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Eighty-two percent of the Mexican economy is tied to the United States... The border is fully of maquiladoras, but the rest is almost in ruins, especially the rural zones... So there are many maquiladoras and Mr. President is dreaming of the opportunities he is offering to the population because of the free market. He really believes in abundance, somewhere over the rainbow. Birds fly over the rainbow, so why can't Mexico? (Monsivaís 1999: 615-616).
INTRODUCTION

Mexico’s maquiladora industry is currently the focus of much attention on the border, in the media, in corporate boardrooms and among Mexican government officials. After seeing the maquiladora sustain its biggest employment decline ever in 2001, many observers are questioning the industry’s future in Mexico.

There are many topics that can be covered when tracing the maquiladora industry each having its particular merit. Topics such as labor laws, labor exploitation, environmental effects, and industry growth have been addressed by academia and the private sector. The intent of this paper is to present some of the information to inform the reader of the history of the maquilas and its affect on individuals, in particular, management and the laborers.

An important aspect of the maquiladora industry is the affect of NAFTA on the industry. In an econometric study, William Gruben, finds that NAFTA has not affected the maquiladora industry directly. Research presented by William Orme shows that NAFTA has not affected the US workers as compared to the qualitative information presented by the media, US unions, and other sources.

With today’s economic downturn in the US and increasing global competition, it will be interesting to see what steps Mexico takes in maintaining control over the maquiladora industry. Mexico is in a position in which it should be able control of the wealth generated within the country. The past forty years of the maquiladora history have shown how the Mexican government has significantly altered the growth of the maquiladora industry. Three major levels of growth were stimulated by a recession or peso devaluation. At the same time, the Mexican government has had control of the maquila labor force by altering the maquiladora decree, controlling union growth, and controlling the interpretation of its labor laws.

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1 I encountered many terms used during my research in the maquiladora industry; maquiladora, maquila, in-bond plant, and twin plant. The authors used the terms interchangeably.
TERMINOLOGY
The term *maquiladora* comes from the Spanish word *maquila*, which in colonial Mexico was the charge that millers collected for processing grain. Today a maquiladora, or frequently a maquila, is a company used for the production of goods based on the temporary importation of raw materials and equipment for transformation in Mexico with subsequent export for distribution in foreign markets.

The term *in-bond* industry refers to the traditional concept of the industry, in which those components that are imported into Mexico are imported under a bonded status in order to insure that they are not sold in the Mexican market but are exported after they are assembled into finished or semi-finished products. Beginning in 2001, however, Mexico will allow the sale of a maquiladora's entire production on the Mexican market; however most factories produce primarily for foreign markets.

Another term frequently used is *twin plants*, which refers to the existence of two factories, one on either side of the border involved in complementary phases of production and assembly of a given product. Originally, it was thought that labor-intensive Maquiladora operations in Mexico would assemble components produced in capital-intensive plants in the United States (U.S.), presumably in the border region, and then distributes the final products from the U.S. border plant.

HISTORY
The development of Mexico's in-bond industry can be traced back to the early 1960's. For some time the Mexican government had recognized that the northern border region of Mexico was characterized by both a high rate of population growth and strong economic links to the United States. In 1961, Mexico implemented the "National Border Industrialization Program" with measures designed to attract foreign investors to the Mexican border in order to strengthen Mexico's internal market. On Sept. 1, 1965, when Mexico President Diaz Ordaz initiated the

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2 The Border Industrialization Program, under which Mexico's maquiladoras began, was introduced by Mexico's Secretary of Commerce and Industry after a trip he took to east Asia. The program was his policy response to what he saw on the trip – specifically, labor intensive assembly operations involving east Asian workers employed in plants that belonged to U.S. Corporations, and involving the same import tariff arrangements that later were applied to the maquiladoras. (See Fernandez-Kelly, 1987, pp.151)
Border Industrialization Program, which had been developed by the Arthur D. Little Co. The program was patterned after a production-sharing model in use in Portugal. The concept is simple: each factory would be treated as an individual foreign processing zone, thereby allowing the plant to import duty free into Mexico all equipment, machinery and materials that were production related. These free trade zones, now confined to Baja California and a small part of the state of Sonora, were created in the 1930's in order to reduce living costs and attract population growth, foreign investment, and economic development.

![Figure 1 - Maquiladoras at a Glance – The US-Mexico Border (CorpWatch)](image)

The program coincided with a 1964 ruling by the U.S. Congress that established a preferential tariff for U.S. made components that were sent offshore and assembled into finished goods that were subsequently exported to the United States. Upon their export back to the United States, export duties would be assessed only on the value of the imported good, minus the value of the U.S.-made components (value added).

The Maquiladora Program was initiated in 1964. This followed the United States' cancellation of the Bracero Program which resulted in a high level of unemployment in the border region. The Mexican government set out to develop a program whereby jobs could be created within Mexico. At the same time, Mexico also desired to attract investment, industry and technology. In the attempt to meet these objectives, the Mexican government did not want to establish a program which would displace national industry or create any disturbance in the domestic marketplace.
Another theory to the rise of the "twin plants" is that of the deal-making between Juarez attorney Javier Alvarez Moreno and a U.S. client who wanted to set up a factory, utilizing Mexico’s cheap pool of labor. Using the tariff loophole, the attorney helped pave the way for the factory to be set up, and the maquiladora phenomenon rose with it. American companies were able to send products to the factories in Mexico, where they were assembled and sent back to the U.S., being taxed on only the "value added" in Mexico.

With the initiation of the maquiladora industry, the foreign investment laws of Mexico, at that time highly restrictive of foreign investment, were modified in such way that the maquiladora company could be 100% foreign owned. Also, new rules and regulations were specifically established to permit the operations of maquiladora companies. The areas of law covered included regulations dealing strictly with maquiladoras, as well as Mexican corporate, tax, customs, immigration and environmental laws.

The maquiladora industry experienced slow but steady growth during the early years. By 1969, 147 companies, employing 17,000 workers, were registered under the Border Industrialization Program (BIP). The first two industrial parks were built almost simultaneously in Ciudad Juárez, across from El Paso, Texas, and Nogales, across from Nogales, Arizona. Tijuana and Mexicali, across from San Diego and Calexico, California, respectively, and Reynoas and Matamoros, across from McAllen and Brownsville, Texas, followed. (Cañas and Coronado)

U.S. firms responded enthusiastically to the lure of cheap labor, particularly in electronics, textiles, footwear and toys and, later, in auto parts. RCA, Convertors, Sylvania, Centralab, Acapulco Fashion and Ampex were among the first U.S. companies to set up maquiladora operations. The new industry was not immune to business cycles, however. It suffered its first crisis in 1974 when maquiladora employment fell 11.5 percent to a U.S. recession.

