Free Trade and Uneven Development

The North American Apparel Industry after NAFTA

EDITED BY
Gary Gereffi, David Spener, and Jennifer Bair

TEMPLE UNIVERSITY PRESS
PHILADELPHIA
2002
The various contributions to this book have documented how NAFTA-inspired firm strategies are changing the geography of apparel production in North America. The authors show in myriad ways how companies at different positions along the apparel commodity chain are responding to the new institutional and regulatory environment that NAFTA creates. By making it easier for U.S. companies to take advantage of Mexico as a nearby low-cost site for export-oriented apparel production, NAFTA is deepening the regional division of labor within North America, and this process has consequences for firms and workers in each of the signatory countries. In the introduction to this book we alluded to the obvious implications of shifting investment and trade patterns in the North American apparel industry for employment in the different countries. In this concluding chapter we focus on Mexico in the NAFTA era, specifically the extent to which Mexico's role in the North American economy facilitates or inhibits its economic development.

We begin with a discussion of the contemporary debate about Mexico's development, which turns on the question of how to assess the implications of Mexico's rapid and profound process of economic reform. Second, we focus on the textile and apparel industries as sectors that have been significantly affected by changes in regulatory environments at both the global and regional levels. Third, we examine the evidence regarding Mexico's NAFTA-era export dynamism, and in particular we emphasize the importance of interfirm networks, both for making sense of Mexico's meteoric rise among apparel exporters and for evaluating the implications of this dynamism for development. Fourth, we turn to a consideration of the national political-economic environment that shapes developmental outcomes for all Mexicans. Although regional disparities within Mexico are profound, aspects of government policy, such as management of the national currency, and characteristics of the institutional environment, such as industrial relations, have nationwide effects, and critics of NAFTA charge that these factors are contributing to a process of economic and social polarization that is ever more evident (Morales 1999; Dussel Peters 2000). Finally, we suggest that the mixed consequences of Mexico's NAFTA-era growth can be taken as emblematic of the contradictions that the process of globalization poses for economic and social development.
The anti-sweatshop campaign in North America is one example of transnational or crossborder movements that are emerging to address the negative consequences of this process. In bringing attention to the problem of sweatshop production in North America, activists are developing strategies that rely on a network logic that is not dissimilar to the approaches reflected in the various chapters of this book.

Mexico’s Developmental Debate

In many ways Mexico entered the new millennium with an economic and political profile far removed from the desperate and dark days of the 1980s debt crisis, during what would come to be called Latin America’s “lost decade.” Having abandoned the import-substitution industrialization model that served as the foundation for five decades of development policy, Mexico appeared to be enjoying the fruits of its strict adherence to neoliberal economic orthodoxy. Across a wide variety of sectors, Mexico’s exports to the United States have been booming since the implementation of the North American Free Trade Agreement (NAFTA) in 1994, increasing from $39.9 billion in 1993 to $131.4 billion in 2001 (U.S. Bureau of the Census 2002). Aside from impressive export growth, Mexico has also managed to achieve many of the other objectives associated with Latin America’s new economic model: a stable currency, modest inflation, and plentiful direct foreign investment (Reinhardt and Peres 2000; Dussel Peters 2000). On the political front, the historic victory of opposition candidate Vicente Fox suggested that Mexico’s decades-long transition from one-party rule had been consolidated.

Despite the seeming abundance of good news, there is a growing sense that all is not well in Mexico. While the liberalization strategy that Mexico enthusiastically embraced in the second half of the 1980s and 1990s has been successful in its own terms, critics have pointed out that Mexico’s shift from an import-substituting industrialization strategy to an export-led growth model has been associated with a more unequal income distribution and falling real wages for the majority of the country’s workers (de la Garza 1994; Robinson 1998–99; Dussel Peters 2000; Marina Flores 2001). The most dynamic sector of the Mexican economy in terms of exports and job creation is the maquiladora industry of in-bond plants, while small and medium-sized enterprises have been hard hit by the country’s rapid liberalization. NAFTA skeptics claim that the trade agreement and the export-led growth model it represents are leading to the “maquilization of Mexico,” with the entire country becoming converted into an export-processing zone for low-value-added activities benefiting large corporations on both sides of the border.

