to downsizing in the traditionally formal economy and to urban migration precipitated by the "modernization" of agriculture. As a result, large numbers of urban or semi-urban workers have now become identified as the "informal sector" (see Portes, 1989). Family units have continued to play a strong role in maintaining sustainable livelihoods among workers in this sector, largely through pooling of resources (Rosen and McFadden, 1995). Some workers have accumulated limited amounts of capital. However, a much larger number simply survive. Their disorganization and availability for work also makes labor organizing difficult.

There are exceptions. In Guatemala UNSITRAGUA responded to calls from "pobladores" or "champas" encamped along a railway near Palin, Escuintla. 600 people had occupied a 15 meter stretch of land on either side of FEGUA tracks. With governmental impetus toward privatization, the railroad sought a buyer. The poblador leaders organized vigils to maintain their land rights and to ward off threats, but sought union assistance for long-term survival.¹¹

E. The privatization of parastatal institutions

The informal sector itself is expanding as privatization progresses. In the 1980s, Central American unions had shifted from rural to public sector organizing. By the 1990s, state sector unions often numbered among the strongest advocates for trade union solidarity and labor code observance. So when Central American governments affected by neo-liberal ideologies and structural adjustment requirements "privatized" state-sponsored activities they also undermined state union power.

"This sector is being nailed by both privatization and job reduction," reported Anner. In 1996, "15,000 jobs were eliminated in El Salvador's public sector using the rationale of efficiency, including several hundred in Treasury which could not really be privatized. All the agencies affected had strong unions."¹²

The same year, Guatemala began a severe privatization process with an attitude that "state-supported businesses are heavy with employees who do not do very much."¹³ "A number of the state institutions, supposedly created to benefit workers, have passed to private control such as INCAP and the Banco de Trabajadores."¹⁴ To assure its effort, the newly-elected neo-liberal government passed an anti-strike law, which UNSITRAGUA's Guzman viewed as "nothing more than an effort to achieve 'flexibility,' to oppose the right to unionize." ASIES analyst Edward Mazarieagos agreed.¹⁵ Costa Rica and Nicaragua have followed a similar scenario. To reduce its \$3 billion deficit, the Costa Rican government has urged privatization of its oil refinery, telecommunications, and many financial and insurance operations. In most cases, governments have introduced accompanying legislation to prohibit public-sector strikes.

As I have argued, these five external challenges all stem from the decline of the state vs. corporate power. While for Central American unions do not yet face a qualitatively different mode of capitalism, they must nevertheless scramble to adjust.

III. Specific Challenges to Traditional Labor Approaches

The external difficulties confronting Central American labor have precipitated five fresh internal challenges, also exacerbated by free trade. Unions have lost social and political power; their

efforts to gain likely participants have been mixed; dependable sources of funding have substantially dwindled; their traditional methods of organizing are proving ineffective; and they are struggling to unify competing union interests.

A. Declining effectiveness of political/social power

In the 20th Century, most Central American unions, unlike their Southern cousins, did not form strong alliances with the state or with political parties. While certain unions were more sympathetic toward certain governments (or parties in power), the movement as a whole did not, as elsewhere, favor a social pact with the state that would replace the collective bargaining process.

Nevertheless, during the last ten years the labor movement in specific countries became an important national voice on social and economic policy. It roundly condemned violence. It publicized the consequences of structural adjustment. In concert with other organizations, labor mustered a common front against neo-liberal impositions and fought compliance with IMF guidelines. Its strategy forged links with those disenfranchised in the informal sector.

In Guatemala in 1985 for example, unions helped found indigenous women's groups such as GAM and CONAVIGUA that denounced violence and fought for benefits to families of the disappeared. By 1988, they mobilized the Unity of Popular and Labor Action coalition (UASP) to protest IMF adjustments (see Frundt, 1990). Common fronts also developed in El Salvador, Costa Rica and Nicaragua.

After several days of mass demonstrations and/or a 'general strike,' labor-populist coalitions often obtained state agreements to retard price increases and up minimum wages. The UASP, for example, won state agreements for higher minimum wages in 1987, 1988 and 1990. In some countries, labor gained a voice on minimum-wage-setting commissions. It aided the construction of democratic social institutions (e.g. the Civil Assembly in Guatemala discussed below).

Nevertheless, with the decline of state power vs. international corporate influence, the leverage which unions had gained proved ephemeral. Labor-state negotiations became protracted. With competing changes, coalitional efforts became less focused, forcing unions to consider novel responses to meet fresh corporate investment. They had to become more professional, less conflictive, but more political.

This led organizations like the UASP to clarify their objectives. As Juan Francisco Alfaro, the head of the AIFLD-supported Guatemalan Confederation of Workers put it: "I was one of the UASP organizers; but I left because it had lost its union criteria. I believe such organizations should vehemently oppose kidnappings and support widows, but we were also abandoning our fight against what would weaken workers in the long run."¹⁶

B. Mixed efforts with likely union participants

Alfaro referred to weaknesses in agriculture as well as in the industrial sector. In Honduras and Costa Rica, banana workers had historically led the labor movement. While not as forceful elsewhere, many rural unions have maintained their collective identity (see Frundt, 1995 for discussion of rural unions in Guatemala). However, with free trade undoing plantation enclaves, agricultural unions are in jeopardy, but they also represent a potential threat (e.g. Costa Rican unions in Limón).