Maquiladoras exploded in the early 1970’s. Between the first quarter of 1973 and the last quarter of 1974, the number of plants jumped from 248 to 464! However, soon after this peak, the rise of plant construction began to taper off. Part of the reason of this dip in the Maquiladora economy
was due to the recession in the United States. Many of the plants along the border were electronic components plants, and the downturn in demand for electronic goods in the United States propelled this slow down (Sklair, 57). Most of the maquiladoras, however, survived the recession. The U.S. recession of the late 70’s and early 80’s did not have as much of a dramatic effect on the maquiladora industry, especially in Juarez. The explosive growth boom was merely curtailed.

The maquiladora industry had established itself as a permanent and important part of the Mexican economy. The Maquiladora Industry Council was established in 1965, and gained a stronger voice as the years passed, eventually becoming a major governmental body in the mid-70’s.

In 1982 and again in 1994, the Mexican government devalued the peso to levels that sharply decreased the earning levels of the Mexican laborers. According to Garrett Brown, MPH, CIH, the purchasing power of a worker sharply declined from 1987 to 1994. In December of 1987, a Mexican laborer needed to work eight hours and 36 minutes to purchase a "basic market basket." In December of 1998, the laborer had to work 34 hours to buy the same "basket." This increasingly cheap labor led to more foreign investment in Mexico, competing with many Asian countries.

Prior to 1982, Mexico had been a closed economy. With the election of a new president, they "opened" their trade borders. While trying to remain independent of the U.S., they wanted to take advantage of trade and proximity with the United States. This desire to enter the international economy lead to involvement in GATT, the General Agreement on Trade and Tariffs.

According to the web page "Public Citizen, Global Trade Watch" (http://www.tradewatch.org/), GATT was originally established to regulate tariffs and quotas of trade. Established after World War II, GATT has recently been rolled into the international trade organization called the World Trade Organization. Among many other activities, the WTO administers trade agreements, acts as a forum for trade negotiations, settles trade disputes, reviews national trade policies, and assists developing countries in trade policy issues. The WTO is seen as a highly controversial
organization, as it requires "transferring domestic sovereignty to an international institution." (Howse and Trebilcock, p. 62).

Trade with the United States, and trade that is not hindered by many barriers and regulations, has been very conducive to the rise of maquiladoras in Mexico. Cheap labor and ease of transport between the two countries has established many border town pairs, including El Paso and Juarez, as manufacturing centers.

Subsequently, the North American Free Trade Agreement ("NAFTA") was executed in 1992 and upon approval by the three signatory countries (Canada, Mexico and the U.S.) went into effect on January 1, 1994. The NAFTA provides for the elimination of certain Mexican customs benefits associated with the maquiladora program, effective as of January 1, 2001. After that date, products produced under the maquiladora program must satisfy the "rules of origin" established under the NAFTA in order to obtain the benefit of NAFTA preferential tariffs. The NAFTA also provides for increased maquiladora access to the Mexican domestic market on a graduated basis over several years, with full access as of January 1, 2001.

Figure 2 - Maquiladora Growth and Top-Foreign Exchange Generators for Mexico
By 2001, maquiladora exports represented almost half of Mexico’s total exports, generating more than $19 billion in foreign exchange. Since 1998, maquiladoras have been Mexico’s top foreign-exchange generator, followed by oil and natural gas, migrant remittances and tourism. See Figure 2 Further, the industry employs almost 10 percent of Mexico’s formal sector workers, equivalent to about 3 percent of the country’s total labor force (Cañas, 2002).

**ADVANTAGES OF SETTING UP A MAQUILADORA IN MEXICO**

The following are some of the advantages of setting up a maquiladora operation in Mexico:

1. 100% foreign owned company and operation.
2. Low labor costs (a company may save between $17,000-$30,000 per worker per year).
3. Availability of immigration permits to foreign technicians, supervisors and managers.
4. Allowance of foreign companies and individuals who form Mexican companies to acquire land and buildings in coastal and border areas (prohibited zones) through the Mexican company in fee as long as the land use is for industrial purposes.
5. Preferential tariffs on imports into Mexico of raw materials, components, machinery and equipment necessary for production.
6. Preferential U.S. Customs programs which allow the U.S. company to import products either duty free or only pay duty on the value added in Mexico.
7. Strong and positive policies by the Mexican government toward the maquiladora program, and in general, toward foreign investment.
8. Proximity of Mexico to the U.S. market.
9. Increasing supplemental industries and services.
10. 100% access to sales in the Mexican domestic market.
13. Experienced legal and customs services along the border.
15. Emerging industrial support service base.

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An official listing of disadvantages of working in a maquiladora was not found - more specifically, a listing of low wages, long working hours, and repetitive tasks.
TYPES OF MAQUILADORA OPERATIONS

Generally, there are three ways by which a foreign (non-Mexican) company can become involved in the Maquiladora process:

A. Subcontracting
Subcontracting is the establishment of a "subcontracting" relationship with a U.S. or Mexican subcontractor with plants in Mexico. In this arrangement, the foreign firm normally provides the components or raw materials, specialized equipment, etc., while the sub-contractor carries out all the manufacturing or assembly work and takes charge of the import-export process as well. The subcontractor is usually paid by the piece, but may be paid by the hour per employee.

B. Shelter Operation
Establishment of a "shelter" operation whereby the foreign company maintains control of the production process, providing research and development, raw materials, equipment, capital and often quality control. The shelter operator assumes responsibility for other associated operations, i.e., set-up, legal, accounting, customs and labor and all Mexican government liaison, as their "Shelter Plan Agreement" details. The shelter company then usually charges the foreign company on a per hour, per worker basis. The shelter operation can provide significant benefits. It is a means by which a foreign company may gradually establish its own operations in Mexico. It is important to have a well-drafted shelter agreement drawn by an attorney experienced in these matters prior to engaging in any activities. The attorney can assist in negotiations with the shelter operator as well as drafting the agreement.

It is especially important that a provision for the application of U.S. law should be set forth clearly and expressly in the agreement in the event of a dispute or the need to enforce a judgment. The duties and responsibilities of the parties to the agreement should be set forth specifically and clearly. This requires experienced counsel familiar with the maquiladora requirements in order to prepare a carefully drafted business plan. Detailed provisions for all concepts should be included in the shelter agreement, including delivery schedules, orderly termination, option to purchase, etc.

C. Direct Ownership
Establishment of a Mexican corporation to carry out the manufacturing-assembly operations with direct control assumed by the foreign parent company. In this case the corporation can be 100% foreign-owned, an exception to Mexico's historic position that foreign ownership may not exceed 49% without governmental authorization. The legal process usually lasts four to eight weeks through a streamlined process through the "single reception desk" in most big cities. The Ministry of Foreign Relations (Secretaría de Relaciones Exteriores "SRE") issues the initial corporation permit.

