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1988 WAS NOT A GOOD YEAR FOR PERUVIAN LABOR. THE YEAR REGISTERED THE LARGEST NUMBER OF STRIKES IN ALMOST A DECADE, THE HIGHEST RATE OF INFLATION EVER, AND A DRASTIC DECLINE IN PURCHASING POWER. THERE WERE FOUR GENERAL STRIKES CALLED BY THE LARGEST LABOR CONFEDERATION, THE COMMUNIST-CONTROLLED GENERAL CONFEDERATION OF PERUVIAN WORKERS (CGTP), WITH LITTLE DISRUPTION OF ECONOMIC ACTIVITY AND FEW GAINS FOR THE WORKERS. THE PRESENCE OF THE LABOR ARM OF THE MAOIST GUERRILLA GROUP SENDERO LUMINOSO BECAME APPARENT, WITH SL OPENLY CALLING FOR "ARMED STRIKES" IN LIMA AND OTHER DEPARTMENTAL CAPITALS. MASSIVE POLICE DEPLOYMENTS KEPT VIOLENCE TO A MINIMUM DURING ALL WORKERS PROTESTS. THE PRINCIPAL ISSUE FOR LABOR IN 1988 WAS HOW TO MAINTAIN PURCHASING POWER IN THE FACE OF HYPERINFLATION. SALARY INDEXATION AND ITS CONSEQUENCES FOR BUSINESS, LABOR AND THE GOVERNMENT ARE SHAPING UP AS THE MAIN CONCERN FOR 1989.

### 3. INTRODUCTION

IN 1985 ALAN ARCIA PEREZ AND THE APRA (AMERICAN POPULAR REVOLUTIONARY ALLIANCE) PARTY WERE VOTED INTO OFFICE WITH THE LARGEST POPULAR VOTE IN THE HISTORY OF PERU. ENJOYING AN APRA MAJORITY IN BOTH CHAMBERS OF THE CONGRESS AND IN DEPARTMENTAL, PROVINCIAL AND MUNICIPAL CAPITALS ACROSS THE COUNTRY, THE GOVERNMENT'S FIRST TWO YEARS WERE CHARACTERIZED BY RELATIVE ECONOMIC PROSPERITY AND POLITICAL PEACE.

TOWARDS THE END OF HIS FIVE-YEAR TERM, PRESIDENT ALAN GARCIA IS FACING A DIFFICULT ECONOMIC SITUATION, WITH HIGH INFLATION, A DEEPENING RECESSION AND GROWING UNEMPLOYMENT, POLITICAL INSTABILITY MANIFESTED IN CYCLICAL RUMORS OF A MILITARY COUP AND INCREASING SIGNS OF SOCIAL UNREST IN THE FORM OF LEFTIST AGITATION, LONG AND VIOLENT STRIKES AND A HIGH LEVEL OF TERRORIST ACTIVITY. THE POPULARITY AND CREDIBILITY OF THE PRESIDENT AND HIS GOVERNMENT DECLINED DRASTICALLY IN 1988. INTERNAL APRA DIFFERENCES BECAME VISIBLE AND THE LEFT AND RIGHT OPPOSITION GAINED ENOUGH GROUND TO BECOME CREDIBLE CHALLENGES IN THE NEXT MUNICIPAL ELECTIONS SCHEDULED FOR NOVEMBER 1989.

THE HONEYMOON PERIOD WITH ORGANIZED LABOR LASTED UNTIL MAY 1987, EVEN THOUGH AS EARLY AS 1986 MARXIST LABOR LEADERS BEGAN TO CRITICIZE THE GARCIA ADMINISTRATION WAGE POLICIES. STRIKE ACTIVITY BEGAN TO PICK UP IN 1986, DECLINED IN 1987 AND INCREASED SUBSTANTIALLY IN 1988. SOCIAL DISSENT WITH THE GOVERNMENT'S POLITICAL AND ECONOMIC POLICIES GREW, SO DID THE POLITICALIZATION OF ORGANIZED LABOR

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ACTIVITIES, PARTICULARLY IN THE PUBLIC SECTOR, AND THE NUMBER AND VIOLENCE OF STRIKES.

1988 REGISTERED THE LARGEST NUMBER OF STRIKES IN PERU IN ALMOST A DECADE. THERE WERE FOUR GENERAL STRIKES (JANUARY 28, JULY 19-20, OCTOBER 13, AND DECEMBER 1) ALL OF WHICH HAD A POLITICAL AGENDA IN ADDITION TO GENUINE PROTESTS OVER ECONOMIC AND LABOR CONDITIONS. NONE WAS SUCCESSFUL FROM THE STANDPOINT

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OF THE WORKERS. EVEN THOUGH POLICE FORCES ENSURED THAT MARCHES AND MEETINGS WERE KEPT UNDER CONTROL, THERE WERE INCIDENTS OF VIOLENCE IN EVERY STRIKE, MOST OF WHICH WERE PROVOKED BY RADICAL LEFTIST ELEMENTS.

LABOR'S BIGGEST PROBLEM IN 1988 WAS COPING WITH THE NEARLY 2,000 PERCENT RATE OF INFLATION AND ITS EFFECT ON PURCHASING POWER. EARLIER IN THE YEAR, WHEN INFLATION ESTIMATES WERE NOT EVEN CLOSE TO THE ACTUAL RATE, THE GOP ISSUED A DECREE GRANTING INDEXATION OF SALARIES. THE INDEX WOULD BE BASED ON THE CONSUMER PRICE INDEX OF METROPOLITAN LIMA AND APPLIED IN THOSE CASES WHERE MUTUAL AGREEMENT COULD NOT BE REACHED.

DESPITE THE GOVERNMENT'S PLEDGE, SALARY INCREASES QUICKLY FELL BEHIND INFLATION--EVEN IN NOMINAL TERMS--WHILE REAL PURCHASING POWER DECLINED BY AT LEAST 40 PERCENT IN 1988. EMPLOYERS WERE UNABLE TO INCREASE SALARIES WITH INFLATION BECAUSE, AS THE RECESSION DEEPENED AND HYPERINFLATION ACCELERATED, INDEXATION WOULD HAVE CARRIED A REAL DANGER OF BANKRUPTCY. THE GOP EVEN TRIED TO RESCIND THE DECREE, BUT POLITICAL PRESSURES PREVENTED IT FROM DOING SO. THE DECREE CONTINUES TO BE A MAJOR ISSUE IN LABOR RELATIONS. IN 1989, DEPENDING ON THE SEVERITY OF THE RECESSION, PRIVATE SECTOR LABOR COULD FACE MASSIVE LAYOFFS. IN THE PUBLIC SECTOR, LABOR WILL LEAD THE WAY IN STRIKES AND PROTESTS THAT ARE LIKELY TO BECOME MORE COSTLY AND VIOLENT.

4. ECONOMIC CONTEXT

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THE GOVERNMENT OF ALAN GARCIA PLACED FIRST PRIORITY ON REACTIVATING THE MORIBUND ECONOMY INHERITED IN 1985. IT DID SO BY FREEZING PRICES, RAPIDLY INCREASING SALARIES, GENERATING PUBLIC SECTOR EMPLOYMENT, AND GRANTING MASSIVE, CHEAP CREDITS TO AGRICULTURE IN AN ATTEMPT TO IMPROVE THE LOT OF THE URBAN AND ESPECIALLY THE RURAL POOR. IN ORDER TO PAY FOR THESE PROGRAMS, PERU DIVERTED FUNDS WHICH SHOULD HAVE GONE TOWARDS SERVICING PERU'S USD 16 BILLION EXTERNAL DEBT, AND OTHERWISE RUNNING DOWN AVAILABLE FOREIGN EXCHANGE RESERVES WHILE RUNNING UP A MASSIVE FISCAL DEFICIT.