In Guatemala, in 1995, ANACAFE, the private sector agricultural association, took preemptive action by signing an apparently lucrative wage agreement with the CTC, one of the more conservative field unions. Rodolfo Robles, long time leader of the Union of Food and Allied Workers in Guatemala (UITA), critiqued the CTC agreement: as "a very important step with a reactionary sector, but because it depended on productivity increases, many worker benefits evaporated." Instead, Robles proposed a "gremial" among agricultural and field workers that would emphasize land and ethnic-cultural issues.¹⁷ Efforts followed but without strong representation.

In manufacturing areas, unions devoted some attention to community-based organizing. Some leaders suggest culturally-oriented approaches: such as "an organizing committee for youth with fiestas and sports, since they are concerned about their boyfriends etc." Others approach neighborhoods around a group of plants. "We have had numbers go down in food sector since 1986," reported Robles. "So we attempted a broad program that would organize whatever group needed it. We helped with Inexport workers and their families (see Reed and Brandow, 1996).

Organizing among women as such has been an uphill battle. According to one spokesperson, "Some confederations have taken a "social work" approach which responds to individual needs. Yet this risks becoming overextended and unfocused, diluting resources on whatever first comes along. Others take a decidedly feminist approach to unions as patriarchal institutions, which they are, but this can prevent working on union issues directly for those specifically oriented toward "women's" concerns."¹⁸ Robles admitted that UITA's women's committee didn't really accomplish all that was intended. Right now, there remain only a few community groups, and no unions exist."

As mentioned above, a related organizational effort has been with the informal sector. UNSITRAGUA's Luis Merida helped pobladores from Esquintla bring their case to the Human Rights Procurator and MINUGUA (the U.N. agency monitoring the Peace Accords). According to UNSITRAGUA's Byron Morales, "the CGTG has actually taken leadership in informal sector organizing, and with better results." He urged an improved approach to the "legal divisions between organized and unorganized sectors."¹⁹ In Honduras, the human rights commission (CODEH) objected to an tripartite accord between industrialists and the three main confederations for excluding 40,000 people. It said a third of the Honduran workforce remained in the informal sector.²⁰

C. The decline of war-related funding for labor action

Central American trade unions in particular have been forced to adopt to a decreasing level of external financial support. They had received foreign support during the 1980s as their nations became enflamed in bitter war, much of it channeled through U.S. and European trade unions. U.S. government funds via the American Institute for Free Labor Development (AIFLD) and the U.S. Agency for International Development (USAID) had been justified as insurance to prevent trade union alignment with "communist elements." Between 1980-1996, U.S. political funding to isthmus labor organizations totaled as much as \$3 billion. The corrosive effect of these funds on internal union operations has been well documented (see Armstrong et. al., 1988; Resource Center, 1987; Sims, 1992; Spalding, 1993, 1988 a, b; Weinrub and Bollinger, 1987). In addition, Scandinavian, German and Spanish unions contributed substantial amounts to "independent" confederations, often as a corrective to U.S. influence, and as an antidote to its undermining of bona fide trade union activity.

In 1996 however, AIFLD's existence came to a virtual halt, and with it, most U.S. policy-oriented labor funding. During the mid-1990s, Europeans also reduced support, only offering it on a matched basis. For Central American confederations, the loss of these funds necessitated a reduction in office activity and paid staff at the very time that free trade challenges loomed. The impact was painful for militant labor organizations such as FENASTRAS in El Salvador, UNSITRAGUA in Guatemala and the CST in Nicaragua, all of which had ties to paramilitary organizations. As the FMLN, URNG, and FSLN disbanded in conjunction with the Peace Accords and elections, their labor allies faced the double crisis of depleted resources and organizational disunity.²¹

the transformation of FENASTRAS

Because it played such a key leadership role in trade union organizing during the 1980s, the case of FENASTRAS in El Salvador deserves scrutiny. Its membership roster once listed 26,000 activists, but by the war's end, this had declined to 5,000. The drop first had to do with privatizations (i.e. the national industrial bank). Then in 1992, the Federation's largest affiliate (from SICAFE, a coffee exporting plant) left over internal leadership disagreements. The internal divisions had previously existed, but during the war they were kept in check by common loyalties. Once the guerilla forces were disbanded, the internal power struggle surfaced.

Foreign funding also contributed substantially to union difficulties. In addition to the problems of accountability this created, Anner acknowledged that "with the war going on, membership high, and foreign donors willing to contribute more direct funds, the unions came to depend on this money in an unhealthy way. They spent more time seeking funding, and less time organizing. After all, it took a lot less work to hire a smart young college graduate to write a persuasive proposal for \$c10,000 than to collect 10,000 from dues-paying members. By late 1993, FENASTRAS had five people full time in their projects department, and had an international newsletter department, but no organizing department!"