**RANGE OF PLANTS**

![Figure 3 - Industry Breakdown - Maquiladora Labor Force By Branch of Industry](image)

(Data is current as of September 1998, INEGI - National Institute of Statistics - Source: *The Maquiladora Reader*) – Appendix

Figure 3 shows the maquiladora industry breakdown. Garment Assembly and Textile Products accounts for 28% of the labor force and is the most labor intensive with limited technology and dependent on decisions by parent companies and principal clients. Electrical and Electronic Accessories accounts for 16% of the labor force. Although this segment is more dependent on automated and semi-automated machines and robotics, it still has a high concentration of a non-technical labor force. Construction and Transportation Equipment account for 7%. Together, these three sectors account for 51% of the labor force. This does not mean that the other industries do not account for a high labor force. In all, there is a large non-skilled labor pool.
INDUSTRY GROWTH

In addition to the direct employment now of over one million workers, another two million are employees in other service related activities that support the maquiladora industry. The direct and service employment of the Maquiladora industry is a very significant part of the total employed Mexican work force. The maquiladora industry in Mexico has become a major element of the national economy.

There are more than 3,500 maquiladora companies operating in Mexico with nearly 90% of them in the border zone adjacent to the U.S. for the purpose of geographical proximity. These corporations, responsible for over 15% of Mexico's manufacturing jobs, are located from Matamoros on the eastern coast of the Gulf of Mexico, to Tijuana on the Pacific Ocean. Major maquiladora locations include Matamoros, Ciudad Juarez, Nogales, Mexicali, Nuevo Laredo, Reynosa, and Tijuana. From a U.S. perspective, 70% of the labor intensive
### INDUSTRIA MAQUILADORA DE EXPORTACIÓN

<table>
<thead>
<tr>
<th>PERIODO</th>
<th>Total</th>
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<tbody>
<tr>
<td>1990</td>
<td>451,169</td>
</tr>
<tr>
<td>1991</td>
<td>434,109</td>
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<td>1992</td>
<td>503,689</td>
</tr>
<tr>
<td>1993</td>
<td>526,351</td>
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<tr>
<td>1994</td>
<td>562,334</td>
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<td>1995</td>
<td>621,930</td>
</tr>
<tr>
<td>1996</td>
<td>748,262</td>
</tr>
<tr>
<td>1997</td>
<td>903,736</td>
</tr>
<tr>
<td>1998</td>
<td>1,014,023</td>
</tr>
<tr>
<td>1999</td>
<td>1,143,499</td>
</tr>
<tr>
<td>2000</td>
<td>1,291,498</td>
</tr>
<tr>
<td>2001 p/</td>
<td>1,201,575</td>
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</tbody>
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*Cifras preliminares a partir de la fecha que se indica*

**FUENTE:** INEGI. Sistema de Cuentas Nacionales de México.

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**CONTRIBUTION TO MEXICO’S DEVELOPMENT**

In the name of job creation, the maquiladoras are exempted from paying taxes to their host country. It is the Mexican government’s keen interest in keeping wages down for the maquiladora industry.

**PLANT CONDITIONS**

The plant conditions for maquiladoras are advantageous with respect to other manufacturing plants in Mexico and notably more so with respect to the manufacturing plants in the United States. There are many numerous incentives: lower wages, longer work weeks, underpaid overtime, higher levels of intensity and productivity, and stricter workshop control.
WAGES

Table 1 – Hourly Compensation Costs of Production Workers in Manufacturing (U.S.$), United States and Mexico, 1975-1997

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<tbody>
<tr>
<td>Mexico</td>
<td>1.47</td>
<td>2.21</td>
<td>1.59</td>
<td>1.58</td>
<td>2.4</td>
<td>2.47</td>
<td>1.51</td>
<td>1.54</td>
<td>1.75</td>
</tr>
<tr>
<td>Percent</td>
<td>23.1%</td>
<td>22.4%</td>
<td>12.2%</td>
<td>10.6%</td>
<td>14.5%</td>
<td>14.6%</td>
<td>8.8%</td>
<td>8.7%</td>
<td>9.6%</td>
</tr>
</tbody>
</table>


Note: Compensation includes all payments in cash or kind made directly to employees, plus employer expenditures for legally required insurance programs and contractual and private benefit plans. The costs of recruitment, employee training, and plant facilities and services--such as cafeterias and medical clinics--are not included.

WAGE COMPARISONS

Wages are so inadequate that most workers cannot afford to their own vehicles. The Maquiladoras provide free buses to transport their Mexican workers from various parts of a city. In 1995, hourly labor costs in manufacturing were $17.20 in the United States, $7.71 along the US border, and $1.51 in Mexico. By 1997, Maquiladora workers earned an average of $5 - $7 a day plus benefits. In Matamoros, across from Brownsville, TX, a family of four needs 193 pesos a day to reach a minimum standard of living. Based on pay slips collected from a sample of Maquiladora workers, a majority took home less than 55 pesos, or 29% of what a family of four needs for its basic needs!

WAGE DISPARITIES

AlliedSignal's top executive, Lawrence Bossidy, personally took home a bigger paycheck than the company's entire Mexican workforce. He made 6,765 times as much as the average maquiladora worker -- and 1,000 times more than the average US factory worker.

LIVING CONDITIONS

Most maquiladora workers live in shantytowns that lack basic services such as water, sewage, or electricity. The towns are usually referred to as “colonias populares,” although any resident will
probably argue that the housing is a popular place to live. This is a sharp contrast to the modern industrial parks that are found in Tijuana and Ciudad Juarez – with excellent infrastructure, eight-lane access roads, bright and tidy functional plants surrounded by neat stretches of lawn.

_Maquiladora_ workers live in very poor housing, in housing built by themselves, or in government built housing. The following photos were taken in Ciudad Acuna, Mexico. Some of the government built housing is built by taxing Maquiladora factory owners.

![Figure 6 - Shantytowns](image1)

![Figure 7 - Built Homes](image2)
LABOR RELATIONS AND CONTRACTS

The effect of labor law on a maquiladora is the same as for any other Mexican corporation, and it must be recognized that the impact is significant. Labor rights are enshrined in the Mexican Constitution. The Federal Labor Law, which implements the constitutional guarantees, is a comprehensive statute that attempts to regulate all aspects of a labor relationship, whether individual or collective. It is applicable to all Mexican companies, whether foreign or Mexican owned, with or without a maquila program.

The labor laws of Mexico are in some ways similar to those commonly found in European countries. Essentially, in Mexico all employees work under a contract with the employer. There are two types of contracts, temporary or permanent. Temporary contracts can be issued for a specified period of time, a specified quantity of work or a specified rate of production. Anyone who is not working on a temporary contract is considered a permanent employee. The typical method is to contract for a determined period of time. However, it is desirable to maintain a certain portion of the workers on permanent contracts.