NAFTA is fundamental to the debate about the country’s developmental trajectory in both an economic and a political sense. The year of NAFTA’s implementation, 1994, was a momentous one in Mexico. President Carlos Salinas de Gortari (1988–94) waged an energetic battle to convince Mexicans that NAFTA would prove a powerful, modernizing force for the country’s development, and he made the passage of NAFTA the central goal of his administration. Despite ubiquitous references to the modernization of Mexico throughout the six years of the Salinas administration, the Zapatista uprising on January 1, 1994 proved a poignant reminder that many of the nation’s citizens continue to grapple with problems of crippling poverty, social marginalization, and ethnic discrimination. In his Internet press releases the movement’s leader, Subcomandante Marcos, made explicit the link between the Zapatista struggle and the implementation of NAFTA. Since that time NAFTA has arguably come to be seen as the apotheosis of
Mexico's economic liberalization and restructuring program, which began with a series of reforms implemented under President Miguel de la Madrid (1982–88).

The rhetorical power of NAFTA as a symbol for Mexico's recent political-economic trajectory may make a measured appraisal of its actual consequences more difficult, though surely even more necessary. Opinion was divided over NAFTA before the agreement was signed, with some arguing that its effects would be primarily positive (Weintraub 1991; Lustig 1994) and others warning that it would exacerbate Mexico's already severe patterns of social and economic polarization (Castañeda 1993; Conchello 1992). U.S. scholars argued that the real economic impact of NAFTA would be slight, despite the heated political rhetoric that it provoked (Krugman 1993; Bosworth 1993). Within Mexico much of the debate about NAFTA turned on the question of its potential implications for the country's political system. While some argued that NAFTA and the process of economic restructuring that it represented would not foster democratization (Poitras and Robinson 1994), others maintained that pressure for political reforms would be the most important unintended consequence of NAFTA (Heredia 1994).

The election of Vicente Fox to the Mexican presidency in July 2000 seems to provide support for this last prediction, although the exact nature of NAFTA's causal role, if any, is unclear. Mexico's far-reaching economic reforms, and in particular its role in the process of North American integration, brought it under more intense international scrutiny, possibly inhibiting the ability of the ruling party (the Partido Revolucionario Institucional, or PRI) to reproduce itself through its customary recourse to illegality and corruption. Much of the tone of the 2000 campaign suggested that the election was a referendum on the direction that the country's economic reforms had been taking over the past decade. Each of the three major candidates—from the PRI as well as from the Partido de la Revolución Democrática (the left-of-center party) and the Partido de Acción Nacional (the right-of-center party)—attempted to distance himself from what were perceived to be the failed "neoliberal" policies of the Salinas and Ernesto Zedillo (1994–2000) administrations. Vicente Fox, whose proposed economic platform was not radically dissimilar from the status quo under the three PRI administrations that preceded him, nevertheless embraced a more populist rhetoric at moments during his campaign (Preston 2000).

Mexicans were undoubtedly voting against the PRI rather than for Fox in large numbers, and democracy, not economic policy, was the electorate's central concern (Hellman 2000). Although Fox's election signaled a decisive end to the PRI's grip on the levers of state power, the debate about the country's development trajectory remains fierce. Fox claimed throughout the campaign that sustained economic growth on the order of 7 percent a year would be necessary to help pull 27 million poor Mexicans above the poverty line, but Mexico fell far short of that goal for 2001, when the economy registered 0 percent growth. The slowdown in the U.S. economy in 2001 further fueled the debate about Mexico's developmental prospects, with some critics arguing that the economy is too dependent on the U.S. import market and is unable to generate endogenous growth (Dussel Peters 2000).