THE GOVERNMENT EXPECTED THE GROWTH ACHIEVED IN 1986 AND 1987 TO BE SELF-SUSTAINING, IN THAT THE LOCAL BUSINESS COMMUNITY WOULD INVEST IN A RENASCENT ECONOMY. BUT INVESTORS WERE WARY OF THE GARCIA ADMINISTRATION'S INTERVENTIONIST, STATIST APPROACH TO PRIVATE BUSINESS, AND THE JULY 1987 DECISION TO ATTEMPT A NATIONALIZATION OF THE BANKING AND INSURANCE INDUSTRY FURTHER AND IRREPARABLY SOURED THE INVESTMENT CLIMATE. LACK OF NEW INVESTMENT LIMITED THE PROSPECTS FOR FURTHER ECONOMIC GROWTH. EXCESS DEMAND COMBINED WITH THE FISCAL DEFICIT AND THE NEED TO RAISE MANY CONTROLLED PRICES TO REALISTIC LEVELS, CAUSED INFLATION TO SHOOT UP RAPIDLY IN THE BEGINNING OF 1988. AN UNREALISTIC EXCHANGE RATE COMPLICATED MATTERS, AND THREE YEARS OF SHARPLY NEGATIVE INTEREST RATES DRAINED THE FINANCIAL SYSTEM OF MOST OF ITS LIQUIDITY. AS INFLATION ROSE, CONFIDENCE IN THE NATIONAL CURRENCY, THE INTI, AS A STABLE MEDIUM OF EXCHANGE AND A STORE OF VALUE EVAPORATED. THE RESULT HAS BEEN A RAPID DOLLARIZATION OF THE ECONOMY TO THE POINT WHERE THE GOVERNMENT LOST MEANINGFUL CONTROL OF MONETARY AGGREGATES.

THE INABILITY OF THE GOVERNMENT TO PREPARE AND THEN AGREE ON A COHERENT ECONOMIC STABILIZATION PROGRAM

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HAS RESULTED IN THE IMPLEMENTATION OF A SERIES OF "CORRECTIVE ADJUSTMENT" PACKAGES. THE "CORRECTIONS" HAVE PROBABLY AGGRAVATED THE CRISIS, INSTITUTIONALIZING INFLATIONARY EXPECTATIONS AND CAUSING SERIOUS LABOR AND SOCIAL UNREST. THE LACK

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OF A COMPREHENSIVE PROGRAM ACCEPTABLE TO PERU'S CREDITORS MEANS THAT THE COUNTRY REMAINS ISOLATED FROM THE INTERNATIONAL FINANCIAL COMMUNITY. THE COLLABORATION OF THIS COMMUNITY, WHICH REQUIRES A SOUND PERUVIAN ECONOMIC PROGRAM, IS INDISPENSIBLE.

IN NOVEMBER 1988, PERU'S TRADE SITUATION SHOWED A SLIGHT SURPLUS OF USD 138 MILLION, WITH MINERALS AND FISHERIES ACCOUNTING FOR 70 PERCENT OF ALL EXPORT EARNINGS. PERU'S TRADE BALANCE WITH THE UNITED STATES CONTINUED TO DETERIORATE IN 1988. THE PERUVIAN GOVERNMENT'S EFFORTS TO FOSTER A POSITIVE FLOW OF HARD CURRENCY BY REDUCING NON ESSENTIAL IMPORTS, CONTROLLING INDUSTRIAL INTERMEDIATE IMPORTS OR DEVELOPING SUBSTITUTES FOR THEM, AND PROMOTING NON-TRADITIONAL EXPORTS HAS HAD LIMITED RESULTS AT BEST. LOWER LEVELS OF BILATERAL AND MULTILATERAL AID, REDUCED AVAILABILITY OF COMMERCIAL CREDIT AND FALLING EXPORTS ALL CONTRIBUTED TO PERU'S DECLINING BALANCE OF PAYMENTS SITUATION. THE CONTINUING DROP IN FOREIGN EXCHANGE RESERVES GREW WORSE IN 1988, OFFICIALLY AMOUNTING TO USD -428 MILLION. AFTER GROWING AT 6-7 PERCENT PER YEAR DURING 1985-87, PERU'S GROSS DOMESTIC PRODUCT DECLINED BY 8.4 PERCENT IN 1988. THE OFFICIAL INFLATION FIGURE FOR THE YEAR WAS 1,722 PERCENT.

#### 5. EMPLOYMENT AND REMUNERATION

DURING THE LAST 25 YEARS, THE CENTRAL CHARACTERISTIC OF THE EVOLVING PATTERN IN THE EMPLOYMENT SITUATION IN PERU HAS BEEN THE GRADUAL MOVEMENT OF THE LABOR FORCE FROM TRADITIONAL AGRICULTURAL OCCUPATIONS TO URBAN ACTIVITIES, ESPECIALLY IN COMMERCE AND SERVICE INDUSTRIES.

IN 1988 THE POPULATION OF PERU WAS 20.7 MILLION, AN INCREASE OF 2.6 PERCENT OVER THE PREVIOUS YEAR. (ALTHOUGH FIGURES FOR 1988 ARE NOT YET AVAILABLE FROM GOVERNMENT OR PRIVATE SOURCES, THE 1987 FIGURES PROVIDED IN THIS PARAGRAPH GIVE AN INDICATION OF PERU'S LABOR STRUCTURE.) IN 1987, THE ECONOMICALLY ACTIVE POPULATION (PEA) WAS 6.99 MILLION. BETWEEN 91 AND 92 PERCENT WAS EMPLOYED AND 8-8.5 PERCENT UNEMPLOYED. 41 PERCENT OF THOSE EMPLOYED WERE SALARIED WORKERS AND 59 PERCENT NON-SALARIED. OF THE SALARIED WORKERS, 45 PERCENT WORKED IN THE PUBLIC SECTOR AND 50 PERCENT OF THOSE WERE UNIONIZED. THE PRIVATE SECTOR HAD 55 PERCENT OF THE SALARIED WORKERS AND 56 PERCENT OF THOSE WERE UNIONIZED. OF THE NON-SALARIED CATEGORY, 78 PERCENT WERE INDEPENDENT OR "INFORMAL" WORKERS. ACCORDING TO THE NATIONAL INSTITUTE OF STATISTICS (INE), THE UNEMPLOYMENT RATE AMONG THE PEA WENT FROM 8.5 PERCENT IN 1987 TO 12.0 PERCENT IN 1988. LIKEWISE, THE UNDEREMPLOYMENT RATE INCREASED FROM

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47.1 TO 51.3 PERCENT DURING THE SAME PERIOD.

IN 1985 THE GARCIA ADMINISTRATION EMBARKED ON AN UNPRECEDENTED CAMPAIGN TO INCREASE REMUNERATIONS AND TO PROTECT THE PURCHASING POWER OF WAGES AND SALARIES BY ALLOWING THEM TO INCREASE SLIGHTLY HIGHER THAN THE RATE OF INFLATION. AS A RESULT OF THIS POLICY, THE NATION'S MINIMUM WAGE HAS BEEN INCREASED BY 6,667 PERCENT FROM JUNE 1985 (INTIS 360 PER MONTH) TO DECEMBER 1988 (INTIS 24,000 PER MONTH).

TRADITIONALLY, WORKERS SUBJECT TO COLLECTIVE

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BARGAINING AGREEMENTS HAD BETTER WAGES THAN THOSE WHO WERE NOT. IN 1987, FOR EXAMPLE, THOSE WORKERS UNDER COLLECTIVE BARGAINING EARNED AN AVERAGE OF 70 PERCENT BETTER WAGES. IN 1988, THE PURCHASING POWER LOSS OF UNIONIZED LABOR AMOUNTED TO 43 PERCENT WHILE NON-UNIONIZED WORKERS LOST 49.9 PERCENT. GOVERNMENT WORKERS, USUALLY RECEIVING INCREASES BELOW THE RATE OF INFLATION AND OFTEN BELOW THE INCREASES GIVEN IN THE PRIVATE SECTOR, LOST THE MOST (54 PERCENT). WHILE THE GOP CLAIMS THAT THE CURRENT ECONOMIC CRISIS PREVENTS GRANTING HIGHER PAY INCREASES, SINCE 1985, THE NUMBER OF WORKERS IN THE PUBLIC SECTOR HAS RISEN BY ABOUT 30 PERCENT.