An employee on any type of contract can be released at any time for a justifiable cause without any financial obligation. However, termination without justifiable cause will create an obligation to make a severance payment. A justifiable cause includes violation of any of the federal government work regulations or internal working rules of the company. A reduction in work force necessitated by economic conditions is not considered a justifiable cause of termination.
Depending upon the magnitude of the economic condition that created the reduction of work force, there are specific methods to mitigate the severance payment obligation.

In the event that a reduction of work force was required for the permanent contract workers, the law requires severance pay of 90 days plus 12 days of pay per year of seniority. However, this is most often negotiated with the employees, either individually or on a group basis. As a result of specific aspects of the labor laws, it is very important to implement an effective personnel policy and strategy.

The industrial relations function plays a vital role in the success of a maquiladora and must be managed carefully on a day-to-day basis. Currently, maquiladoras suffer from high worker turnover. A large part of the problem is the lack of public infrastructure, including adequate housing, sewage, and electricity, along the border. Public hygiene is poor, and maquiladoras have adopted a generally hostile stance toward unions, including unwarranted firings of those who press for unions. At the same time, some maquiladoras have begun funding housing projects for workers, while as a result of the availability of skilled positions in maquiladoras, extensive training has gradually helped to create a management-level Mexican middle class, which should help to cut down on the high turnover.
Market Basket Factoids:

"According to the December 16, 1998 issue of Mexican Labor News and Analysis, in 1987 a worker had to work 8 hours and 47 minutes to buy the basic food basket for a family of four. Today it takes 34 hours." 

“No Terrors, to a Certain Kind of Mind” (Peña, 3)
Repetative labor...is a terrifying prospect to a certain kind of mind...but to other minds, perhaps I might say the majority of minds, repetition operations hold no terrors.
-Henry Ford (My Life and Work, 1922)

This job is a terror. The noise. The monotony. The constant danger of the machine...Sometimes I have a nightmare...in which the machine swallows me whole. In the factory, the [assembly] line is the worst, it crushes your fingers and in the end your mind as well.
-Juana Ortega, maquiladora worker (Ciudad Juárez, 1982)

(Mis)Measuring the Ignorant
We are into measurement here. We measure everything! That’s pretty much against the culture here, they want to sit in the corner all day and let someone else do the work. Because we have promoted the ones that accept measurement, they also discard the ones that don’t fit the sample profile...The ones that don’t make it are the more political ones.
-Plant manager, automotive seat assembly maquila (Ciudad Juárez, 1982)

Ignorance, I use that term but I mean it in an affectionate way. The ignorance of the Mexican workers I find is highly enjoyable. Ignorant means you don’t know any better. That is not the same as stupid...Our workers are ignorant of the industrial way of life, and that is a major source of our control.
-Production superintendent, electronics assembly maquila (Ciudad Juárez, 1982)
DID NAFTA AFFECT MAQUILADORAS?

In a July 2001 study, William C. Gruben, Director for Latin American Economics, and Vice-President, Federal Reserve Bank of Dallas, presented an econometric model, designed to explain maquiladora unemployment variation, to test for the impact of NAFTA on maquiladora fluctuations. The model addresses influences on maquiladora employment fluctuations that would occur in the presence or absence of NAFTA. The virtue of the model is that it is very parsimonious yet accommodates both demand side and supply-side explanations of maquiladora employment fluctuations. To account for demand, Gruben uses U.S. industrial production with the rationale that maquiladoras are in large part simply a segment of the U.S. manufacturing sector. Second, relative wages are used as Mexican employment may be expected to expand or contract inversely with the ratio of wages of production workers in Mexico in supplying products to the United States itself. All wages are expressed in dollars so as to characterize relative costs from the point of view of a U.S. producer or other U.S. customer.

In response to widespread arguments in the popular press, and by business and academic writers, that Mexican maquiladoras’ rapid growth since NAFTA is a result of NAFTA I have performed extensive econometric tests of the effect of NAFTA on changes in maquiladora employment. The results of these tests are resoundingly negative. NAFTA did not make maquiladoras grow faster. Such effect as NAFTA has on maquiladora growth is negative, not positive, but the effect is not significantly different from zero. Accordingly, we cannot say that NAFTA has any effect on maquiladoras at all.

Instead, the acceleration of maquiladora employment growth from the inception of NAFTA through 1999 can be explained by changes in demand factors (as expressed by changes in the U.S. industrial production index) and in supply-side/cost factors (as expressed by changes in the ratios of Mexican manufacturing wages to U.S. manufacturing wages and to manufacturing wages in four Asian countries). Growth in the U.S. industrial production index over the six years following NAFTA was roughly three times as rapid than during the six years previous. Likewise, Mexico’s devaluation of 1994-1995 meant that the ratio of Mexican manufacturing wages to their counterparts in the United States, Hong Kong, Korea, Singapore and Taiwan also was during the first five years of NAFTA far below these ratios during the five years previous to NAFTA.
While there is much to suggest that NAFTA has in fact affected trade between the United States and Mexico (see Gould, 1997), the effects did not come from Mexico’s maquiladora system. These effects occurred as a result of other types of U.S.-Mexico trade. Trade is a complicated process, and so are changes in trade policy.

**UNION COMPLAINTS – USA UNION PRESPECTIVES**

**Organized Labor and Nafta**

When USAunions complain about lost jobs, they aren’t talking about employment extrapolations from trade balance figures, or even about companies forced out of business by Mexican competition. They are talking about the deliberate abandonment of the United States for a low-wage labor market. They point to boarded-up textile mills in New Hampshire and silent auto assembly lines in Michigan – and to the American plants south of the border that replaced those favorites. Studies showing jobs created by import and export flows are dismissed as academic irrelevancies (Orme, 118).

When union members look south, they see a country with no OSHA, no EPA, no independent unions, and a 10 to 1 wage differential with the United States. A caricature, to be sure, but one reinforced by tours of the maquiladora zone. NAFTA was written by an administration which said existing American work place rules weakened American competitiveness. Why, labor asks, should they expect Mexican regulatory norms to rise to American levels? Why shouldn’t they be suspicious of deals negotiated by industries where the same companies – the auto industry is the classic case – control output and employment in each country?

*After all, dollar-an-hour Mexicans are going to replace $15-an-hour Americans as North American’s industrial labor force. Aren’t they? (Orme, 119).*

Hardly. Labor accounts for no more than 15 percent of manufacturing costs. And despite trends in production sharing with low-wage countries, most foreign investment by auto companies and other manufacturers is in other industrialized nations – Nissan in England, BMW in the United States, Ford in Germany – not in the developing world. Quite apart from the marketing,
transportation and supply issues that keep the most big manufacturers concentrated in their home markets, there are political considerations: even if a Chrysler decided it made economic sense to relocate to Mexico, such a move would be political and commercial suicide.