The chapters in this book examine one limited but important aspect of this debate: how NAFTA is leading to the restructuring of the North American apparel industry. In the remainder of the conclusion, we reference the various contributions here and discuss how an analytical approach focusing on interfirm production and trade networks helps explain the
changing geography of apparel and textile production in post-NAFTA North America. In so doing we hope to highlight the value of this methodology in assessing the implications of shifting trade and production patterns for firms and workers in the NAFTA countries.

The Post-NAFTA Apparel Industry in North America

As important starter industries for countries attempting to industrialize, and a significant source of manufacturing employment in many countries (see Chapter 14 in this book), the apparel and textile industries have long been politically sensitive sectors. Although apparel workers in developed countries have received some protection from the Multifiber Arrangement (MFA), Chapter 2 by Jennifer Bair and Gary Gereffi documents the shifting patterns of global trade and production in this industry. Domestic apparel manufacturing in the United States declined steadily from the mid-1970s as imports from an ever-evolving array of Asian exporters penetrated the U.S. market.

However, the apparel industry is not only global in its scope; it is also increasingly regional in its organization. NAFTA was conceived, at least partly, as a means to promote intra-North American trade vis-à-vis other areas of the world. As domestic apparel manufacturers struggled to compete with cost-competitive exporters, many U.S. textile companies and some apparel firms argued that the industry could benefit by using low-wage Mexican workers for the labor-intensive processes of garment production. In this way the North American apparel and textile complex could be strengthened vis-à-vis Asian competitors through a regional division of labor between the NAFTA countries.

Perhaps in no other sector have the implications of NAFTA been as striking as in the apparel and textile industries. Although Mexico was only the seventh largest exporter of apparel to the United States in 1990, by decade’s close it had overtaken China to secure the number-one spot. The explosive growth in apparel employment in Mexico aptly reflects this export dynamism. The number of garment workers increased from 231,000 in 1994 to 762,000 in 1998. The Mexican apparel industry today is nearly 90 percent the size of the U.S. industry in terms of employment (compared to approximately 25 percent in 1994), and it is far more significant in relative importance as a source of manufacturing employment in the national economy. In January 1999 employment in the garment industry accounted for 4.5 percent of total manufacturing employment in the United States (Commission for Labor Cooperation 2000). In contrast, the Mexican apparel industry accounted for a full 18 percent of total manufacturing employment in 1998 (INEGI 2001).

Several of the chapters in this book note that the reorganization of the North American apparel industry has had important implications for employment. However, besides the well-known trend of declining U.S. employment in garment production, these authors also underscore the sociological aspects of changing employment patterns. Chapter 4, by Judi Kessler, documents the significance of immigrant labor to the renewed vitality of the Los Angeles garment district, while Robert Ross’s examination of the sweatshop issue in the U.S. industry (Chapter 5) emphasizes the vulnerability of this workforce.

Chapter 7, by David Spener, calls attention to a perverse paradox created by the shifting regulatory environment for apparel production in North America: that many Mexican and Mexican American women workers in El Paso, Texas, who came to the United States in search of better economic opportunities, have lost their jobs to compatriots south of the border due to
the decline of the apparel industry in southern Texas. Spencer’s chapter captures many of the issues that are most relevant in interpreting the post-NAFTA reorganization of the North American apparel industry, including the importance of changes in the regulatory environment, the impact of those changes on firm strategy and cross-border production networks, and the devastating consequences that can result for garment workers and their communities.

Networks Matter: NAFTA, Firm Strategy, and Development

This book represents an effort to analyze the importance of interfirm networks in the restructuring of the North American apparel industry and the implications of this restructuring for enterprises and workers. A network approach allows us to examine how NAFTA shapes the strategies and investments of the companies that drive the North American apparel and textile commodity chain, and it also enables us to examine the impact of changing interfirm relations on particular communities that are linked into this chain. This focus on networks provides some leverage over the developmental debate in Mexico, insofar as we can show the difference between pre-NAFTA maquiladora assembly and more integrated production networks that have emerged in the post-NAFTA era. Chapter 10, by Gary Gereffi, Martha Martinez, and Jennifer Bair, shows that firms on both sides of the border are responding to NAFTA by establishing new types of supply chains, while the authors also document the implications of this shift in network structure for local development in the Torreón region.