#### 6. STRIKES

PRESIDENT GARCIA'S HONEYMOON WITH ORGANIZED LABOR ENDED ON MAY 1, 1987 WHEN MARXIST-LED CGTP CARRIED OUT ITS FIRST GENERAL STRIKE AGAINST THE ADMINISTRATION. SINCE THEN, THERE HAVE BEEN FOUR SUCH STRIKES, ALL OF THEM IN 1988. IN EACH INSTANCE, GENUINE WORKER GRIEVANCES WERE USED BY LABOR LEADERSHIP TO ADVANCE A RADICAL POLITICAL AGENDA. ALTHOUGH THE STRIKES FAILED TO PARALYZE THE COUNTRY AND GAINED THE WORKERS LITTLE, THEY DID INTERRUPT ECONOMIC ACTIVITY. PROTEST MARCHES, BUILDING TAKE-OVERS, LONGER STRIKES AND VIOLENT CLASHES WITH THE POLICE ALSO BECAME MORE COMMON IN 1988.

THE NUMBER OF STRIKES, WORKERS INVOLVED AND

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MAN-HOURS LOST AS A RESULT OF STRIKES INCREASED DRAMATICALLY OVER THE PAST YEAR. FOR EXAMPLE, IN 1987 AN ESTIMATED 44,378 PRIVATE SECTOR WORKERS LOST APPROXIMATELY 1.5 MILLION HOURS AS A RESULT OF 133 STRIKES. BY CONTRAST, IN 1988 NEARLY 34 MILLION MAN-HOURS WERE LOST BY 600,000 WORKERS IN 800 STRIKES. AMONG THE MOST IMPORTANT STRIKES IN THE YEAR WERE THOSE OF THE:

A) MINERS WHO FOUGHT FOR A SINGLE NATIONAL LEVEL COLLECTIVE BARGAINING AGREEMENT.

B) BANK WORKERS WHO WENT ON STRIKE TO UPHOLD A SUPREME DECREE GRANTING THEM SALARY INDEXATION.

C) TEXTILE AND SOCIAL SECURITY WORKERS WHO ALSO ARGUED FOR SALARY INDEXATION AND WHO, LIKE THE OTHERS, HAD TO SETTLE FOR LESS.

THE RISING TREND IN STRIKES AND MAN-HOUR LOSSES SEEN IN 1988 WILL PROBABLY CONTINUE THROUGH 1989. AS THE ECONOMY SHOWS LITTLE, IF ANY, SIGNS OF RECOVERY AND INFLATION CONTINUES TO GNAW AWAY AT THE REAL INCOME OF THE WORKERS, OPEN PROTESTS, OFTEN LED BY RADICAL LEFTISTS ELEMENTS, WILL CONTINUE. THE TREND MAY SLOW SOMEWHAT IF THE CURRENT RECESSION CREATES A SURPLUS OF WORKERS THUS PROVIDING INCENTIVES FOR THOSE WITH JOBS NOT TO GO ON STRIKE.

SEVERAL TIMES DURING 1988, THE ISSUE OF A STRIKE LAW SURFACED AND SUBMERGED JUST AS QUICKLY. THE PERUVIAN CONGRESS HAS BEEN CONSIDERING SOME FORM OF A STRIKE LAW FOR ABOUT A DECADE BUT HAS YET TO APPROVE ONE. 1988 WAS NO DIFFERENT ON THAT SCORE.

(NOTE: ALTHOUGH THE RIGHT TO STRIKE IS GUARANTEED BY THE CONSTITUTION, THE TEXT ALSO SAYS THAT THIS RIGHT WILL BE EXERCISED ACCORDING TO LAW. IT IS THIS IMPLEMENTING LEGISLATION WHICH HAS NOT BEEN ADOPTED.)

#### 7. MINISTRY OF LABOR

IN SPITE OF PERSISTENT RUMORS OF RESIGNATION, DR. ORESTES RODRIGUEZ IS STILL IN OFFICE AS LABOR

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MINISTER. THE MINISTER OF LABOR AND SOCIAL PROMOTION

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OPERATES UNDER THE TERMS OF A LEGISLATIVE DEGREE ENACTED IN JUNE 1981. THIS LAW DEFINES SEVERAL SPECIFIC FUNCTIONS FOR THE MINISTRY: 1) TO GUIDE LABOR RELATIONS WITHIN A TRIPARTITE (BUSINESS, LABOR AND GOVERNMENT) FRAMEWORK; 2) TO PROMOTE THE CREATION OF MORE EMPLOYMENT; 3) TO EXTEND TO WORKERS THE PROTECTION AFFORDED BY THE LABOR LAWS; 4) TO GUIDE THE DEVELOPMENT OF SOCIAL AND LABOR LEGISLATION AND THE IMPROVEMENT OF ALL LABOR-RELATED INSTITUTIONS IN THE GOVERNMENT; AND 5) TO GUARANTEE THE FREE DEVELOPMENT OF COOPERATIVE ORGANIZATIONS.

THERE ARE TWO VICE-MINISTERS, ONE FOR LABOR AND ONE FOR SOCIAL PROMOTION; A CONSULTATIVE COMMISSION; THE NATIONAL LABOR AND SOCIAL AGREEMENT COUNCIL; AND THE INTER-SECTORAL COORDINATION COMMISSION. THE VICE MINISTER OF LABOR, MR. VICTOR SALAS, THE FORMER SECRETARY OF DEFENSE (COLLECTIVE BARGAINING) OF THE PRO-APRA PERUVIAN WORKERS CONFEDERATION (CTP), SUPERVISES THE DIRECTORATES GENERAL OF LABOR (RESPONSIBLE FOR RESOLVING INDUSTRIAL RELATIONS DISPUTES AND REGISTERING TRADE UNION ORGANIZATIONS), INSPECTION, AND OCCUPATIONAL HEALTH AND SAFETY. THE VICE MINISTER OF SOCIAL PROMOTION, DR. DOMINGO TRENEMAN (ANOTHER STAUNCH "APRISTA"), SUPERVISES THE DIRECTORATES GENERAL OF EMPLOYMENT (WHICH COMPILES EMPLOYMENT AND WAGE STATISTICS THROUGH ESTABLISHMENT AND HOUSEHOLD SURVEYS), VOCATIONAL TRAINING, PARTICIPATION (WHICH MONITORS WORKER PARTICIPATION AND PROFIT-SHARING WITHIN INDUSTRIAL COMMUNITY ARRANGEMENTS) AND WELFARE AND SOCIAL SECURITY (WHICH PROVIDES STAFF SUPPORT FOR THE MINISTER'S PARTICIPATION IN DETERMINING POLICY FOR THE AUTONOMOUS SOCIAL SECURITY INSTITUTE). OTHER DIRECTORS GENERAL REPORT DIRECTLY TO THE MINISTER. IN 1985, THE MINISTRY ESTABLISHED AN OFFICE OF INTERNATIONAL AFFAIRS. ITS FIRST DIRECTOR WAS REPLACED IN 1986 BY DR. WALTER BOBADILLA, A YOUNG BUSINESSMAN WHO ENJOYS THE TRUST OF LABOR MINISTER RODRIGUEZ.

THE MINISTRY OF LABOR FELL ON HARD TIMES IN 1988. ITS AUTHORITY AND INFLUENCE, WHICH HAD BEEN ERODING FOR SOME TIME, REACHED NEW LOWS WHEN WAGE INCREASES BECAME THE RESPONSIBILITY OF THE MINISTRY OF ECONOMY AND FINANCE. THE INABILITY TO SETTLE STRIKES QUICKLY AND PEACEFULLY ALSO REVEALED A LACK OF EFFECTIVENESS ON THE PART OF THE MINISTRY.