Even if the NAFTA battle were fought on labor’s chosen turf – jobs moved to Mexico by American companies – the figures don’t add up. The real number of expatriated jobs is thought by pro-labor economists to be closer to 200,000, and even that number is probably too high. (The one labor-back effort to document such job shifts over the past 15 years could find only 96,000 relocations).

Yet the 600,000-jobs-lost assertion has been repeated so often that many journalists and politicians assume it to be true. A typical citation appeared in a March 1993 New York Times article: “By most accounts, nearly 600,000 jobs have been located in Mexico that in the past might have been in the United States.” The Times statement was repeated verbatim, without attribution, by Ross Perot in anti-NAFTA Congressional testimony two weeks later, given the figure a new run of press citations.

The AFL-CIO estimate is based loosely on maquiladora workers – about 450,000 in all – plus Mexican employees in American subsidiaries said to be producing for the American market. Yet few of these Mexican workers directly replaced past or potential future American manufacturing employees.

Labor’s interpretation of the maquiladora experiences is the source of most of their misgivings about North American free trade. The AFL-CIO’s Donahue, who said that NAFTA would turn Mexico “into a huge maquiladora,” seems to think that virtually all 450,000 Mexican border assembly workers hold jobs that would otherwise be in the United States.

But only half these maquiladora plants are even American-owned. And by labor’s own reckoning, no more than one in five maquiladoras jobs can be directly identified as replacements for jobs lost in layoffs north of the border. Even those jobs were not necessarily replaced on a 1-to –1 basis: many maquiladoras need more than one employee to achieve the same productivity
as a worker in the United States. In other cases, the American worker was not replaced at all, but made redundant by more productive machinery. (That’s no comfort to the American worker who has lost a job, but it does mean that its quite wrong to count every maquiladora employee as a “lost” American manufacturing job).

Much of the maquiladoras growth over the past decade reflects the rapid expansion of new industries, such as personal computers and compact discs: these jobs cannot be said to have emigrated from the United States because they didn’t exist before the maquiladora boom. Moreover, many plants that are nominally American-owned represent the relocation of final assembly operations from Asia to North America by Japanese corporate parents. Tijuana, for example, is now the source of a quarter of the color televisions sold in the United States; they are all Japanese (or Korean) products that would otherwise be made in East Asia. This does not represent a loss of American jobs.

Still, many American companies would have stayed put, and profitable, had it not been for the easy option of the Mexican border. The maquiladoras introduced a radical cost-saving alternative for rustbelt companies that otherwise might have considered a move to the right-to-work-South. A good example is the wire harness industry: spinning the spider-webs of electrical webs of electrical wire that keep a car humming is a painstaking, labor-intensive business, requiring closer contact with customers. Once based almost entirely in the upper Midwest, now concentrated in Chihuaha, it is not a business that could be easily maintained an ocean away from the point of final assembly. (geography matters)

So the concerns of American unions are understandable. Not only had maquiladora investments grown most quickly when Mexico’s economy was at its lowest ebb, but the influx of American investment into the border assembly belt seemed to suppress real wage growth. At the same time, the wage differential between maquiladora workers and American factory workers stayed stuck at roughly 10-to-1. With that wide a gap, unions took no comfort from studies showing a 4-to-1 productivity gap between American and Mexican workers (Orme, 120).
MAQUILADORA MANAGER ATTITUDES

A study that was just published in *Antipode* showed the management practices that were being implemented in maquiladora plants in Ciudad Juarez. No surprisingly, Christian Brendt, the author, found that many managers view their jobs as a bridge between the “First” and “Third World.” Most managers concluded that they are helping the “backward” inhabitants while simultaneously attempting to prove that there is progress and development in the maquiladoras. The study showed that the managers recreate some of the very problems they are trying to solve.

Asked about their views on their workforce, maquiladora managers represent Mexican workers on the shop floor as being eager to learn but not (yet) matching modern production standards. In one interview, John, a manager, points to the problems Mexican workers have with concepts such as teamwork and autonomous units. He complains about their “laid-back attitude” and, while he comments positively on their potential, for him, Mexican workers still have to be guided into the right direction to fulfill it – “they just don’t worry about tomorrow.” Another point of view of John, “Never change, simple, easy, because it would be too difficult to do anything else.” (Berndt, 264)

Maquiladora managers adopt a “culturalizing” discourse that draws sharp borders. In this discourse, Mexicans are seen as not (yet) having the right attitude, as having the wrong mentality, and as not fitting the work culture demanded by the world of modern production. This is the central discursive framework, a modernization logic that homogenizes the various actors and assigns them to apparently stable cultural boxes: on the one hand, Mexico and *mexicanidad* as symbols for underdevelopment and backwardness; on the other hand, foreign – above all, US-American capital – as symbol for the developed “First World.” ….narrative that portrays the maquiladora industry as harbinger of the First World. (Berndt, 266)

More precisely, in the eyes of the managers and Mexican elites, the maquiladora industry brings the First World to Juárez, pushing the frontier of modern technology and production “South”. The question now is how to make sense of this contradictory picture.
Other managerial attitudes:

The challenge here is that the Mexicans have yet to be taught and exposed to entrepreneurialism. How do I run a business? What is the profit motif? And basically how do you strike a deal?

“Mexicans work to live; they don’t live to work”

“My Girls Respect Authority”

The maquiladora workers (females in particular) are confronted by a type of management that is ruthless in pursuit of profit as Ford was in the days of the Model A. Peña recalls, “I will never forget what the manager of a U.S. electronics assembly plant in Juárez told me, when asked about the level of skill in the maquilas: ‘You know, we are doing real good for Mexico. My girls, well, they have no skills at all coming into these factories. What they have is a respect for authority and an ability to work long and hard at the same thing, over and over again.’” (interview Ciudad Juarez, June 1981).

Part of the [problem] with industrial work relations in the maquilas is that plant managers and production engineers really do seem to believe that what they are doing is good for Mexico. Peña continues, “I do not question their sincerity, but their delusions regarding the tyrannical nature of work and the horrific working conditions of maquiladoras are unforgivable. The manager is correct on at least one point, even if he overlooks its significance. One does not have to look too hard at the statement to get an underlying kernel of truth. Maquila work is certainly ‘not as easy as it seems.’” (Peña, 13).