Plans existed for the reinsertion of guerrillas into society once the war was over, but no one thought about the militant trade union leaders. "FMLN helped individuals gain a personal following but did not encourage independent thinking. When they said it was time for autonomy, the labor leaders didn't know how to behave; foreign donors maintained their accounts, and this led to corruption. Leaders had been willing to live on 500c/mo during the war, at a time when factory workers were making 800c/mo., but now they had families to support. Some even sought higher pay"²²

FENASTRAS ultimately split in April, 1994 when the 16 unions jostled over two candidates contending for leadership.²³ With one's budget based on funds from abroad, it was easier to say, "good bye." But as war conditions changed, and financial responsibilities became fuzzy, international organizations reappraised their funding approaches. Dutch, the French and Norwegian labor approaches all cut their allocations to FENASTRAS.²⁴ Leader Juan José Huezo, who had once worked in a textile factory and had little to eat for lunch, who had served 1 1/2 tortuous years in prison, turned to AIFLD with little success. FENASTRAS attempted to organize a number of plants, but often acted precipitously, and all the workers were fired. So Juan José promoted a "new approach" to factory organizing, desperately, seeking 'protection money' from the maquila owners.²⁵ FENASTRAS would also negotiate severance pay for fired workers, keeping 10% in the process.

While some fee for service was reasonable, this also ran the risk of encouraging severance agreements.

Such actions resulted in FENASTRAS being removed from ORIT/ICTFU. By 1995, FENASTRAS was left with about 1000 members. In reaction Juan José organized several protests against AIFLD, even to the point of leafletting the U.S. embassy to prevent implementation of labor rights provisions in the GSP trade agreement.²⁶ It was a sad reversal for a trade union leader who had testified in Washington on behalf of such provisions several years before, and a union that had been on the vanguard of Salvadoran worker struggle.

What happened to FENASTRAS was not unique. The confederation to which it belonged, UNTS, became embroiled over the firing of a secretary who had asked to be part of a union; staff members sympathetic were also fired, public protests mounted, and many union affiliates abandoned the confederation.

The AIFLD-backed UNOC and the CTD headed by Armanda Viatoro, also fell apart. Armanda was labeled a traitor for her testimony in Washington in support of GSP. As UNOC disappeared, leaders attempted to reorganize through the CTD, but this ran into roadblocks from the SUTC construction union and others. Meanwhile, in Nicaragua, the CST divided. The major confederations in Costa Rica and Guatemala jealously guarded their turf, fearing greater loss of outside funding.²⁷

D. Difficulty of organizing, using traditional large scale demonstrations

A related challenge arose from historical and cultural orientations toward effective union organization. Emerging from conditions of heavy repression, C.A. union leaders tended to select targets that would provide visibility and protection. Organizers became accustomed to mount huge publicity campaigns in the belief that increased public and international attention would buffer rightist and para-military attacks. During the 1980s, this strategy was sometimes effective in the economic sphere, winning the rehiring of fired workers, or the improvements of wages (see Frundt, 1987; Goldston, 1989; Levenson-Estrada, 1995). However, as overt repression declined in the 1990s, employers adopted other mechanisms to eschew union negotiation requirements; they subdivided production, bribed leaders, and isolated those winning union affiliation. Most of all, they cultivated the fear of unemployment among non-unionists.

"Some of our traditional strategies have become less functional now," explained UNSITRAGUA's Byron Morales. "We have chosen obsolete approaches which the patrones know how to counteract. The emplazamiento was very useful when discovered in 1976 as a mechanism to protect organizers of a union, but now the companies anticipate all our actions and file their own court actions to countermand ours. A related problem is that our juridical system is not functioning. Our courts--tribunals and labor investigations--are ineffective. So pressures for labor rights there will only bring a gradual change."²⁸

Nevertheless, C.A. labor organizers have remained reluctant to adopt more covert forms of systematic organizing, such as house to house visits and clandestine development of employee strength. "The union movement in Guatemala is worn out," acknowledged Sergio Guzman. "The movement has its cycles, good and bad. In 1992, they fired 5,000 workers from the unions. In 1996,

we had 8-10 conflicts. Many workers who have work in the morning lose their jobs by the evening. A lot have to work 12-14 hours in order to cover their food and house expenses. We are living in a period of reaction. If someone attempts to organize, we face an ideological war." Guzman advocated approaching the situation with "class analysis as the polarization deepens," but he refrained from promoting a 'North American' model in-plant organizing.

E. Maintaining union solidarity among formal sector unions

However, as unions face potential demands from the newly organizing and the unorganized, they must also hold their own ranks together, especially state unions in the throws of privatization. These include the traditionally militant unions from parastatal enterprises in electricity, telephone, finance, as well as teachers and unions in the government ministries. Such are often divided among various confederations.²⁹ The traditional independence, even elitism of certain of these unions has exacerbated movement divisions. "Most people pay very little attention to the state workers," noted journalist Matthew Creelman. Even among unions, "they are perceived as receiving too much to begin with, and of doing little work." This was the case in Guatemala, even after the salary impasses in 1995, when state wages fell behind those in the private sector. At the same time, Guatemala retained one of the least top-heavy state apparatuses in the region.