#### 8. THE LABOR MOVEMENT

ORGANIZED LABOR HAS PLAYED AN IMPORTANT ROLE IN PERU DURING THE LAST TWENTY YEARS. AS AN ECONOMIC FORCE, ORGANIZED LABOR IS ACTIVE IN INDUSTRIES WHICH,

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ACCORDING TO SEVERAL ESTIMATES, ARE RESPONSIBLE FOR ABOUT 70 PERCENT OF GNP. IT HAS ALSO BEEN A POWERFUL ARTICULATOR OF POPULAR DISSATISFACTION WITH SUCCEEDING GOVERNMENTS. HOWEVER, ONLY 18 PERCENT OF THE PEA IN 1988 WAS ORGANIZED, ACCORDING TO OFFICIAL FIGURES. FOR THE MAJORITY OF PERUVIAN WORKERS, INCLUDING THOSE IN THE COUNTRYSIDE AND THOSE INVOLVED IN THE VAST, UNTAXED, UNDERGROUND "INFORMAL" SECTOR THAT WORKS OUTSIDE ALL GOVERNMENT REGULATIONS, THE LABOR UNION MOVEMENT HAS LITTLE OR NO SIGNIFICANCE.

THE UNION LOCAL IN A COMPANY THAT EMPLOYS TWENTY PEOPLE OR MORE IS THE BASIC ORGANIZATIONAL UNIT OF THE PERUVIAN LABOR MOVEMENT. A MINIMUM OF FIVE UNIONS IS REQUIRED TO FORM A FEDERATION. THEY MAY

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BE ORGANIZED AROUND A PARTICULAR TYPE OF ACTIVITY, OR ON A REGIONAL BASIS. EXCEPT IN A FEW KEY AREAS, INCLUDING CONSTRUCTION, BANKING AND TEACHING, FEDERATIONS DO NOT ACT AS NATIONAL BARGAINING AGENTS IN CONTRACT TALKS. (MINERS TRIED TO ADOPT THIS SYSTEM IN 1988 BUT ONLY GOVERNMENT, NOT INDUSTRY, ACCEPTED THE IDEA). THE HIGHEST AND MOST POLITICALLY MINDED LEVEL OF UNION ORGANIZATION IS THE CONFEDERATION. CONFEDERATIONS REQUIRE THE MEMBERSHIP OF TEN FEDERATIONS. THERE ARE NO RESTRICTIONS ON THEIR ACTIVITIES EXCEPT THAT PUBLIC WORKER UNIONS ARE NOT PERMITTED TO JOIN IN CONFEDERATIONS OF PRIVATE OR PUBLICLY-OWNED BUSINESS ENTERPRISES. IN THE PUBLIC SECTOR, THE BASIC LAW PASSED IN 1962 ENCOURAGES THE FORMATION OF COMPETING UNIONS BY REQUIRING ONLY 20 PERCENT OF THE MEMBERS OF A WORK UNIT TO REGISTER IN A NEW UNION. IN CONTRAST, 50 PERCENT IS REQUIRED IN THE PRIVATE SECTOR.

MARXIST-LED UNIONS, SOME LED BY RADICALS, ARE PARTICULARLY STRONG IN THE PUBLIC SECTOR. ORTHODOX MOSCOW-LINE (PCP-U) COMMUNISTS GENERALLY HAVE BEEN STRONG IN BANKING, CONSTRUCTION, GRAPHICS, AND TO A LESSER EXTENT, IN MANUFACTURING AND INDUSTRIES. OTHER, MORE RADICAL, MARXIST-LENINISTS ARE STRONG IN TEACHING, MINING AND PEASANT ORGANIZATIONS. SEVERAL

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LEFTIST LABOR LEADERS WERE ELECTED TO THE NATIONAL CONGRESS IN 1985 AS PART OF THE UNITED LEFT (IU) DELEGATION, MAKING THE IU THE SECOND STRONGEST CONGRESSIONAL BLOCK. AMONG THESE WERE GUSTAVO ESPINOZA (CONGRESSMAN-PCP) AND VALENTIN PACHO (SENATOR-PCP-U) SECRETARY GENERAL OF THE CGTP, AND CESAR BARRERA BAZAN (DEPUTY-UNIR), A FORMER SECRETARY GENERAL OF THE SUTEP TEACHER'S UNION.

HISTORICALLY, THE COUNTRY'S SECOND LARGEST CONFEDERATION, THE CTP, (SEE BELOW), HAS BEEN ALLIED WITH APRA. UNIONS WHOSE LEADERSHIP IS POLITICALLY ORIENTED TOWARDS THE RULING PARTY ARE STRONGEST WITHIN THE TEXTILE AND SUGAR SECTORS. APRA-AFFILIATED UNIONS COMPETE WITH THE COMMUNISTS WITH VARYING DEGREES OF SUCCESS IN MANUFACTURING, INDUSTRY AND MINING.

9. CONFEDERATIONS IN THE PRIVATE SECTOR

CGTP: THE GENERAL CONFEDERATION OF PERUVIAN WORKERS (CGTP) IS THE LARGEST AND STRONGEST LABOR CONFEDERATION IN PERU. THE CGTP WAS ORGANIZED AND RECOGNIZED OFFICIALLY IN 1968 DURING THE VELASCO REGIME. WITH ENCOURAGEMENT BY THE MILITARY GOVERNMENT, AND REPRESSION OF ITS "APRISTA" RIVAL, THE CGTP BECAME THE DOMINANT LABOR CENTRAL. THE CGTP IS CONTROLLED AT THE VERY TOP BY THE MOSCOW-LINE PERUVIAN COMMUNIST PARTY--UNITY (PCP-U). THE CGTP IS AFFILIATED WITH THE SOVIET-DOMINATED WORLD FEDERATION OF TRADE UNIONS (WFTU), AND WITH ITS REGIONAL ORGANIZATION FOR LATIN AMERICA, CPUSTAL. ALTHOUGH THE CGTP CLAIMS A TOTAL MEMBERSHIP OF 800,000, THIS IS AN INFLATED FIGURE. MORE CREDIBLE ESTIMATES OF CGTP STRENGTH RANGE FROM 550,000 TO 600,000 MEMBERS, NOT INCLUDING CITE MEMBERS. IN 1987, THE CGTP INCREASED ITS ECONOMIC, BUT PARTICULARLY ITS POLITICAL INFLUENCE, WITH THE AFFILIATION OF THE MINER'S FEDERATION. IT ALSO HAS FORGED CLOSER LINKS WITH OTHER MARXIST-LED GROUPS SUCH AS THE PEASANT CONFEDERATION OF PERU (CCP) AND SUTEP (THE 100,000-MEMBER TEACHER FEDERATION). CITE'S 500,000 STRONG PUBLIC SECTOR EMPLOYEES CONFEDERATION BECAME AN AFFILIATE IN JULY 1988. THERE ARE LEGAL PROBLEMS, HOWEVER, BECAUSE A PUBLIC C O N F I D E N T I A L SECTION 07 OF 13 LIMA 04098

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SECTOR LABOR ORGANIZATION CANNOT BE AFFILIATED WITH A PRIVATE SECTOR ORGANIZATION. BOTH CITE AND THE CGTP HAVE CHOSEN TO IGNORE THESE LOCAL LEGAL RESTRICTIONS AND HAVE GOTTEN AWAY WITH IT SO FAR. CGTP INFLUENCE AND STRENGTH WERE ALSO INCREASED BY CLOSER COLLABORATION BETWEEN VARIOUS MARXIST STUDENT GROUPS AND SHANTYTOWN (PUEBLOS JOVENES) ASSOCIATIONS.