Peña Study

The information presented was obtained from an in depth study that Devon Peña conducted in electronic assembly plants in Ciudad Juarez. Peña provides a rich discussion of the management practices employed by maquiladora management to extend the working day, such as frequent demands for unpaid and overtime labor.
LABOR UNIONS

Unionism in the maquilas has always been limited in scope. Generally, few plants are organized and, in the scattered cases that involve unionized shops, union bosses are often guilty of corruption and collaboration with management. Interestingly, those maquilas that are union-free are more concerned with keeping informed about their workers’ view of unionism. One manager summed up the reasons for this concern over workers’ attitudes:

We have always been nonunion and we will always remain nonunion. The reason is simple. We have democracy already, and we don’t need unions to have fair practices and good relations with our staff. Respect and being informed. Those are the two values that we use to define our whole approach to management-employee relations. We respect the worker’s needs and rights. We comply with the letter of the law. In turn, the workers respect our organization. They respect our needs, our goals and objectives. And staying informed is also important. If you are out of touch with the feelings and attitudes of your employees you are in a hell of a mess. You know how they say, “caught between the seductress and the wild blue sea”? When things are going well, smoothly and efficiently, it is very seductive. You get complacent, and then all of a sudden something blows up, the workers start a fight, or they break the machinery, or worse – they walk out on you. But if you stay informed, you know what the employees are thinking, what’s the main gripe? This is good for planning, if a manager knows how to use these feelings to promote good will and trust. (Peña, 96)

Unionism in maquiladoras hampered by Mexican Law

Human beings are much more diverse and complex than the labels that experts impose on them for the sake of analytical convenience. Witness how many apolitical, seemingly passive workers turn into both rate-busters and clandestine leaders. Anyone may become politicized. People are complex, contradictory creatures with life histories that challenge generalization.

In a more interesting and promising vein, some scholars have correctly pointed out that unionism in the maquilas is hampered by the nature of Mexican labor law – a law that requires unions to follow a lengthy and highly bureaucratic process of review before a strike can officially take place. The process of “tripartite arbitration and conciliation” favors managerial over union interests. The manner in which mediation of industrial conflicts is organized does seem to give management the advantage, the opportunity to neutralize strike threats (emplazamientos a huelga). This makes the historically low number of formal, officially approved strikes in the maquilas easier to understand. (Peña, 104)
Majority of maquila workers have never participated in a formal strike, and the level of unionization remains suppressed at about 20 to 30 percent of the industry as a whole.

Labor unions are either totally absent or are so-called *sindicatos fantasmases* ("ghost unions") solely representing capital interests

**ARTICLE 123 OF THE MEXICAN CONSTITUTION**

Article 123 enumerates a series of labor rights and protections: it guarantees the right to organize unions and strikes; it establishes the eight-hour workday and minimum-wage and overtime standards; it protects the rights of women and children; it mandates health-and-safety protections; and it declares that workers must share in industry’s profits.

Government hostility is the major reason that independent unions are such a small part of the Mexican labor movement. Mexican labor law requires that unions obtain ‘juridical personality’ (a charter granting legal recognition) from the government. The government has enormous power to intervene in the labor movement, to arbitrarily dismiss union leaders, to declare strikes “illegal,” to militarily seize workplaces, to grant or withhold legal recognition and to delay the proceedings by which workers can change union representation.

**A BORDER PARTNERSHIP: THE CFO AND THE AFSC**

Although the previous sections describe a harsh reality for labor unions, the past two decades has seen numerous improvements – to say the least – in labor union efforts. A key victory for unions occurred in 1997 when employees of the Tijuana factory of Han Young de Mexico became the first maquiladora on the U.S./Mexico border to vote in favor of an independent (non-government) union.

The CFO and AFSC are current key organizations that support maquiladora organizing, support the rights and dignity of border crossers and all immigrants, and participation in national and international coalition efforts focused on the global economy. The Maquiladora Reader, published in 1999, is a recent publication that traces the efforts of both organizations.
“Workers in the United States and Canada share a common interest in ensuring that Mexico workers are successful in organizing democratic unions and improving wages and benefits,” says UE Secretary-Treasurer Amy Newell in July of 1994. “If they fail, we share a future where we sit together at the bargaining table with trade unionists from Mexico and Canada, and together take on transnational corporations such as General Electri and Honeywell.” (NACLA Report, July/August 1994)

Comité Fronterizo de Obreras (CFO – Border Committee of Women Workers)
An organization that teaches its members about their labor rights and how to act upon them

Examples of worker efforts:
A maquiladora employee that was laid off but refused to sign resignation papers because he had a right to substantial severance benefits under Mexican law.
Workers at Carrizo, a garment company, strategize so that the general manager could see the conditions they worked in during one of his visits. Immediate action was taken.

Shop floor actions have formed the lifeblood of the CFO. Women begin by meeting in small groups to discuss their problems at work. Most are surprised to learn their rights under Mexico’s labor law, one of the strongest labor codes in the world. “For me to learn the labor law was like opening a window,” says María Guadalupe Torres, one of the founders of the CFO and coordinator of the group’s region until her retirement in 1998 (“Knowledge is power for workers,” AFSC Community Relations Division Bulletin, Summer 1994, p.2.).

Through brainstorming and role-plays, participants in these groups develop tactics to address their immediate complaints. When they are ready, they begin asserting their rights at work. The CFO helps workers develop knowledge, confidence, and leadership ability to carry with them inside and outside the factory. Perhaps most important, CFO members develop a sense of solidarity: they come to understand that through mutual support, they can be instrumental in bringing about change in the workplace, in their unions, and at home. In hundreds, perhaps thousands of cases, maquiladoras have won labor victories.
The CFO grew out of outreach efforts by AFSC that date back to the early years of the maquiladora industry in the late 1970s. Although today the CFO is an autonomous Mexican grassroots organization, the two groups continue to maintain a close partnership, collaborating on a variety of projects:

- **The Maquiladora Health Initiative** – Provide advanced training in occupational and environmental health to CFO activists. A key goal is to develop more integrated strategies to protect worker and community health, rather than responding to problems on a case-by-case basis.
- **Strengthening Mexico-city group relationships** – An effort to overcome the isolation of border towns from the significant political changes
- **South America** – Respond to the growth of the maquiladora industry in Central America. Help labor unions and women’s groups to organize

The CFO has participated in the global arena. At Beijings Women’s Conference in September 1995, CFO coordinator Julia Quiñonez participated in international tribunals highlighting violations of women’s human rights, which were organized by the Center for Women’s Global Leadership at Rutgers University. Julia spoke to an audience of over 2000 women from around the world. “Women’s participation in the world is growing,” she said. “I’m proud to be a woman, to feel anger and the thirst for justice…Through the Comité Fronterizo de Obreras, maquiladora workers are joining our strength, our ideas and our hearts into a movement of solidarity. We are asking, who is benefiting from this system? How is it possible to speak of justice when there exist international agreements, which do not mention the rights of women workers? We are waiting patiently for the answers to these questions.” (Testimony of Julia Quiñones de Gonzalez to Global Tribunal on Accountability for Women’s Rights, Nongovernmental Forum, Fourth World Conference on Women, Beijing, China, 1995.)