Yet as unions debated, they discovered common issues. In Guatemala, an ILO-sponsored office conducted forums for the rank and file on ILO conventions, political strategy, and legal services. While recipients recognized inefficiencies and corruption in some state agencies, they believed organizational changes rather than reductions would more effectively accomplish objectives. They sought coordinated efforts against the new anti-strike law and civil/ municipal service reform. "A joint program would be too optimistic, but our office has helped each union in their own work," commented directing attorney Thelma del Cyd. "We need good negotiators to take advantage of the tripartite process, and to reduce the various jealousies that emerge among labor leaders."³⁰

In response, the movement in several countries have attempted labor coordinating bodies. This took the form of "the Grand Alliance Syndical" (GAS) in Guatemala in mid-1995. GAS was leftist political effort to unite the union movement. By February, 1996, with 11 centrals, it represented 95% of labor affiliates. However, FENESTEG, the largest state sector union did not join, and other major confederations feared a disproportionate domination by smaller groups. After several months, the GAS disintegrated over leadership representation and concerns over funding. The major confederations sought to form their own alliance: "we think that working with CUSG, CGTG and FESEBS, we might be able to confront the anti-strike law as unconstitutional," explained one UNSITRAGUA representative. Guatemala has also experienced the expansion of several labor research institutes, each representing a different political perspective on the left.³¹

In El Salvador, after the failure of the Social Accords to resolve economic and labor code issues in 1994, efforts at trade union unity stagnated (see Davis, 1994). In 1995, the government convened its own 'tripartite body' with handpicked union representatives. "The reform served to divide individual unions, not to improve labor rights," noted negotiator José Candray, Director of the CENTRA labor education institute.³²

In 1996, CENTRA promoted an alternative plan to government privatization programs:³³ In electricity, where 95% of the workers are unionized, the affected unions jointly proposed allocating power generation to the state sector and distribution to the private sector. But in telecommunications, management split the unions by signing a pact with SINTEL. The other unions were able to postpone the privatization effort.³⁴ In health and pensions, CENTRA suggested a mixed system which allowed choice of coverage from either public or private sectors, but the government rejected the idea.³⁵

Shifting alignments can be expected in a free trade context. As Labor attorney Frank LaRue commented, "it is not that the various confederations are fighting each other; but rather that they are each involved in their own struggles and there is no unifying element." But it remains a question as to whether temporary alliances can provide the basis for a sustained labor action. In the internal search for respect, members, funding, and unity, Central American workers are gradually evolving their reply.

IV. Effective Current Responses

Despite these ten very difficult external and internal challenges brought by free trade, the labor movement in Central America remains resilient. It is aiding in the construction of new democratic institutions; monitoring the standardization of labor codes; demanding enforcement of current codes; investigating new avenues of code surveillance directly with companies, and modifying its ways of organizing and funding.

A. Labor rebuilding democratic institutions in civil society

As noted above, the coalitions C.A. unions have formed with popular organizations have taken on a special character. With shared leadership and a broad articulation of goals, they have been an important force in negotiating political and economic changes. These coalitions were defensively important as the countries emerged from the heaviest repression. Currently, unions are emphasizing the rebuilding of civil society.

In 1995, UNSITRAGUA's Byron Morales described how unions viewed the Civil Assembly, the Guatemalan body which arose to assure a popular role in the peace negotiations. The Assembly brought to the table issues that both the government and the URNG had neglected, and it insisted that negotiations be more open and accountable. "The Assembly's role is to help in difficult moments, to discuss and publicize the accords, and to reinforce the commitment to peace. It should also make sure that the accords are fulfilled. Our role is both as observer and implementer." Morales recognized that for unions, this meant that "there will be a change from our past practice of non-participation in politics."³⁶

However, while the Assembly was credited for influencing a widely respected accord on indigenous rights, it voiced grave objections over the signing of the socio-economic accord in Spring, 1996 and the subsequent nature of the Truth Commission investigations and amnesty. Despite Assembly proposals, the government-URNG agreement contained an apparent acceptance of neoliberal trickle down economics. Nevertheless, union/assembly efforts opened the space for the next phase of political mobilization to occur in a climate of relative civility. Salvadoran unions

faced great disillusionment after the breakdown of their own Socio-Economic Forum following the signing of the accords in 1992. More recently, however, they have been motivated to develop an alternative to privatization. To win acceptance, "we first had to open a space in which workers could present an alternative proposition. It is an important question regarding the modernization of the state, and what we as unions would like in its place. We seek a state that will aid the transition from protectionism. It would offer technical support to maintain an equilibrium, to work with companies to guarantee public services such as electricity, telephone, and water, but also education, and social security. We want the government to compete in these areas."³⁷ In Nicaragua, Sandanista unions remain conflicted on their role in civil society, but they are aware of the need to respond to the neo-liberal initiatives of the new Aleman government.

Especially the unions in Guatemala, Salvador and Nicaragua face an associated challenge that came with the Peace Accords: an over-emphasis on party building to detriment of popular organizations including unions.³⁸ They are working to assure that the switch to political efforts will not lose momentum on economic issues. This did happen great disappointment in El Salvador, but the FMLN's fresh congressional victory of 29 seats in 1997 is providing labor with a new opportunity to assert its concerns.