IMPORTANT CURRENT CGTP LEADERS ARE:

--PRESIDENT: ISIDORO GAMARRA RAMIREZ  
--VICE PRESIDENT: PEDRO HUILLCA TECSE  
--SECRETARY GENERAL: VALENTIN PACHO QUISPE  
--ASSISTANT SECRETARY GENERAL: PABLO CHECA LEDESMA.

CGTP HEADQUARTERS IN LIMA ARE LOCATED AT PLAZA 2 DE MAYO NO. 4, LIMA. ITS TELEPHONE NUMBERS ARE: 24-3063 AND 23-1787.

FNTMMSP: ONE OF THE STRONGEST AFFILIATES OF THE CGTP, THE NATIONAL FEDERATION OF MINING AND METALLURGICAL AND STEEL WORKERS OF PERU (FNTMMSP), INCLUDES UNIONS IN MOST LARGE, MEDIUM AND SMALL MINING ENTERPRISES IN PERU. IT JOINED THE COMMUNIST CENTRAL IN 1987. MUSCOVITES, MAOISTS AND THE SMALL TROTSKYITE COMMUNIST PARTIES COMPETE FOR DOMINANCE OF THE FNTMMSP AND ITS MEMBER UNIONS. THE FNTMMSP MAINTAINS ITS STRENGTH AND MILITANCE LARGELY BECAUSE OF THE ESTRANGEMENT ITS MOSTLY INDIAN AND MESTIZO MEMBERSHIP FEELS FROM MODERN URBAN PERUVIAN SOCIETY. (MOST MINES ARE ISOLATED IN HIGH MOUNTAIN AREAS). THE FTMMSP WAGED TWO LONG, ECONOMICALLY CRIPPLING INDUSTRY-WIDE STRIKES IN 1988. THE FIRST, FROM JULY 18 TO AUGUST 17, AND THE SECOND, FROM OCTOBER 17 TO DECEMBER 12--A RECORD LENGTH FOR A STRIKE IN PERU--ARE ESTIMATED TO HAVE COST THE COUNTRY ABOUT USD 500 MILLION IN LOST REVENUE. THE MINERS WERE STRIKING FOR THE IMPLEMENTATION OF A NATIONAL, INDUSTRY-WIDE COLLECTIVE BARGAINING AGREEMENT, WHICH IS FIRMLY OPOSED BY INDUSTRY. SEEKING A WAY OUT OF THE IMPASSE, THE GOVERNMENT CAPITULATED TO THE WORKERS' DEMANDS ON BOTH OCCASIONS, BUT AS OF MARCH 1989, NOT EVEN PRELIMINARY TALKS ON THE IMPLEMENTATION OF SUCH A NATIONAL COLLECTIVE BARGAINING AGREEMENT HAD BEGUN. FNTMMSP'S PRESIDENT IS MOISES PALOMINO. ITS SECRETARY GENERAL, SAUL CANTORAL, WAS MURDERED BY UNKNOWN ASSAILANTS ON FEBRUARY 13, 1989.

CTP: PERU'S OLDEST AND SECOND STRONGEST LABOR CENTRAL IS THE DEMOCRATIC, APRA-ORIENTED CONFEDERATION OF PERUVIAN WORKERS (CTP). IT IS

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AFFILIATED WITH THE INTERNATIONAL CONFEDERATION OF FREE TRADE UNIONS (ICFTU) AND THE INTER-AMERICAN REGIONAL WORKERS ORGANIZATION (ORIT). VARIOUS ESTIMATES GIVE THE CTP BETWEEN 120,000 TO 200,000 MEMBERS. BEFORE 1968, THE CTP WAS THE ONLY RECOGNIZED CONFEDERATION AND INCORPORATED MOST OF PERUVIAN ORGANIZED LABOR. IT LOST STRENGTH OVER THE LAST TWO DECADES DUE TO STRIFE BETWEEN APRISTA FACTIONS, GROWING COMMUNIST STRENGTH, AND GOVERNMENT FAVORITISM FOR FIRST COMMUNIST AND THEN GOVERNMENT-CREATED LABOR GROUPINGS DURING ALL BUT THE VERY LAST PART OF THE TWELVE YEARS (1968-1980) OF MILITARY RULE.

THE CTP HAS TRADITIONALLY BEEN STRONGEST AMONG MINERS IN THE NORTH AND SUGAR WORKERS, ALTHOUGH IT'S LARGEST AFFILIATE IS NOW THE SOCIAL SECURITY LABOR CENTRAL. IT ALSO HAS A TELEPHONE FEDERATION (ENTEL PERU) AND MANY STRONG DIRECTLY AFFILIATED LOCAL C O N F I D E N T I A L SECTION 08 OF 13 LIMA 04098

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UNIONS IN THE TEXTILES, MANUFACTURING, MINING, ELECTRIC POWER, RAIL AND TRANSPORT SECTORS. (THE CTP'S HOLD OVER THE TEXTILE UNIONS IS BEING ACTIVELY CHALLENGED BY THE CGTP).

THE LONG STANDING RIVALRY BETWEEN CTP PRESIDENT JULIO CRUZADO AND LUIS NEGREIROS, SON OF THE FOUNDER OF CTP, CAME TO A HEAD AT THE APRIL 1988 CTP CONGRESS. THE LABOR CENTRAL SPLIT, WITH FLAVIO ROJAS, LEADER OF THE LARGE SOCIAL SECURITY ADMINISTRATION UNION, AS SECRETARY GENERAL OF THE CRUZADO FACTION AND DEPUTY BERNARDINO CESPEDES AS SEC GEN OF THE NEGREIROS FACTION. REPEATED ATTEMPTS AT UNIFICATION WERE UNFRUITFUL AND, IN JANUARY 1989, THE NEGREIROS FACTION TOOK OVER BY FORCE THE CTP BUILDING. SEVERAL LEGAL FINDINGS CONFIRMING ROJAS' CLAIMS TO THE BUILDING LOCAL AND THE CTP'S NAME, WERE SYSTEMATICALLY DISREGARDED BY THE NEGREIROS PEOPLE, WHO HAVE THE SUPPORT OF THE PERUVIAN GOVERNMENT.

THE CRUZADO FACTION HELD A CONGRESS IN FEBRUARY TO ELECT ITS NEW LEADERSHIP AND THE NEGREIROS FACTION IS EXPECTED TO HOLD THEIRS IN MARCH.

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CRUZADO-FACTION

PRESIDENT JULIO CRUZADO  
SECRETARY GENERAL FLAVIO ROJAS (RESIGNED,  
BUT HIS RESIGNATION HAS NOT BEEN ACCEPTED)  
SECRETARY OF DEFENSE  
(COLLECTIVE BARGAINING) OSWALDO MORALES VIGO

NEGREIROS-FACTION

PRESIDENT MANUEL RAMIREZ  
SECRETARY GENERAL BERNARDINO CESPEDES

EXECUTIVE SEC GEN LUIS NEGREIROS  
CNT: THE NATIONAL WORKERS CONFEDERATION (CNT), WITH ONLY SEVERAL THOUSAND MEMBERS, WAS ORIGINALLY ORGANIZED AS A CHRISTIAN DEMOCRATIC LABOR CENTRAL, AFFILIATED WITH THE LATIN AMERICAN WORKERS CONFEDERATION (CLAT) AND WORLD CONFEDERATION OF LABOR (WCL). IT WAS RECOGNIZED OFFICIALLY BY THE MILITARY GOVERNMENT AND SPLIT SEVERAL YEARS AGO. VICTOR SANCHEZ ZAPATA'S LEADERSHIP OF THE OFFICIALLY RECOGNIZED GROUP IS NOW BEING CHALLENGED FROM WITHIN. THE CNT DROPPED ITS CHRISTIAN DEMOCRATIC ORIENTATION AND ESTABLISHED CLOSE TIES WITH THE CTP, AND CONSEQUENTLY WITH THE AFL-CIO AND ORIT. CHARGES OF CORRUPTION AND FLIRTATIONS WITH DOMESTIC AND INTERNATIONAL COMMUNIST TRADE UNION GROUPS LEVELLED AGAINST SOME OF THE CNT LEADERS LED TO THE CNT'S GRADUAL DRIFT FROM THE AFL-CIO'S AMERICAN INSTITUTE FOR FREE LABOR DEVELOPMENT (AIFLD). IN 1987, AIFLD SEVERED ITS CONTACTS WITH SANCHEZ ZAPATA'S GROUP, BUT ORIT STILL MAINTAINS SOME CONTACT.