The role of networks in promoting positive development outcomes, and their limits, is also emphasized by Enrique Dussel Peters, Clemente Ruiz Durán, and Michael J. Piore (Chapter 11). Ulrik Vangstrup’s discussion of knitters in central Mexico (Chapter 12) examines how networks between local and foreign firms can promote the development and competitiveness of apparel-producing clusters. Each of these chapters points to the importance of networks that specifically link local companies to foreign buyers. Much attention has been paid in the development literature, most notably in the work on industrial districts, to the importance of horizontal relationships between enterprises in a cluster. The chapters presented here suggest that links external to the cluster are also critical (and perhaps even more so) for the success of export-oriented firms (see also Bair and Gereffi 2001). Chapter 9, by Jorge Carrillo, Alfredo Hualde, and Araceli Almaraz, points to the potential tensions between local and external linkages with the authors’ finding that firms in Monterrey and Ciudad Juárez without local linkages are more flexible and competitive in the free-trade environment than are companies with such linkages.

In Part 5, on the Caribbean and Central America, Michael Mortimore (Chapter 14) and Dale Mathews (Chapter 15) explore the potentially negative implications of the assembly networks that dominate export-oriented production in the Caribbean Basin region. Again, the relationship between the regulatory environment and firm strategy is emphasized in the authors’ descriptions of the apparel industries in Costa Rica and the Dominican Republic, which are dominated by low-value-added assembly processes carried out in export-processing zones. The passage of the Trade and Development Act of 2000 should help this region compete with Mexico, but in terms of development outcomes the networks that connect apparel manufacturers in the Caribbean Basin to U.S. firms are less promising than the full-package networks that are already emerging in Mexico, as Chapter 10 on Torreón explains.
The Limits of Networks: The Political and Economic Context of NAFTA-Era Restructuring

While all the chapters in this book address the relevance of networks to analyzing the NAFTA-era apparel industry in North America, the authors are also aware that such an approach has its limits. NAFTA is not the only factor affecting the decisions of companies regarding their investment and operation decisions, and the types of interfirm networks that structure the industry are not the only determinant of how workers and their communities fare. The significance of the broader institutional environment in shaping the developmental implications of Mexico’s economic restructuring is profound. The management of the currency and the minimum wage in Mexico are two factors that affect many Mexicans, including those who work in the apparel industry. Real wage gains owing to productivity can prove ephemeral in the wake of currency devaluation, particularly in a consumer economy that is now highly dependent on imports.

It is difficult to measure the contribution of NAFTA to the fact that real wages in Mexico remain well below their 1994 predevaluation levels. There are almost 10 million more Mexicans living in poverty today than in 1994, the year that NAFTA went into effect, which undoubtedly reflects the devastating toll of the 1994–95 peso crisis on Mexicans’ purchasing power. The precarious economic position of many families attests to the importance of the institutional context within which Mexicans work and live. Critics of Mexico’s developmental trajectory argue that the political-economic environment in Mexico leads to an unequal distribution of NAFTA’s rewards that disadvantages the majority of Mexicans, who have seen little if any improvement in their daily standard of living (Soria 2001; Maríña Flores 2001).

In their contributions to this book, several authors note the difficulties confronting small and medium-sized enterprises, many of which have been devastated by the transition to a liberalized economic environment for which they were ill prepared. In the apparel industry a large number of these companies have become maquiladoras, assembling apparel for foreign firms. While the discussion of Torreón in Chapter 10 reminds us that the transition to maquiladora production can be an initial step in a process of industrial upgrading to higher-value-added activities, the same chapter reveals that the manufacturers who have benefited disproportionately from the region’s full-package export boom are members of a wealthy and interconnected local elite. Thus the optimistic interpretation of the Torreón experience must be balanced by the recognition that full-package orders are filled through hierarchical networks, whose bottom tiers are populated by small subcontractors where lower wages and poorer working conditions prevail.