B. The evolution of social clause in CA trade agreements

A related labor initiative has insisted that regional trade agreements incorporate labor rights principles (see Frundt, 1996). Unions from all C.A. countries are coordinating their work through COCENTRA (Coordinator for Central American Workers). With difficulty, they are developing common approaches and wording to avoid individual confederations each pursuing their own list of demands. "To be effective, we need coordinated positions," states Luis Merida. Otherwise the employers try to divide us." "Tensions exist between unions aligned with ORIT, CLAT and the FSM (Federación Sindical Mundial)," notes Byron Morales. "But the union forces that demand institutional change to incorporate labor standards are expanding." Rodolfo Robles also demanded negotiations on human/labor rights in all international agreements.³⁹ FESEB leader Reynoldo Gonzalez cites GSP as an example of what could be done with labor rights clauses: "GSP was fundamental in helping us achieve success in the Minimum Salary Commission to agree to re-examine the standards every year rather than periodically as in the past."⁴⁰

The regional effort complements the bitter labor complaint about non-compliance with national labor code provisions that protect the right to associate and bargain. This affects union ability to negotiate contracts which currently often depends on the good will of employers. Union leaders have grown disillusioned over lackluster state effort to implement labor laws; and their confidence in evenhanded court response is even more problematic. For example, in Honduras in 1996, the teachers union successfully demanded withdrawal of a new decree designed to undermine code-protected union rights in education.⁴¹

C. Unification of Labor Code principles

Parallel with union efforts to commonly strategize is the regional governmental efforts to 'standardize' labor legislation. Impetus came from GSP and the 1994 Miami Summit on the

Americas which committed that labor issues would be part of free trade. As a result, USAID sponsored an extensive study on regional labor code harmonization headed by Luis Alberto Monge, former president of Costa Rica. It is made up of two parts. The first part, already completed in draft form, deals with general labor-management principles. The second part still in process, is intended to recommend labor code reforms and inter-nation adjustments.

In response to the first part, with AIFLD's help, affiliated Central American unions in each country have carried out their own study on their country's code. Federation leaders have reviewed these reports. "We all agree that there cannot be harmonization of the codes at this point," emphasizes CUSG leader Juan Francisco Alfaro. "For example, El Salvador has not yet ratified ILO Convention 87 (the right to organize)"

To date the ministers have not addressed code uniformity.⁴² The second part of the study awaits a more consultative process from unions before final recommendations are forthcoming.

The USAID project raises the question about influence as well as financing. Labor leaders have only had limited contact with Monge. "He promised he wouldn't make labor problems more difficult. He urges national governments to set up a public office paid for by state funds to offer legal assistance to workers. We said, 'yes, the principle is good, but if the lawyers got their orders from the government or employers, it could do a lot of damage.' We recommended that if a specially-constituted congress of labor confederations would name those serving in such an office, and could control what they are attempting to do, we would support it.

"Monge also wants to give more power to the Ministers of Labor because otherwise the inspectors will take money from the employers and overlook violations. But we don't need an even greater number of corrupt inspectors; rather what we need is a complete renovation of the Ministries. Right now, the inspectors are our worst enemy. When we present complaints regarding a company, they arrive at the company, meet with the employer, then lift the act establishing the complaint. When we go to court, the judge cites the inspector's lifting of the act, and we lose.

"Monge also confuses the difference between unions and worker organizations. According to the code, you only negotiate with unions."

D. international pressure to gain corporate code compliance

Gaining government attention to code compliance, while staving off attempts to weaken code provisions has led unions to approach the private sector directly about code issues. They have often done so in conjunction with an international campaign for corporations to implement their own codes. Global solidarity against specific corporate targets has a long tradition (see Compa and Diamond, 1995; Frundt, 1987, 1996; Gacek, 1992; Rosen & McFadden, 1995), but it has evolved most recently into a campaign for "outside monitoring" of subcontractors.

The Gap Case

The agreement by GAP clothing in El Salvador, 1995-96, is illustrative. Workers had made repeated attempts to organize at at Mandarin, a GAP contractor. By mid-1995, they succeeded in signing up 300 of the plant's 850 workers, close to the 51% required for mandatory negotiations.

Mandarin promptly fired the three-hundred. An ad-hoc labor and human rights group in El Salvador responded by contacting the company. "We thought it would be good for us to take the lead for a change, rather than the women since they were more vulnerable."⁴³ The U.S.-based National Labor Committee (NCL) pressured GAP to investigate further. GAP replied that Mandarin did violate their code, and it determined to "suspend orders until the government of El Salvador could guarantee the company's respect for labor rights." The Minister of the Interior and the President wildly blamed the ad-hoc committee for putting 500 people out of work. The foreigners who signed were "part of a conspiracy to save U.S. jobs. Salvadorans who signed did not deserve to be Salvadorans," But the NCL itself opposed total withdrawal. It undertook to persuade GAP to adopt a code governing its procurement operations. A series of December leaflettings at GAP outlets in the U.S. convinced the company to agree to a code, and to gradually restore orders (and jobs) at Mandarin.

However, GAP's contracted workers in El-Salvador were not properly informed about the US campaign despite a commitment by the local confederation to coordinate actions.⁴⁴ Even local management said it would rather close than give jobs back, and the fired workers finally began to accept severance pay. When they heard about the 'breakthrough' agreement, they said, "fine, but it would have been much better to have worked with us first."

When the union leaders were scheduled to return to work in December, 1995, they all received serious death threats and resigned. GAP representatives arrived, and signed a new resolution which led to 6 weeks of negotiation. Spokespersons from Mandarin, International (Taiwan), and the apparel consortium charter group from Hong Kong also participated.⁴⁵ They finally agreed that the workers would get their jobs back when production increased.⁴⁶ GAP viewed the agreement as a success. Along with another major U.S. contractor, it invited the ad-hoc committee to monitor other plants in the country, although this effort soon was replaced by an industry-wide effort (see below).