We are not here for people to say, 'look at these poor Mexican workers, their wages are so low.' Or, 'look at those poor U.S. workers, all their jobs are going to Mexico.' We are here to develop effective international strategies so we can overcome these problems.

- Julia Quiñonez, quoted in *The Maquiladora Reader*

A dramatic step forward toward a secure workplace can be found in the Maquiladoras Standards of Conduct, developed as an organizing tool by the Coalition for Justice in Maquiladoras
THE MAQUILADORA INDUSTRY TODAY

The recent economic situation forces us to break away from the past and has put us in a “waiting game” to see what the future will be like for the U.S. economy. The outcome will have a significant effect on the future role of the maquiladora industry (management to the labor unions).

The *maquiladora* industry had its worst year since it became established in the 1980s. Output from *maquiladora* companies fell by 8.7% in 2002. The number of people employed in the industry fell by almost 11% in the first 11 months of 2002, to 1.098m. (Latin American Newsletters, Ltd. Latin America Regional Reports: Mexico & NAFTA February 18, 2003)

Mexico has lost more than 500 maquiladoras in recent years, with only about 300 new plants springing up in their place. Many of those who left headed to Asia or Central America (Guthrie).

The maquiladora sector, which accounts for about 45 percent of Mexican exports, has lost hundreds of plants and more than 250,000 jobs in the past two years. At this point, industry leaders would be content to maintain the roughly 1.1 million jobs that remain in the sector (Guthrie),

What is happening is that the industry is changing. The two sectors that dominate the business, firstly, electronic and electrical goods, and secondly, clothing and textiles, have been contracting. These two sectors account for 42% of the jobs in the *maquiladora* industry. In 2002, the number of jobs in electrical and electronics fell by 14%, while the textile industry saw a 3.4% fall in job numbers. (Latin American Newsletters, Ltd. Latin America Regional Reports: Mexico & NAFTA February 18, 2003)

The ebb and flow of companies investing in the *maquiladora* industry illustrates the bald statistics. A Japanese electronics manufacturer, TDK, announced that it was pulling out of the country after 28 years and switching to China. This news was balanced by a strong hint that
DaimlerChrysler may expand its car manufacturing operations in Mexico.  (Latin American Newsletters, Ltd.  Latin America Regional Reports: Mexico & NAFTA  February 18, 2003)

TDK is switching production to China because operating is so much cheaper there. The company had three plants in Chihuahua but is down to one now. TDK made noise filters for the car industry, switches for the telecoms industry and parts for car horns. It closed its first plant, which employed 1,200 people, in September and will close the rest by mid-year. At their peak, TDK's three plants were selling US$ 3m worth of products to the US market each month.  (Latin American Newsletters, Ltd.  Latin America Regional Reports: Mexico & NAFTA  February 18, 2003)

In March 2003, came the announcement that Japanese electronic goods maker Mitsubishi would shut down one of its factories in Mexicali state, on the U.S. border, and leave 1300 of its workers without a job.

MAQUILADORAS AND PAPERWORK

“Mexico's assembly-for-export industry, which created thousands of jobs and boosted the standard of living along the U.S. border for decades, has stalled and Mexico has no one to blame but itself”, says the head of the country's maquiladora association (Guthrie).

Maquiladora owners say there is too much paperwork to operate the plants and get beneficial tax rates. "We have created this loss of competitiveness," Daniel Romero said Thursday at a press conference. "For six years the maquiladora industry has been warning of the need for reform. Without reform, the sector that has been the pride of Mexico is going to fall," he said (Guthrie).

Starting up a plant in Mexico requires filling out 3,000 government forms, compared with just 22 in China. Once in business, a company must also quickly adjust to last-minute provisions, such as a salary tax passed in the wee hours of January 1, 2002 that took effect the same month. (Guthrie).

Just under one-third of the country's roughly 3,400 maquiladora plants filed for legal stays
against the 2002 tax, while others paid up. The maquiladora association says that this measure alone cost the industry 50,000 jobs, not to mention lost productivity and investment as companies scurried to reassess their budgets (Guthrie).

Mexico's Supreme Court struck the tax down as unconstitutional in May (Guthrie).

"This paperwork converts us into accountants and lawyers," said Javier Ledesma, president of the maquiladora association's chapter in Reynosa, which is just south of McAllen, Texas. "There is no company in Reynosa that is not looking at other parts of the world to relocate if things don't improve."

According to a recent report from the Organization for Economic Cooperation and Development, Mexico has one of the highest overall levels of deterrents to foreign direct investment of its 30 member countries. Strict labor laws and high taxes were two of the factors analyzed in the study. (Guthrie),

"Foreign investors are not going to waste time with all of this paperwork," said Cesar Lopez, president of the maquiladora association's chapter in Tijuana, which has lost 50,000 jobs and 210 plants in the past three years (Guthrie).

CONCLUSION
My intention was, first and foremost, to become informed on the history of the maquiladora industry. The information presented was an attempt to highlight the maquiladora growth, the perspectives of managers and laborers, and to see what is the current economic activity that is affecting the maquilas. The vast amount of research that I found led me to understand many of the interactions between NAFTA, management practices, Mexican Labor Laws, and labor movements. With these issues aside it is important to look at the future of the maquiladora industry and Mexico with the current rise of global competition. The governmental actions that Mexico and the United States will take, will veer the course and lives of many individuals.
The following two studies are included to present current maquiladora activities:

**TRENDS IN CIUDAD JUAREZ’S GROWTH AND DECLINE**

The story of Mexico's border, critics say, is one of lost opportunity. During the second half of the 1990s, as free trade with the United States blossomed, employment in border cities grew at a double-digit clip. The new factories drew workers from agricultural states such as Veracruz, Durango and Chiapas, where drought, failed reforms and cheap (often subsidised) imports from America devastated farms. A factory wage of $65 or so a week was more than could be earned on the farm. Border industry turned Mexico into an export powerhouse which, at the peak in 2000, had a $20 billion trade surplus with the United States.

Yet little of that wealth has ever been seen outside the factory gates. In Juarez, a city of 1.3m people, the only local tax is a property levy of just pennies per square metre. As the city swelled, its outskirts became sprawling slums. Now 175,000 residents have no running water, 140,000 lack sewerage and only half the city's 1,200 miles (1,920 kms) of roads are paved. And little money has gone into training a better workforce. On the city's west side, where 500,000 people live in some of Mexico's most squalid slums, the only two high schools have a drop-out rate of 95%.