Assessing the consequences of NAFTA for Mexico is made more difficult by the uneven levels of development that characterize different parts of the country. Theoretically, NAFTA applies equally to all of Mexico, but in reality the dynamics of post-NAFTA dynamism have exacerbated already-profound disparities among the different regions of Mexico (Ruiz Durán and Dussel Peters 1999). Although the maquiladora industry is becoming more widely dispersed through Mexico, and indeed there has been a Southern expansion of the industrialized North from the border to more interior locations, there are still areas of the country that remain marginal to the process of North American integration. The significant costs of Mexico’s economic restructuring have been particularly burdensome for the rural poor in southern states such as Guerrero, Oaxaca, and Chiapas, and these regions have not benefited from the post-NAFTA export dynamism that
has spurred employment creation not only throughout northern Mexico but also in some interior regions, such as Guanajuato and Puebla.

The regional inequalities that pervade Mexico’s geographic and socioeconomic landscape raise fundamental concerns about the impact of economic restructuring on social cohesion and solidarity. Denise Dresser argues that this process of restructuring “cuts to the core of Mexico’s redistributive coalitions and system of inclusionary corporatism. The shift from a protected to an open market, and from a state-centered to a private-led economy, affected Mexicans from all walks of life” (Dresser 1994, 127). The toll that the economic reforms have exacted on these traditional redistributive coalitions is particularly apparent in the case of Mexico’s industrial workers.

As early as the late 1980s it was obvious that Mexico’s peculiar form of postrevolutionary authoritarian corporatism, which linked to the state the two largest official union federations (the Confederación de Trabajadores Mexicanos, or CTM, and the Confederación Revolucionario de Obreros y Campesinos, or CROC), was no longer viable. The collapse of this model has meant real losses for Mexican workers. Labor’s share of manufacturing value added declined from 44 percent in 1970 to 20 percent by 1989. Unions throughout this period appeared powerless to halt the decline in organized labor’s political influence. While the corporatist unions remained officially pro-government during the Salinas and Zedillo administrations, their participation in the process of economic reform was minimal. The public debate about NAFTA that occurred in the United States between labor unions and business associations did not have a Mexican counterpart, as the negotiation and adoption of the agreement was skillfully managed by the Salinas administration to produce consensus and ensure conformity with the government’s agenda (del Castillo 1995; Thacker 1999).

The Mexican system of industrial relations is one dimension of the institutional environment that affects the distribution of rewards created by Mexico’s NAFTA-era economic growth. Interpreting NAFTA’s independent impact on the Mexican labor movement is difficult, however, because NAFTA is associated with the wider agenda of economic reform and restructuring that the country has pursued since the mid-1980s (de la Garza 1997). To the extent that NAFTA has helped fuel Mexico’s export dynamism and create new jobs, particularly in the maquiladora sector of the economy, it can be considered a positive development for Mexican workers. Indeed, recent studies emphasize that the country is increasingly dependent for job creation on exporting industries in general and the maquiladora sector in particular; as these activities have become the primary (some say, only) engine of growth in the Mexican economy (Álvarez Galván and Dussel Peters 2001; Marín Flores 2007). In terms of its implications for industrial democracy, optimistic analyses of post-NAFTA developments suggest that the nadir of organized labor in Mexico has passed and that NAFTA presents new possibilities for reforming a labor movement that has been profoundly challenged by the decline of Mexico’s corporatist system and the defeat of the PRI.