THE OFFICIALLY RECOGNIZED CNT FACTION OPERATES FROM AN OFFICE IN THE PERUVIAN SOCIAL SECURITY INSTITUTE (IPSS) BUILDING LOCATED IN LIMA AT AVENIDA ARENALES 1302, OFICINA 127. THERE IS NO OFFICE PHONE NUMBER.

THE OTHER CNT, LED BY SECUNDINO PEREZ, BROKE WITH CLAT IN 1987 AND TRIED TO ESTABLISH CLOSER LINKS WITH THE CTP AND ORIT. CHARGES OF CORRUPTION HAVE ALSO BEEN LEVELLED AGAINST SOME OF ITS LEADERS.  
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THIS FACTION TOOK OVER THE OLD CNT HEADQUARTERS IN LIMA. ITS OFFICES ARE LOCATED AT AVENIDA GARCILASO DE LA VEGA 1168, ROOM 702. THE TELEPHONE NUMBER IS 24-8306.

CTRP: THE WORKERS CONFEDERATION OF THE PERUVIAN REVOLUTION (CTRP) WAS CREATED AND SUPPORTED IN 1973 BY THE VELASCO MILITARY REGIME AS ITS OFFICIAL LABOR ARM AND COUNTERWEIGHT TO THE CGTP. IT LOST MOST OF ITS MEMBERSHIP WHEN OFFICIAL SUPPORT WAS WITHDRAWN. MOST CURRENT ESTIMATES CONCEDE IT ONLY A SMALL PERCENTAGE OF ORGANIZED LABOR. OSTENSIBLY NATIONAL IN SCOPE, THE CTRP HAS ITS STRENGTH AMONG FISH PROCESSING WORKERS AND IS TRYING TO MAKE A COMEBACK IN THE PORT OF CALLAO. THE CTRP HAS ITS OFFICE IN HERNAN VELARDE 240, LIMA. THERE IS NO OFFICE PHONE NUMBER.

#### 10. CONFEDERATIONS IN THE PUBLIC SECTOR

CITE: ONE OF THE MOST NOTABLE FEATURES OF THE LAST FEW YEARS HAS BEEN THE COALESCING OF VARIOUS PUBLIC SECTOR UNIONS IN PERUVIAN MINISTRIES UNDER THE UMBRELLA ORGANIZATION KNOWN AS CITE (INTERSECTORAL CONFEDERATION OF STATE WORKERS). ACCORDING TO ESTIMATES, IN 1988, TEN YEARS AFTER IT WAS ORGANIZED, ABOUT 500,000 OF THE 700,000 GOVERNMENT EMPLOYEES IN PERU (EXCLUDING THE ARMED FORCES) WERE CITE MEMBERS.

IN THE EARLY YEARS OF THE BELAUNDE ADMINISTRATION, CITE BECAME A FOCUS OF PUBLIC SECTOR LABOR DISCONTENT, OWING TO THE ADMINISTRATION'S RELUCTANCE TO DEAL WITH A GROWING NUMBER OF PUBLIC SECTOR UNIONS. DURING 1984-1985, WHEN PUBLIC EMPLOYEES SALARIES BECAME MORE HEAVILY AFFECTED BY INFLATION, CITE LED PUBLIC SECTOR STRIKES THAT LASTED LONGER AND HAD GREATER POLITICAL IMPACT THAN PRIVATE SECTOR CONFLICTS. THE SECOND OF CITE'S 1985 STRIKES BEGAN UNDER BELAUNDE AND EXTENDED INTO THE GARCIA ADMINISTRATION. IT ENDED IN AUGUST 1985 AFTER THE BANK AND FILE RESOLVED TO RETURN TO WORK IN DEFIANCE OF THE STRIKE ORDER. THIS WAS THE FIRST CLEAR SUCCESS BY THE GARCIA ADMINISTRATION AND FOR APRA SYMPATHIZERS IN KEY CITE UNIONS. DURING 1986, THE CITE LEADERSHIP WAS NOT ABLE TO ROUSE THE CONFEDERATION'S RANK AND FILES TO MOUNT STRIKES AGAINST THE POPULAR GARCIA ADMINISTRATION. AFTER TWO YEARS OF RELATIVE LABOR PEACE IN THE PUBLIC SECTOR AND AS GARCIA'S POPULARITY DECLINED FOLLOWING HIS DECISION TO EXPROPRIATE THE DOMESTIC BANKS AND

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INSURANCE COMPANIES, A WAVE OF PUBLIC SECTOR STRIKES BEGAN IN THE SECOND HALF OF 1987.

CITE'S ACTIVITIES DURING 1988 WERE LIMITED TO A FEW PROTESTS, BUT NO MAJOR STRIKES. IN JULY 1988, IT VOTED TO BECOME AN AFFILIATE OF THE CGTP (SEE ABOVE). IN JANUARY 1989 CITE WENT ON AN INDEFINITE STRIKE TO PROTEST THE DISAPPEARANCE OF THE CUSTOMS UNION LABOR LEADER AND TO DEMAND A 7% BONUS PAY INCREASE AND A UNIFIED CIVIL SERVICE PAY SCALE. BOTH APRA AND THE UNITED LEFT (IU) ARE REPRESENTED IN CITE, BUT THE LATTER MEMBERS APPEARS TO BE STRONGER. CITE HAS A COLLEGIAL LEADERSHIP OF FOUR SECRETARIES GENERAL. THEY ARE CESAR PASSALACQUA, LUIS IPARRAGUIRRE, FELIX MARTINEZ AND CARLOS JIMENEZ.

11. INDEPENDENTS AND OTHERS

A SIGNIFICANT PERCENTAGE OF PERUVIAN ORGANIZED LABOR BELONGS TO INDEPENDENT UNIONS AND FEDERATIONS. MOST OF THE LARGEST AND STRONGEST FEDERATIONS ARE LED BY C O N F I D E N T I A L SECTION 10 OF 13 LIMA 04098

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MARXISTS. OTHERS (PARTICULARLY PORT AND TRANSPORT WORKERS NOT IN THE CTP) ARE LED BY NON-CTP APRISTAS. AMONG THE NOTABLE INDEPENDENT ORGANIZATIONS ARE:

PETROLEUM WORKERS: STRONG UNIONS EXIST IN THE VARIOUS INSTALLATIONS OF THE STATE OIL FIRM, PETROPERU, AND MANY OF ITS CONTRACTORS. MOST ARE NOMINALLY IN ONE OR BOTH OF TWO NATIONAL FEDERATIONS: FETRAPEP (PETROPERU) OR FENATRAPAPP. THE LATTER JOINED THE CGTP IN MAY 1986. AN APRIL 1987 STRIKE BY PETROPERU WORKERS WAS ONLY PARTIALLY SUCCESSFUL IN OBTAINING THE DESIRED WAGE/BENEFITS IMPROVEMENTS FROM THIS STATE OWNED COMPANY.