For committee member Mark Anner, "an independent monitoring process may actually give workers their own voice. It is meant to determine what is good for both labor and management. And if it is done carefully, for example to provide a safer atmosphere, little by little via weekly meetings, it can lead to a negotiation process. For example, one week, the discussion could center on drinking water. The monitor could ask that the water agreement be put in writing. So in this way, 40 workers could get what 800 could not do legally." Indeed, the GAP Code posted on the Mandarin bulletin Board states workers would not be prevented from joining organizations of their own choosing. Management may be implementing a code because they worry about cancellation of contracts, but the Norwegian Confederation spokesperson hoped it would be replicated at other companies.

In Guatemala, UNSITRAGUA took up the matter of the "Korean maquilas" using a related approach. "They don't respect the conditions of workers, especially the salaries paid to women workers. Recently we demanded evidence that they seek to change. As a result, the Korean Ambassador announced a diplomatic offensive meant to apply to all Korean firms in Latin America; they were ready to send Korean managers who violate the law to jail. He advocated an accord with the government of Guatemala on employee treatment, and castigated those who would not comply."⁴⁷ UNSITRAGUA obtained a similar commitment from Korea's President when he visited the country in September, 1996.

U.S. off-shore producers realized that anticipating a code against sweat-shop conditions would be their best strategy. From September, 1996 to April, 1997, they worked with a U.S.

government-sponsored task force to develop a common set of guidelines which included freedom of association and the right to bargain. Rules would also prohibit a work week beyond 60 hours, or the hiring of children under age 14. Payments would at least match legally minimum wages "with eye to tying wages to the workers' basic needs." The agreement was announced on April 14, but one sticking point remained: what group would supervise independent monitoring? Industry favored hiring accounting firms; critics insisted that local human rights and non-governmental organizations be involved.⁴⁸

The new strategy of developing codes for Starbucks and other companies to follow is very positive," notes Luis Merida. "It can serve as a pressure mechanism for follow-up." Byron Morales insisted, "we must make use of international standards for rights of workers. We need more efficacious actions, like going after a chain of companies, not just a single plant, to prevent their relocation and manipulation. We must have more creative and agile forms of organization to counter employer flexibility."

E. Beginnings of on-ground organizing

Thus, the Central American labor movement is also struggling with the best approach to organizing. The movement has recognized the need to adopt fresh strategies, and is becoming less skeptical of a northamerican model which emphasizes careful, clandestine work that builds a coterie of workers. Unlike the dramatic protests described above, this 'union' does not declare itself before it has obtained sufficient numerical strength to demand contract negotiations. The recent success at Phillips Van Heusen's (PVH) Camisas Modernas plant is winning attention.

PVH Case

PVH formed a union in 1994, one of the first maquila unions in the region, only after extensive international pressure (see Coats, 1993). However, union members need to reach 25% of the workforce in order to demand negotiations, and management employed various strategies to prevent this (see Coats, 1996). With assistance from the international textile federation and CUSG, a 1995 organizing effort quietly began to change this. After some months, the union reached a suitable number. As the local gathered its final signatures, the US/Guatemala Labor Education Project (US/GLEP) coordinated a leafletting at PVH outlets in the U.S. However, the company claimed that not all signatures were valid. Even though the Labor Ministry verified the list, it refused to rule on the requirement and referred the matter to the courts where it would be lost forever.⁴⁹

PVH Chief Executive Officer Bruce Kausky was on the board of Human Rights Watch. US/GLEP persuaded the human rights organization to investigate. It validated the workers' claim and also cited intimidation by local company officials. In March, 1997, Kausky "agreed to begin negotiations, taking the union's proposed contract as a starting point."⁵⁰

Guatemalan unions are gradually opting for new approaches. UNSITRAGUA experienced a series of affiliate closures in the mid-1990s. In its 1996 congress, it declared an official change in strategy that would emphasize a more reasonable approach to negotiations without heavy rhetoric. It would seek bonafide gains and contracts in a professional manner.

F. Beginnings of on-ground funding

Linked with organizing is the current efforts of unions to support themselves. Organizing is part of the transition, as some European and U.S. supporters provide start-up funds for organizational efforts. "Money from the outside causes reactions, but if we don't have the capacity to negotiate, the world of global economic investment will detrimentally affect the worker," stated CUSG leader Juan Francisco Alfaro.⁵¹ Once organizing is successful, dues can follow.

As Anner notes, "I believe unions can pay more. They used to have a percentage obligation for project funding, but there was no penalty for non-compliance. As foreign funds increased, their dues contribution actually went down. They would submit a budget saying they would raise 20%, but they never came up with more than 3-8%. So now we are saying, we will pay 90% if you pay 10%, but if you are short, we will be proportionately short. They improved this year, but didn't quite reach goal, and we cut. We are doing the same elsewhere, only the amount due from them may be 15% for this year, 20% for next and 25% for the year following. This will encourage them to begin to collect dues directly.

If it sounds harsh, unions are changing their dues structure, and even supporting projects like day cares that have lost funds. "Dues had been fixed at, say, 5c a month rather than dependent on a % of wage increases that unions have won. They are reluctantly beginning to see this and implementing a tiered structure. Collecting dues should also make leaders more accountable. Members will ask them what they are doing with the funds. It also will serve as an incentive to organize more workers."