Although unions in the United States campaigned hard against NAFTA, its implementation has generated renewed interest in cross-border organizing (Moody 1995). One scholar of the Mexican labor movement argues that the “labor side agreement” that was added to NAFTA in order to secure its passage has turned out to be “a viable tool for cross-border solidarity among key actors in the trade union, human rights, and allied movements. The NAALC’s (North American Agreement on Labor Cooperation) principles and complaint mechanisms create new spaces for advocates to build coalitions and take concrete action to
articulate challenges to the status quo and advance workers’ interests” (Compa 2001, 451). In the past the Mexican government and the leadership of the official unions often ignored systematic violations of workers rights because it was understood that genuine freedom of association and industrial democracy would have weakened the corporatist structure through which the organized labor movement was linked to the ruling party. Under NAFTA, however, organized labor on both sides of the border, in conjunction with nongovernmental organizations (NGOs), can use the side agreement as a tool in their struggles to redress violations of Mexican labor law.

As Edna Bonacich’s chapter on organized labor in the North American apparel industry (Chapter 6) makes clear, unions in the United States have been struggling to develop new strategies that can effectively counter the geographic mobility and organizational flexibility of contemporary garment production. While the process of developing new approaches has been a contentious one at times, a substantial portion of the U.S. labor movement has recognized the need to match the networking strategies of companies. Not only has NAFTA spurred cross-border activity on the part of capital, but it has also been a visible and powerful symbol to workers in North America that labor, too, must organize and operate across borders.

It is not only NAFTA, however, that has prompted labor unions in the United States to reconsider their relationship to Mexico and Mexican workers. At present, around 10 percent of Mexico’s population resides outside the country, and nearly all of these more than 7 million persons live and work in the United States (Mexican Ministry of Foreign Affairs and U.S. Commission on Immigration Reform 1997). Of particular consequence to labor, Mexican immigrant workers are especially concentrated in those domestic manufacturing industries most negatively affected by NAFTA-induced competition, on the one hand, and in those manual service-sector occupations to which U.S. unions are devoting most of their organizing efforts, on the other (Spener and Capps 2001). We see this especially clearly in Los Angeles, where Mexicans form the majority of workers in the nation’s largest garment district and have also been the object of successful union organizing drives in the hotel industry.

While unions have not had much success in organizing immigrant garment workers in Los Angeles (Bonacich and Appelbaum 2000), they clearly have become aware of the significance to their own future of organizing Mexican workers. The potential benefits to unions of successfully organizing Mexicans (and other immigrants) can be seen in the increased clout Mexicans have gained in Los Angeles’ political arena, as Antonio Villaraigosa was nearly swept into the mayor’s office in 2001 with massive union and Latino voter support. And of course, increased cross-border collaboration between U.S. and Mexican unions could well strengthen the hand of labor vis-à-vis capital on both sides of the border.

Labor unions’ renewed interest in organizing immigrant workers in the United States comes at an especially interesting moment for U.S.-Mexican relations with regard to immigration policy. At the time of this writing, cabinet-level negotiations were taking place between the executive branches of the two nations that sought to address the issue of illegal Mexican labor migration to the United States, and several legislative proposals were under consideration by the U.S. Congress as well. In a dramatic reversal of its previous position, the U.S. labor movement now strongly supports legalizing the status of undocumented immigrants residing in the country and has renounced its support of sanctions against employers who knowingly employ undocu-
mented workers. Today the American labor movement recognizes that “millions of hard-working people who make enormous contributions to their communities and workplace are denied basic human rights because of their undocumented status” (AFL-CIO 2000). At the same time the union federation strongly opposes the revival of a Bracero-style guest-worker program for Mexicans, which it fears would undermine the wages and working conditions of union members. Meanwhile, experts on Mexican migration to the United States note that both guest-worker programs and amnesty for the undocumented in the past have actually promoted further unauthorized moves by Mexicans across the United States' southern border (see Massey 1998).