12. SENDERO LUMINOSO'S PRESENCE IN THE LABOR MOVEMENT

A DANGEROUS AND INCREASING INFLUENCE IN THE LABOR MOVEMENT IS THAT OF PERU'S TERRORIST GROUP SENDERO LUMINOSO (SL), OR SHINING PATH. IN 1987, WE NOTED THE APPEARANCE OF SL'S MOVEMENT OF CLASS-CONSCIOUS

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LABORERS AND WORKERS THROUGH A LENGTHY COMMUNIQUE IN SL'S MOUTHPIECE, "EL DIARIO". IN 1988, SL'S ACTIVITIES IN THE LABOR FIELD INCLUDED THE BURNING OF A FACTORY, NOTABLE PARTICIPATION IN THE MINERS' AND GENERAL STRIKES AND CARRYING OUT SEVERAL "ARMED STRIKES" IN LIMA AND DEPARTMENTAL CAPITALS. IN DEPARTMENTAL CAPITALS LIKE TERRORISM-RIDDEN AYACUCHO AND HUANCAYO, SEVERAL OF THE WEEKS-LONG STRIKES CALLED BY SL WERE SUCCESSFUL, MOSTLY DUE TO FEAR AND INTIMIDATION THAN OUTRIGHT SUPPORT FOR SL. IN LIMA, "ARMED STRIKES" WERE NOTABLY UNSUCCESSFUL. SL ORGANIZED "COMMITTEES FOR STRUGGLE" IN EACH OF THE CITY'S MAIN INDUSTRIAL CORRIDORS TO ENFORCE THE STRIKE BY VIOLENT MEANS, BUT MASSIVE POLICE PRESENCE KEPT ORDER IN THOSE AREAS.

THE BIGGEST THREAT TO LABOR POSED BY SL IS THE RADICALIZATION OF THE MOVEMENT AND THE USE OF TERROR TO PRESS FOR POLITICAL RATHER THAN ECONOMIC DEMANDS. THE INACTIVITY AND INABILITY OF LABOR READERS TO ACQUIRE BETTER LIVING STANDARDS FOR THE WORKERS ARE PARTLY RESPONSIBLE FOR SL INROADS.

### 13. INTERNATIONAL

THE INTERNATIONAL LABOR ORGANIZATION'S (ILO) REGIONAL OFFICE FOR LATIN AMERICA AND THE CARIBBEAN IS LOCATED IN LIMA. DR. JOSE CAPRIATA, A PERUVIAN, IS ITS DIRECTOR. THE ILO FACILITIES IN LIMA INCLUDE THE INTER-AMERICAN LABOR ADMINISTRATION CENTER (CIAT), DIRECTED BY DR. JORGE DIFRIERI, AN ARGENTINE. CIAT IS A VOLUNTARY ORGANIZATION OF WESTERN HEMISPHERE LABOR MINISTRIES. IT IS FINANCED BY NEGOTIATED CONTRIBUTIONS FROM THE ILO AND THE UNITED NATIONS DEVELOPMENT PROGRAM. IN PERU, CIAT PROVIDES TECHNICAL ASSISTANCE TO THE MINISTRY OF LABOR AND MAINTAINS AN OFFICE THERE.

ALL THREE TRADE UNION INTERNATIONALS HAVE AFFILIATES AND UNDERTAKE ACTIVITIES IN PERU.

THE AFL-CIO'S AID-ASSISTED AMERICAN INSTITUTE FOR FREE LABOR DEVELOPMENT (AIFLD) ASSISTS VARIOUS LABOR ORGANIZATIONS THROUGH AN AUTONOMOUS PERUVIAN INSTITUTE, AFELIES (ASSOCIATION TO PROMOTE LABOR EDUCATION AND ECONOMIC AND SOCIAL INVESTIGATION).

IN 1988, AFFELIES SPONSORED 64 TRAINING COURSES (SEMINARS) BENEFITTING ABOUT 3,510 PERUVIAN TRADE UNIONISTS AND MOUNTED A MAJOR PROGRAM TO PROVIDE

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TRADE UNIONISTS WITH TECHNICAL INFORMATION ON COLLECTIVE BARGAINING TECHNIQUES, A REFERENCE LIBRARY AND RESEARCH PROJECTS. ALSO, 7 TRADE UNIONISTS TRAVELLED TO THE AFL-CIO'S GEORGE MEANY CENTER IN WASHINGTON, D.C. FOR ADVANCED TRAINING IN LABOR AFFAIRS AND ONE WENT TO A "CAMPESENO" TRAINING COURSE IN SAN SALVADOR. AFFELIES HAS CONTRIBUTED EXPERTISE ON MAJOR SOCIAL PROJECTS OF THE DEMOCRATIC CTP LABOR CONFEDERATION. IT WILL BE WINDING DOWN ITS OPERATIONS IN PERU IN 1989 BECAUSE INTERNAL DIFFERENCES IN THE CTP PREVENT AFFELIES FROM CARRYING OUT ITS PROGRAM.

AS NOTED IN THE SECTION ON UNIONS, THE INTERNATIONAL CONFEDERATION OF FREE TRADE UNIONS (ICFTU) AND ITS INTER-AMERICAN REGIONAL WORKERS ORGANIZATION (ORIT) ARE AFFILIATED WITH THE CONFEDERATION OF PERUVIAN WORKERS (CTP). THE GENERAL CONFEDERATION OF PERUVIAN WORKERS (CGTP) IS THE PERUVIAN AFFILIATE OF THE COMMUNIST WORLD FEDERATION OF TRADE UNIONS (WFTU) AND ITS LATIN AMERICAN PERMANENT TRADE UNION COMMITTEE (CPUSTAL). WFTU, CPUSTAL AND EASTERN BLOC GOVERNMENTS AND LABOR ORGANIZATIONS PRESUMABLY PROVIDE CONSIDERABLE ASSISTANCE TO THE CGTP AND TO LEFTIST INDEPENDENT UNIONS, DIRECTLY THROUGH THE ORTHODOX PERUVIAN COMMUNIST PARTY (PCP-U) AND OTHER FAR LEFT PARTIES. THE CGTP HAS AN ACTIVE TRADE UNION EDUCATION CENTER IN LIMA.

THE INTERNATIONAL TRANSPORT WORKERS FEDERATION (ITF) MAINTAINS ITS INTER-AMERICAN OFFICE IN LIMA. IT PROVIDES SEMINARS AND OTHER ASSISTANCE TO THE ITF PERUVIAN AFFILIATES, PARTICULARLY THE PORT WORKERS. THE ITF OFFICE ALSO ASSISTS OTHER ITF AFFILIATES THROUGHOUT THE HEMISPHERE.

THE INTER-AMERICAN ORGANIZATION OF THE INTERNATIONAL FEDERATION OF EMPLOYEES AND TECHNICIANS (IRO-FIET) ALSO CONDUCTS PROGRAMS IN PERU. OTHER INTERNATIONAL TRADE SECRETARIATS CONDUCT PROGRAMS FINANCED BY THEIR EUROPEAN AFFILIATES. THE MARXIST-LED SUTEP TEACHERS UNION IS AFFILIATED WITH THE WORLD CONFEDERATION OF ORGANIZATIONS IN THE TEACHING PROFESSION (WCOTP). THE GERMAN SOCIAL DEMOCRATIC FRIEDRICH EBERT FOUNDATION ALSO PROVIDES ASSISTANCE TO NON-MARXIST TRADE UNION GROUPS LIKE APRA SENATOR JOSE LINARES GALLO'S CAES--ADVANCED TRADE UNION STUDIES CENTER (LIMA). CAES ALSO HAS RECEIVED AID

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FROM THE ILO TO RUN SEMINARS AND CONDUCT STUDIES.

THE SCHILLER INSTITUTE, A LYNDON LAROCHE ORGANIZATION, MAINTAINS AN OFFICE IN LIMA AND CONDUCTS SEMINARS ON POLITICAL, ECONOMIC AND TRADE UNION MATTERS. APRA SENATOR JOSMELL MUNOZ MAINTAINS CLOSE CONTACT WITH SCHILLER INSTITUTE REPRESENTATIVES IN PERU AND ABROAD. LUIS NEGREIROS (CTP) AND JUAN BERNAOLA (CTRP) ALSO HAVE ACCEPTED INVITATIONS AND PRESUMABLY FUNDS FROM THE SCHILLER INSTITUTE. THE SCHILLER INSTITUTE IS BEHIND THE CREATION OF A GROUP CALLED "INSTITUTO ANDINO DEL TRABAJO (IAT)". THIS IS NOT TO BE CONFUSED WITH THE "INSTITUTO LABORAL ANDINO (ILA)" WHICH WAS FORMED BY ALL THE LABOR ORGANIZATIONS IN THE ANDEAN COUNTRIES UNDER THE AUSPICES OF CIOSL AND THE ANDEAN PARLIAMENT.

