

# **Six Years of NAFTA: A View from Inside the Maquiladoras**

**A Report by the Comité Fronterizo de Obreras  
(CFO – Border Committee of Women Workers)**

## **EXECUTIVE SUMMARY**

**“On the border, we have known the maquiladoras for thirty-four years, and we are not satisfied.”**

**— Comité Fronterizo de Obreras**

The economic impact of NAFTA has been a contentious subject, with the agreement's supporters and opponents alike marshalling an array of statistics to bolster conflicting arguments, while some observers dispute that any given phenomenon can be reliably attributed to NAFTA itself.

Now, a strikingly fresh view of the subject is offered by the Comité Fronterizo de Obreras (CFO – Border Committee of Women Workers), a grassroots Mexican workers organization headquartered in Piedras Negras, Coahuila. “Six Years of NAFTA: A View from Inside the Maquiladoras,” is the first such report to be developed by maquiladora workers themselves, offering an insider view of changing factory life in the maquiladoras, or foreign-owned assembly plants that line the Mexico-U.S. border. This report has been issued by the CFO in cooperation with the American Friends Service Committee.

The low wages and harsh working conditions characteristic of border plants, notes the report, did not begin with NAFTA. “As workers in the maquiladora industry,” the CFO states, “we believe that we have been living under a free trade agreement for thirty-four years, ever since the first export-processing plants began to arrive in Mexico.” Nonetheless, the six years since NAFTA went into effect, the CFO reports, “have signified a dramatic worsening of our working and living conditions.”

The report does note one key victory for workers and their allies on both sides of the border: the suspension by several major border employers of the illegal but widespread practice of compulsory pregnancy testing as a condition of employment. This practice, which violates both Mexican law and international human rights norms, attracted broad condemnation in both Mexico and the United States after it was documented in a 1996 report<sup>1</sup> issued by Human Rights Watch and developed with help from the CFO and other Mexican organizations. Now, reports the CFO, after years of sustained pressure, several of the largest maquiladora firms, including Delphi (formerly the international division of General Motors), Alcoa, General Electric, and Lucent Technologies, have backed away from pregnancy testing.

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<sup>1</sup> “No Guarantees: Sex Discrimination in Mexico’s Maquiladora Sector,” Human Rights Watch, New York, 1996. A follow-up report issued in 1998 found the practice was still widespread and charged that the Mexican government with failure to investigate or address the problem, despite a complaint filed under NAFTA’s labor side agreement.



Despite this victory, the overall panorama described by the CFO is a grim one. Over the past six years, border workers have endured a sharp drop in their standard of living; a marked intensification of the labor process through speed-ups and other tactics; and a sustained campaign to undermine unions, labor rights, and social protections. Other long-standing problems of the maquiladora economy, like child labor or toxic industrial wastes, continue to plague the border region.

- ***Skyrocketing cost of living.*** The decline in real wages since 1994 has been “less severe” at the border than the 20 percent drop suffered by manufacturing workers throughout Mexico (compared to 34 percent for workers overall). These figures are dwarfed, however, by massive increases in the cost of living. According to the CFO, “the cost of the official ‘market basket’ of food, housing, and essential services has risen by 247 percent since 1994. Many products, including gasoline, telephone service, milk, chicken, bread, and even beans, are more expensive on the Mexican side of the border than on the U.S. side. For us, simply feeding our families is becoming more difficult every day.”
- ***Unrelenting pressure on wages.*** “Wage levels have also come under attack,” charges the CFO, “wherever they are over the threshold considered competitive by the maquiladoras.” Examples include the introduction in 1998 of two-tiered wages in Matamoros at the eastern end of the border, which traditionally has had the highest rate of unionization and paid the highest wages in the maquiladora industry. New hires now receive the equivalent of U.S. \$38 a week, compared to an average of \$70 to \$80 a week before the new system was introduced.<sup>2</sup> The CFO report describes the tactics used by many maquiladora firms to induce workers with seniority to resign, whereupon they are rehired by other companies at the new, lower wages.
- ***Child labor a commonplace.*** The report notes that maquiladora wages are so low that “many children must contribute to their families’ income from a young age. . . . Thousands of children as young as thirteen go to work in the maquiladoras, where their presence is obscured by the massive falsification of birth certificates, a practice that is tolerated and covered up by labor authorities and maquiladora firms alike.”
- ***Runaway shops and the “maquilization” of Mexico.*** NAFTA has accelerated the spread of the maquiladora industry to new areas of Mexico’s interior — including “small towns or rural hamlets not too far from the border zone,” says the CFO, with populations that are new to industrial work and unaware of their labor rights. Examples cited include the garment manufacturer Dimmit, which pays 44 percent less in Monclova than in Piedras Negras, and Alcoa, which is paying 40 percent less in Torreón than in Piedras Negras. In the latter case, wages in the new plants run between \$22 and \$30 a week, as compared to \$54 to \$65.
- ***Intensification of the labor process.*** The CFO report offers many detailed observations of how maquiladora firms oblige their workers to work for longer hours at a more intense pace (while simultaneously offering lower wages in real terms). “Since NAFTA went into effect,” the report states, “we have clearly observed how the companies are defying the human limits of the workers. . . . In some maquiladoras, operations that previously were performed by two, three, and even four workers are now the responsibility of a single person,” who must nonetheless reach the same production quotas that all these people were responsible for before, without any decline in quality. None of these increases in production have been accompanied by any increase in pay.