With regard to U.S.-Mexican relations, the issues of trade, development, and migration have been tightly bound together historically and will continue to be so well into the future. Mexican maquiladoras were born when the Border Industrialization Program was inaugurated following the cancellation of the Bracero program in 1965, with the intention of providing factory employment to thousands of Mexican men who had been employed as guest workers in U.S. agriculture and who found themselves returned to Mexico with few employment prospects. Some have argued that the successful expansion of the maquiladora export sector was later taken as a model for NAFTA, which, it must be remembered, was promoted at least in part as a job-creation solution to the “problem” of undocumented Mexican migration (Orme 1996). Several developments might lead us to expect that this problem would be less acute today:

- Several hundred thousand manufacturing jobs have been created for working-class Mexicans as a consequence of the expanding maquiladora sector and the further opening of the U.S. market to Mexican imports;
- U.S. employers are more aware of the fact that they face sanctions if they knowingly hire illegal immigrant workers; and
- since the late 1980s the U.S. government has dramatically increased the resources it directs toward curtailing unauthorized crossings of the country’s southern border (see Andreas 2000; Dunn 1996).

Despite all these measures, however, undocumented Mexican labor migration to the United States has actually grown exponentially since the early 1970s, and it has shown few signs of abating in the post-NAFTA era (Mexican Ministry of Foreign Affairs and U.S. Commission on Immigration Reform 1997).

Although space considerations do not permit us to examine in any depth the reasons for the failure of industrial-development programs in Mexico to curtail emigration north, three factors are especially relevant to this concluding chapter. First, few of the new manufacturing jobs offer wages, benefits, working conditions, and employment security that are sufficiently attractive to retain workers over the course of their careers and thus prevent them from seeking better opportunities north of the border. Second, overall job creation in Mexico has been decidedly lackluster in recent years, despite the dynamism of the maquiladora sector. Mediocre job growth will prove an inadequate break on emigration in an economy that needs to absorb, on average, a million new entrants into the economically active population each year. Third, the buildup of transborder migrant social networks connecting sending communities in Mexico with many towns and cities throughout the United States has greatly eased the undocumented passage of the latest generation of labor migrants (Massey and García España 1987; Singer and Massey 1998). In this sense we find that working-class Mexicans, in much the same way that the apparel firms examined in this
Gerardo Gutiérrez’s story is a poignant reminder that even the regions of Mexico that have benefited from NAFTA-era growth, such as Torreón, can be home to workers who consider their jobs in export-oriented manufacturing industries dead-end employment, offering few possibilities for better wages and working conditions. In areas such as Torreón and Aguascalientes, the local labor market for maquiladora employment is saturated, but employers report that the availability of jobs is not sufficient to deter workers from attempts to cruzar al otro lado (cross to the other side). Fieldwork conducted by Bair in Aguascalientes, a booming apparel production center, revealed that managers are losing more and more workers to attempted border crossings, although many are back at their old jobs in a matter of weeks (see Bair 2001). In fact, a causal relationship may exist between maquiladora employment and increased emigration flows, since an increasing percentage of maquiladora workers (even in the sewing factories) are young men who are employed for relatively brief periods and who may use the modest wages such factory work pays to finance their migration attempts.

NAFTA’s Mixed Legacy: Globalization, Regionalism, and Transnational Social Movements

In the final section of this chapter, we discuss the recent transnational social activism that has developed as an anti-globalization movement. Since the 1999 “Battle in Seattle,” transnational and cross-border movements have emerged around a variety of issues, including the environment and labor rights. This book documents the positive and negative implications of NAFTA on the North American apparel industry in general, as well as the specific effects of the post-NAFTA export boom.
for development outcomes in Mexico. NGOs, labor unions, and student organizations in recent years have argued that the version of globalization promoted by international financial institutions and the World Trade Organization is an undemocratic one that must be replaced by a more transparent and inclusive approach to issues of global governance. Activists involved in these transnational social movements suggest that free-trade agreements should include clauses guaranteeing minimal labor standards for all workers and that corporations should be held more accountable to consumers in terms of revealing information about their international operations.

It is particularly relevant to note the emergence of transnational activism here, because much of it has focused on the apparel industry. The anti-sweatshop campaign has been among the most visible and successful of the efforts to forge a cross-border movement based on solidarity between First World consumers and workers in developing countries. Chapters of the student organization United Students Against Sweatshops (USAS) exist at more than two hundred universities in Canada and the United States, with members pushing to ensure that the T-shirts, sweatshirts, and baseball caps that bear their school’s logo are produced by workers in a sweat-free environment.