14. KEY LABOR INDICATORS

-	1986	1987	1988
A. POP., TOTAL (MILLIONS)	20.2	20.7	21.3
- IN URBAN AREAS	13.6	14.1	N/A

C O R R E C T E D C O P Y (TEXT BETWEEN PARA J AND K)

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- GROWTH RATE-(PERCENT)	2.6	2.6	2.6
- MAJOR ETHNIC GROUPS	45 PERCENT INDIAN		
-	37 PERCENT MESTIZO		
-	15 PERCENT WHITE		
-	3 PERCENT ALL OTHER		

B. PER CAPITA GDP			
CURRENT DOLLARS	823	902	752
CONSTANT DOLLARS	N/A	478	426

C. LIFE EXPECTANCY			
AT BIRTH			
MEN	60.8	61.4	62.0
WOMEN	58.9	59.5	60.1
	62.7	63.4	64.0
-	1986	1987	1988

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D. ADULT LITERACY RATE (PERCENT)	80	80	80
ADULTS IN ON-THE JOB TR. (1)	N/A	N/A	N/A
PERCENT IN OTHER RELATED STUDIES (PAID BY EMPLOYEE)	N/A	N/A	15
E) LABOR FORCE, (MILLIONS)			
CIVILIAN	6.8	7.0	7.2
INDUSTRY	0.69	0.72	0.68
AGRICULTURE	2.4	2.5	2.5
SERVICE	1.8	1.8	1.9
F) UNEMPLOYMENT (PERCENT)	8.2	8.5	12.0
- UNDEREMPLOYMENT (PERCENT)	N/A	47.1	51.3
G) LABOR PRODUCTIVITY	N/A	N/A	N/A
H) NUMBER OF STRIKES (2)	115	133	800
WORKERS IDLED BY STRIKES (2)	58,375	44,378	600,000
MAN-HOURS LOST DUE TO STRIKES (IN THOUSANDS) (3)	2,059	1,588	34,000
I) MINIMUM WAGE RATE	900	2,436	24,000
- (ONE DOLLAR - I/13.94, DEC.86)			
- (ONE DOLLAR - I/33, DEC.87)			
- (ONE DOLLAR - I/500, DEC.88)			
J) AVG. MONTHLY SALARY (LIMA, JUNE) IN INTIS	4,372	8,096	N/A
WITH COLLECTIVE BARGAINING	4,594	8,521	N/A
WITHOUT	4,129	7,634	N/A
AGRICULTURE			
WITH COLLECTIVE BARGAINING	3,194	7,757	N/A
WITHOUT	2,306	6,076	N/A
MANUFACTURING			
WITH COLLECTIVE BARGAINING	5,464	9,867	N/A
WITHOUT	5,098	9,158	N/A
SERVICES			
WITH COLLECTIVE BARGAINING	2,736	5,276	N/A
WITHOUT	2,938	5,382	N/A
-	1986	1987	1988
K) UNIONIZATION OF LABOR (PERCENT)	18	18	18
L) RATE OF CHANGE OF CPI (PERCENT)	62.9	114.5	1722.3
M) TRADE WITH U.S.			
EXPORTS TO PERU	692	690	736.5
IMPORTS FROM PERU	858	796	647.3
N) U.S. SHARE OF: (JUNE 1988)			
PERUVIAN EXPORTS (PERCENT)	34.2	38.4	30
PERUVIAN IMPORTS (PERCENT)	27.4	24.7	26

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O) IMMIGRATION N/A N/A N/A

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EMIGRATION (TOTAL)	27,017	53,076	75,565
" USA	N/A	N/A	24,808
" LATIN AMERICA	N/A	N/A	24,368
" OTHER	N/A	N/A	26,389

P) WORK RELATED ACCIDENTS AND ILLNESS N/A N/A N/A

Q) SUPPLEMENTARY BENEFITS (AS PERCENTAGE OF EARNINGS) WORKERS (INDUSTRY & COMMERCE) EMPLOYEES	N/A	N/A	44.85
" " "	N/A	N/A	35.5

R) AVERAGE/HOURS WORKED PER WEEK N/A 47.2 46.3

S) AVERAGE PERSONAL INCOME CURRENT PRICES N/A N/A N/A

T) AVERAGE DISPOSABLE INCOME AFTER TAXES N/A N/A N/A

U) PERCENT OF POPULATION BENEATH POVERTY LEVELS N/A N/A N/A

(1) ONLY MULTINATIONAL CORPORATIONS PROVIDE OJT. THE PERCENTAGE IS INSIGNIFICANT.

(2) 1988 ARE ONLY ESTIMATED FIGURES. INCLUDES FOUR GENERAL STRIKES.

(3) THESE FIGURES DO NOT RECORD MAN-HOURS LOST IN STRIKES BY PUBLIC SECTOR WORKERS.

(4) AS OF AUGUST 1988.

(5) INCLUDES TIME IN GRADE, INSURANCE AGAINST ACCIDENTS, VACATION, SUNDAY PAY, HOLIDAYS, SPECIAL JULY (INDEPENDENCE) HOLIDAYS AND DECEMBER BONUS.

15. (C) POLICY RECOMMENDATIONS

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THE PRINCIPAL U.S. POLICY OBJECTIVE IN PERU IS THE PRESERVATION AND STRENGTHENING OF DEMOCRACY. LABOR HAS AN IMPORTANT ROLE IN ACHIEVING OUR OBJECTIVE BUT, WITH THE PHASING OUT OF AIFLD OPERATIONS IN COUNTRY, POSSIBILITIES FOR INFLUENCING THE LABOR MOVEMENT HAVE BEEN DRASTICALLY CURTAILED. USIS PROGRAMS REMAIN OUR MAIN VENUE FOR EXPOSING THE PERUVIAN LABOR MOVEMENT TO U.S. IDEAS AND INFLUENCE. LABATT WOULD URGE THE ADOPTION OF SEVERAL LOW-COST AND HIGH-TECH OPTIONS, SUCH AS WORLDNETS AND PHONE HOOKUPS, TO ADDRESS THE NEEDS OF THE PERUVIAN LABOR MOVEMENT. SUCH PROGRAMS COULD BE CONDUCTED ON A REGULAR BASIS; COVERING ISSUES OF IMPORTANCE AND RELEVANCE TO THE PERUVIANS.

AMPARTS WOULD BE AN ADDED ATTRACTION TO OUR WORK WITH PERUVIAN LABOR. PERUVIANS IN GENERAL ARE AVID TO LEARN AND BE EXPOSED TO NEW IDEAS. THE VISIT OF U.S. LABOR SPECIALISTS TO PERU WOULD BE, IN OUR VIEW, MUCH MORE EFFECTIVE AND HAVE BROADER REACH THAN SENDING A FEW LABOR LEADERS TO THE U.S. FOR TRAINING. THAT IS NOT TO DENY THE OPPORTUNITY TO SELECTED UNION LEADERS FROM PARTICIPATING IN AN ANDEAN SCHOLARSHIP PROGRAM OR AT INDIVIDUAL COURSES AT THE DEPARTMENT OF LABOR; BUT SHOULD CHOICES HAVE TO BE MADE, PROGRAMS IN COUNTRY WOULD HAVE THE LONGEST TERM BENEFITS FOR STRENGTHENING THE PERUVIAN LABOR MOVEMENT.  
WATSON

ADMIN  
END OF MESSAGE

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