IV. **Conclusions**

The responses to free trade by Central American unions must be understood in a context of external and internal challenges related to the unbridled global market. External challenges center around the decline of state power. Unions have been virtually forbidden from organizing the mushrooming maquila sector, and have witnessed the abandonment of national labor code enforcement. With corporate restructuring and privatization, they have had to cope with a rising informal sector. Internal challenges have emerged with union losses of social and political power and tortuous success in winning new constituencies. As traditional foreign sources of funding have dried up, they have simultaneously faced disunity among former loyalists and failures with traditional methods of organizing.

The fresh investment which free trade had brought to Central America has yet to display the Japanese Model techniques of human relations, or even structural coordination suggested by Henk Thomas. Ironically, however, it has been union strategies themselves which have begun to force certain corporate modifications that Thomas anticipated! As they monitor the regional standardization of labor codes which affect all workers, (not just the unionized), as as they demand enforcement of current codes, they are also influencing companies to develop their own independently monitored codes directly. Parallel to their new emphasis on systematic and self-reliant organizing and funding, unions are likewise playing a key role in the construction democratic institutions so badly needed in a region wrenched by lengthy civil war.

Trade Unions in Central America have never enjoyed the same level of economic or political strength that they have reached in much of North and South America. However, their power has proportionately surpassed what one might expect from their level of national development. Where unions have achieved a degree of autonomy and power has largely been in sectors sacred to the region's economy: banana enclaves and food and beverage processing in the private sector and government, health, electrical, communications and financial institutions in the public realm. As free trade erodes these enclaves, Central American labor is mounting an offensive based on solid trade union principles and shining examples of labor solidarity. Their hard-fought battles continue to inspired profound interest and sympathy around the globe.

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1. Central American covered in this report include those in Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua.
2. Mark Anner, Representative to El Salvador from the Norwegian Labor Confederation, interview, July, 1996.
3. interview with author, July, 1996.
4. interview with author, June, 1996.
5. maquila expansion was tied to U.S. legislation increasing textile import quotas in 1986.
6. interview with Sergio Guzman, op. cit.
7. interview with Joaquin Aniula Palomares, co-author along with Aviola of the Feb. 95 ILO report on the maquilas in El Salvador.
8. interview with Mark Anner, op. cit. Anner verified that figures from Arriola, 1994, had not changed by 1996.
9. interview with Joaquin Aniula Palomares, co-author along with Aviola of the Feb. 95 ILO report on the maquilas in El Salvador.
The authors found no changes "of attitude toward workers or unions, or in compliance with the labor code between our earlier study of the Santa Barbara zone, 1993 (Apr 92 data), involving 120 textile producers, and the ILO study Feb. 95 (Dec. 94 data), involving 208."
10. interview with Michael Donovan, March 1995.
11. Interview with Luis Merida, UNSITRAGUA, July, 1996.
12. Anner, interview with author, op. cit.
13. interview with Eduardo Mazarieagos, ASIES (research institute), June, 1996. Mazarieagos cited the electric (INDE) and telephone companies. INDE had "about 500 or 600 technical people who put in solid effort each day, but for each of these, 5 more are not working. They enjoy their positions by virtue of awards for participation in election campaigns. INDE's workforce has recently been reduced from 7,000 to 5,000, and they could do the same work with 3,000."
14. interview with S. Guzman, op. cit.
15. According to Mazarieagos, the law permitted companies to use the 'via directiva' to grant individual contracts. This would appear to violate the last paragraph of the Government-URNG Socio-Economic Accord, signed in 1996, which stresses the government's respect for the labor negotiation process. interview, op. cit.

16. interview with author, June, 1996.

17. According to Robles, the agreement depended on an increase in productivity, either in amount of land assigned as a daily tarea, i.e. from 10 metres to 20, or as an extension of hours worked, so it really worked out to be at best a 15% increase. To offer an alternative, UITA retained links with the CTC, CENUTE, FESPAS and BANURI, CUC, CONIC. It directly worked with the Trabajadores Coordinadora Agricola in Solola and the Coordinadora de Desarrollo Social y Comunitario, and the Asociación de Campesino de Patzun. Interview with author, Aug. 1995.

18. interview with author, June, 1996.

19. Interviews with B. Morales, 1995. A complication the union leaders faced with the pobladores in Esquintla was that it was not clear who was carrying out the threats. Some nearby people, who had relationships with the army, simply wanted the groups removed. Others wished to purchase the occupied land from the state-owned railroad. Interview with Luis Merida, 1996.

20. Latin America Report on CA/Caribbean, Aug. 1996.

21. All organizations had been criticized for an authoritarian tendency to present a "plan" into which all must fit. After the war, divisions within paramilitary groups tended to split the labor movement. They also set up labor research institutes. Some Guatemalan centrals feared when such would "present themselves as the party to unify workers."

22. Anner, op. cit.

23. With the lid off after the war, the leadership question emerged. 9 unions, with 1000 members, backed Juan José Huezco; 7 unions with 4000 members supported another candidate. Instead of compromising, Juan José's forces decided to 'make a clean sweep,' and the others formed their own federation (FESTRAES).