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<sup>2</sup> Figures are current as of Sept. 1999.



- **Flouting labor laws.** The CFO report cites numerous illegal practices that are widespread in the maquiladoras, many of which involve the violation of rights guaranteed by Mexico's constitution as well as the country's labor code. Examples include illegal payments in merchandise or scrip; illegally excluding so-called "bonus" payments from calculations of pension and health benefits; involuntary overtime and failure to calculate overtime pay according to legal norms; and routine evasion of legally mandated benefits, including profit-sharing,<sup>3</sup> compensation to laid-off workers, and compensation to workers affected by plant closings. "Ostensibly, maquiladoras operate within the same legal framework as other sectors of Mexican industry," states the CFO report. "In practice, however, Mexican labor authorities have winked as maquiladora firms have systematically violated basic rights, including the right to organize and bargain collectively . . . and many others."
- **Creating an unstable work force.** Maquiladora managers characteristically bemoan the instability of the border workforce and the inevitability of high turnover rates. Such phenomena, charges the CFO report, are deliberately induced by the companies "because the longer workers stay on the job, the more they begin to exercise their rights. Many companies," the report explains, "are signing contracts with workers for only a month or two. Frequently, the companies close down operations or entire plants and then open them back up, sometimes on the same site, but with new personnel. Such 'turnover' is designed to ensure that the maquiladoras can maintain total control over their workers."
- **Humiliation and tyranny.** Such illegal practices occur in an overall climate of unrelenting abuse and humiliation. Alcoa, for example, offered an on-site cafeteria as a "service" to its workforce — in which "workers had to pay for napkins and plastic forks along with their food. Even chili peppers were on sale for a nickel apiece," reports the CFO. "Supervisors act on their whims or show favoritism in giving out permission for absences or even to go to the bathroom. . . . Many companies, such as ADFlex in Agua Prieta or Alcoa in Ciudad Acuña, control bathroom breaks by using lists and badges." Overall, since NAFTA went into effect, "supervisors apply more intense pressure to workers, and ill treatment as well as various disciplinary and punitive measures are frequent."
- **The assault on unions.** "In the name of NAFTA," states the CFO, "the companies, aided by the Mexican government, are waging a tireless and surreptitious campaign of dirty tricks to stamp out unions in the maquiladoras. Their objective is to do away with unions altogether in those areas with the highest percentage of union representation — Matamoros, Reynosa, and Piedras Negras — or, at a minimum, to bring them under the system of 'protection contracts' (company unions) that prevails in cities like Ciudad Juárez, Tijuana, and Ciudad Acuña." The CFO is critical of Mexico's official unions, noting that they have "traditionally been marked by corruption and sweetheart deals with management. Nonetheless," the report states, "when they are weakened the rank and file is directly affected, as workplace gains won in prior eras are threatened and the companies are able to exert ever greater control over the workers."

Virtually none of the phenomena described by the CFO are to be found in the official printed text of NAFTA policy documents. All, however, are central to the actual experience of life in the shadow of NAFTA. Alongside maquiladora firms, Mexico's government and the official trade union movement play a role in tolerating the erosion of wages and working conditions in the post-NAFTA environment. The labor side agreement, which was crucial to securing the passage of NAFTA, has failed to produce any real protection for workers or concrete forms of redress for specific complaints. Meanwhile, the supposed benefits of NAFTA for working people have entirely failed to materialize.

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<sup>3</sup> Mexican firms are legally required to distribute 10 percent of profits annually among their workforce.



"NAFTA should be renegotiated" argues the CFO, "to promote fair trade relations among Mexico, the United States, and Canada. A new treaty should assure just treatment for workers and full enforcement of the labor laws of each country." The group also supports the adoption of the "Alternatives for the Americas," developed by labor unions and civil society organizations grouped together in the Hemispheric Social Alliance in response to the proposed Free Trade Area of the Americas, which would essentially extend NAFTA throughout the Western Hemisphere.

In conclusion, states the CFO, "as workers in the maquiladoras, we ourselves must take responsibility for helping our fellow workers to understand that we have rights and dignity and that we must fight to put them in effect. Given the lack of support and outright repression that we face from most union leaders, labor authorities, supervisors, and maquiladora owners, our efforts to promote education and organization are based on the strength and determination that flows from every worker, every line, and every plant."