In conjunction with other NGOs, such as the Canadian-based Maquila Solidarity Network and the U.S.-based Coalition for Justice in the Maquiladoras, the USAS has been publicizing violations of Mexican labor law in factories that produce for major U.S. brands. Their efforts have been instrumental in attracting media attention to the plight of Mexican workers in a Korean-owned factory, Kukdong, which produces Nike apparel (see Gereffi, Garcia-Johnson, and Sasser 2001, 62–64). The situation at the plant, which is also mentioned in Chapter 6 by Edna Bonacich, has been monitored closely by foreign NGOs after the company dismissed workers who complained about rancid food and low wages in January 2001. Workers wanted to hold elections to vote on the possibility of establishing a new union, claiming that the existing union at the plant failed to represent their interests. The existing union was affiliated with the CROC, a corporatist union with long-standing ties to the PRI (which still controls the government of the Mexican state of Puebla, where the Kukdong factory is located).

One may have expected the power of the old-style corporatist unions to be weakened by the defeat of the PRI’s presidential candidate and the victory of Vicente Fox, who ran on the platform of cleaning up Mexico’s corrupt political system. However, Fox’s administration has been notably silent about violations of Mexican labor law such as those that appear to have occurred at Kukdong, where workers were denied the right to exercise freedom of association. In marked contrast to the tepid response of the Mexican government, NGOs, in collaboration with organized labor in the United States, have campaigned vigorously on behalf of the Kukdong workers. However, the main target of their protests is not Mexican president Vicente Fox, nor the Korean owners of the plant, but rather Nike—the global retailer of athletic footwear and apparel that is one of the company’s clients.

Workers’ rights activists believe that the real potential for change lies with the most visible and powerful corporations doing business in Mexico. Companies such as Nike or the Gap are sensitive to the negative publicity created by reports of abuses or labor-law violations in plants that produce their products (Gereffi, Garcia-Johnson, and Sasser 2001). This strategy of identifying and targeting the high-visibility brand-name companies, which is at the heart of the anti-sweatshop movement,
is based on a network methodology: Although the Kukdong plant is not owned by Nike, it is identified as a link in Nike's production chain for which, activists maintain, the corporation is ultimately responsible. So far the network strategy seems to be effective in creating accountability in the North American apparel industry. Under pressure from NGOs, and particularly the demands of students active in USAS, Nike urged management at Kukdong to take back workers who were fired after they went on strike. The months-long struggle at Kukdong (which was renamed Mex Mode) ended in September 2001 when the company's management agreed to recognize an independent union supported by the workers, and a new collective agreement was signed with the union, SITEKIM (originally SITEKIM). The successful resolution of the conflict was hailed as a precedent-setting victory for maquiladora workers in their efforts to secure industrial democracy.

The transnational and cross-border movements that are emerging in response to the dissatisfaction of wide segments of society with the perceived consequences of globalization are a development worthy of more attention than we can give it here. Our hope is that this book has helped illuminate some of the contradictory dynamics posed by the process of regional integration in the North American apparel industry, especially as they relate to issues of equity and the distribution of NAFTA's costs and benefits. NAFTA has produced winners and losers, and more empirical work is needed to better understand the extent to which the gains accruing from this process of regional integration might promote an agenda of employment creation, poverty reduction, and social development in Mexico. We believe that approaches focusing on cross-border networks are likely to contribute much to our understanding of NAFTA's implications and can help illuminate the complex connections between North America's firms, workers, and consumers.

Note

1. The Bracero program was a U.S. policy that allowed Mexicans to live and work in the United States as agricultural laborers on a seasonal basis. Its abrupt cancellation in 1964 created severe unemployment on the Mexican side of the U.S.-Mexico border, and it was ostensibly to address this problem that the maquiladoras were established.

References