24. Norway cut back significantly. To avoid the corruptive influence of foreign funds, the Danes are looking toward more of a "German" model of the labor-supported Friedrich Ebert Foundation, supporting their own center, and inviting workers to participate.

25. verified by a number of trade union sources.

26. The Nov. 16, 1995 demonstration included a bulletin signed on Conséjo Superior de Trabajo, Sector Laboral stationery (the coordinating body to deal with economic issues following the Peace Accords). However, all but federations except FENASTRAS and FESINCONSTRANS disowned it.

27. viewpoints expressed by leaders of CUSG, US/GLEP and the Center for Human Rights Legal Action (CHARLA).

28. interview July, 1995. An emplazamiento was an official listing of worker grievances. When filed, it would prevent all that signed it from being fired until the grievances were resolved. Labor organizers would often use the intervening time to organize a legal union.
29. e.g. UNSITRAGUA in Guatemala, gained fifteen affiliates in the public sector; CUSG and CGTG also represented state workers.
30. Interview with Thelma de Cyd, ILO Project, June 27, 1996. The Tripartite Process is an ILO-sponsored mechanism to create a common body of representatives from business, labor and government that addresses common problems.
31. E.g. in Guatemala there is CIEP, UTE, the Instituto de Política y Social, and several others.
32. interview with José Candray, July, 1995.
33. interview with Gilberto Ernesto García Dueñas CENTRA, July, 1996.
34. The sector has five unions: ASTTEL (affiliated to UNTS) but without a contract; ASTA (CTD); ATTES (independent); SINTEL (FESTRAES); and a union of the executives. ASTTEL had the most members. SINTEL had only 3-4% of the overall membership, but was the only union with official legal recognition (persona jurídica). CENTRA proposed to privatize the cellular system, the internet, international calls, and the beeper system, although some unions sought to prevent privatization altogether.
35. All three unions were in agreement: ANDES which dealt with the teachers/educational system, and SITINPEP which covered the system of pensions.
36. UNSITRAGUA had abstained from participating in the previous congressional election because of "the unavailability of a real choice" and questionable involvement in drugs and manipulation. However, at April, 1996 Congress, they decided to be much more involved in electoral work. interviews.
37. interview with Gilberto Ernesto García Dueñas, op cit.
38. One former Secretary General of the CTC in Guatemala was elected as a PAN representative. He explained that party affiliation. was not important, if one's motivation was to work for the good of workers. Upon election, he declared himself as an independent. But when the anti strike law came to a vote, he was sick; and when it came up for discussion three days later, he was sick again.
39. Morales, interview with author; Robles, speaking At a special five-day commemoration of CNT workers abducted on June 21 1980, June, 1996.

40. Interview with Reynoldo Gonzalez, FESEBS, Feb. 14, 1995

41. In August, the Federación de Organizaciones Magisterales de Honduras (FOMH) successfully struck to have decree 34-96 withdrawn.

42. However, some ministers (and countries) are taking the opportunity to weaken their own codes. In Guatemala, the PAN put forward such a proposal in mid-1996. The ILO office, headed by Thelma de Cyd produced a point-by-point analysis showing how it was devastating to unions. IN THE CONTEXT OF GSP PRESSURE, This was enough to get the PAN to agree not to put forward the proposal until a technical tripartite commission had an opportunity to reach consensus.

43. 27 signed, 24 of them Salvadorans, including Maria Julia Hernandez from the Archdiocese's Human Rights office.

44. The Mandarin union was originally part of CTS, then affiliated with CTD; but because they received little assistance, they have subsequently become independent.

45. The Consortium Charter Group is the major consortium of apparel maquila owners. GAP and other companies negotiate with the Charter Group for orders, and it in turn determines which among more than a thousand local companies would be most suitable.

46. They also kept independent monitoring etc. The agreement was signed by: David Wang, Mandarin International; CENTRA, the Archdiocesan Human Rights Office; IDUCHA; Lucia Albarado Portan, Secretary General of a company-created union (ATEMISA) Eliseo Castro Perez, Secretary General of SETMI, the bona-fide union. GAP (via the New-York based Interfaith Center for Corporate Responsibility) and NCL each provided \$2,500 for implementation. By mid-1996, conditions had improved dramatically. GAP orders had returned, but in insufficient amounts to rehire the union workers. Many were blacklisted, but some managed to find work elsewhere. By mid-1997, about 80 union members and former workers had been rehired.

47. Guzman, interview with author, June, 1996.

48. Steven Greenhouse, "Accord to Combat Sweatshop Labor Faces Obstacles," New York Times, April 13, 1997 (A:1).

49. The labor minister was reportedly replaced because CACIF was upset that he had not resolved the issue.

50. Wendy Bounds, "Phillips Van-Heusen, in Reversal, Plans to Negotiate with Union in Guatemala." Wall Street Journal, March 18, 1987. See also US/GLEP, PVH Campaign Update #8.

51. interview with Juan Francisco Alfaro, June, 1996. "If you tell me you will affect the policy of Clinton, you will bring more benefits to our work here than funds. The funds can go to pay for holding a folklorico type manifestation in the streets, which will win the attention of the Ministers in the short term; but then they go about their business, knowing it will pass. However, international donor agencies should suggest unity actions as part of their funding requirements. If not, there will not be an interest in unifying, and international aid helped foment the divisions."