Only a year ago, workers were so scarce that plants on the border were competing to offer salary bonuses, day care, in-house doctors and company basketball courts. Now the unemployed line up at 3am for the few jobs on offer, and most go away empty-handed. Wages in Juarez, although still among the highest in the country, have begun to fall.

Pessimists fear that some of the work will not return, even when the American economy recovers. While the average labour cost for assembly plants in Mexico is now around $2 an hour, China's figure is 22 cents. Although plants in Mexico are more sophisticated, the country has failed to develop a network of local suppliers that would make it hard for manufacturers to leave as the Chinese catch up. “In terms of training, technology and transport, we didn't prepare when we had the chance,” says Luis Gutierrez, an economist at Juarez's Autonomous University.

Local leaders say they must improve the skills of the workforce and make more sophisticated products. They are looking at tourism, too. Appropriately enough, there is talk of a new museum of immigration in Juarez. But Juarez is no Bilbao, a former steel city in Spain whose success in reinventing itself with tourism and high-tech services is seen as a model.

**MAQUILADORA BLACK LIST CONDEMNED**

Social activists and human rights groups joined forces on Wednesday to denounce the planned creation of an "employment bureau" in the northern border city of Ciudad Juarez. The bureau, they say, will blacklist maquiladora workers involved in union activities and is a violation of human rights.
"(The bureau) is a repressive strategy suited to totalitarian regimes," said Pedro Reyes of Espacio DESC, an umbrella group of prominent human rights organizations in Mexico. "It rolls back all the gains made by Mexican workers over the last century."

Plans to create a "state employment bureau" were announced last week by the Ciudad Juarez chapter of the national business owners' union CANACINTRA. According to Mexican press reports, the bureau will compile a list of workers who participate in strikes, sue employers for labor law infractions or who are otherwise deemed as "conflictive" by their employers. Reportedly, it will also include a registry of workers' fingerprints.

Representatives of Espacio DESC said the bureau constitutes a violation of the Constitution by impeding workers' rights to organize, as well as contravening federal labor law that specifically prohibits such lists. They called on the Secretary of Labor to sanction CANACINTRA. Last week, president of CANACINTRA, Raul Picard, justified the bureau by saying it was directed at a "mafia" of workers and "pseudo-lawyers" who sought to blackmail employers with threats of labor unrest. He warned that such threats may soon drive the already flagging maquiladora industry from Mexico. He added that the bureau was a "magnificent idea" and if it was successful, he would seek to implement it across the country.

Reyes said, however, that the bureau would heighten the already serious problem of companies abusing employees involved in union activities. The organization issued a list of companies, including Ford, IBM, Philips and Pemex, they say have harassed such employees.

"The bureau will put the lives of politically active workers at risk from those who want to stop the labor movement," said Reyes.

He may not be exaggerating the risk. On Sunday, a dissident member of the oil workers union, Jose Luis Rivero, was shot in the stomach by an unknown gunman days after he had participated in a protest against union leader Romero Deschamps.

Deschamps is a member of the Institutional Revolution Party (PRI) that ruled Mexico for 71 years. Many say he ran the union for years as a personal fiefdom, selling labor peace for payoffs and patronage. He is currently under investigation for his role into an alleged multi-million dollar election finance fraud.
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Corporate Watch Organization  

Fernandez-Kelly, Patricia  

Fox, Conrad.  

Gruben, William C.  

Gruben, William C.  

Guthrie, Amy.  
APPENDICES:

INSERT MAQUILADORAS AT A GLANCE: MAP FACTS; BORDER STATES BREAK DOWN FOR 1998

<table>
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<th>Branch of Industry</th>
<th># of Maquiladoras</th>
<th>Percent</th>
<th># of Employees</th>
<th>Percent</th>
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<td>4.26</td>
<td>19,754</td>
<td>1.97</td>
</tr>
<tr>
<td>Assembly of toys and sporting goods</td>
<td>61</td>
<td>2.05</td>
<td>13,978</td>
<td>1.39</td>
</tr>
<tr>
<td>Selection, preparation, packing and canning of food products</td>
<td>79</td>
<td>2.65</td>
<td>10,675</td>
<td>1.06</td>
</tr>
<tr>
<td>Assembly and repair of equipment, tools and components (excluding electrical items)</td>
<td>42</td>
<td>1.41</td>
<td>10,616</td>
<td>1.06</td>
</tr>
<tr>
<td>Manufacture of shoes and leather products</td>
<td>57</td>
<td>1.91</td>
<td>9,354</td>
<td>0.93</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2978</strong></td>
<td><strong>99.98</strong></td>
<td><strong>1,003,918</strong></td>
<td><strong>99.99</strong></td>
</tr>
</tbody>
</table>
A production line in RCA Thomson, one of the first Cd. Juarez maquiladoras, established in the 1960s. The women work eight hours a day and earn the equivalent of about $4.50 a day.
Rights Guaranteed to Workers by the Constitution of Mexico, Title VI, Article 123.

1. **Work Hours.** Maximum 8 hour working day for day shift workers and 7 hours for the night shift and maximum of 9 hours overtime in a week.

2. **Protections for Minors.** Prohibitions against using minors under the age of 16 in dangerous jobs, night shift work, or for more than 6 hours; and a prohibition against employing minors under the age of 14.

3. **Weekly Rest Day.** For every 6 working days there must be one day off work.

4. **Protections for Mothers.** Special protections for pregnant women and women with newborn children, including: prohibition against dangerous work, six weeks paid leave before and after the birth of the child, and daily rest periods after the birth to breast feed the child.

5. **Minimum wage.** To be established by a national commission which must consider different professions, economic conditions, and geographic regions.

6. **Equal Pay.** Equal pay for equal work regardless of sex or nationality.

7. **Prohibitions against excessive deductions.** A prohibition against deductions from pay that would result in pay of less than the minimum wage.

8. **Mandatory profit sharing.** Each business must share its profits with their workers according to specified guidelines and in amounts specified by a national commission.

10. **Daily overtime.** Daily overtime must be paid at double the normal hourly rate.

11. **National Housing Fund for Workers.** Companies must contribute to a national fund designed to create housing for workers.

12. **Worker Training.** Companies must provide training to their workers.

13. **Pay for Worker Injuries.** Companies must pay for health care and wage loss when the worker when the job causes an incapacitation or death.

14. **Workplace Safety.** Companies must provide safe workplaces.

15. **Unions.** Workers have the right to join and form labor unions. However, their establishment, organization and activities such as strikes are regulated by the Junta de Conciliación y Arbitraje, the Board of Conciliation and Arbitration.

16. **Protection of Worker Salaries from Collection.** Workers wages and some benefits are given preferential treatment in bankruptcy.

17. **Workers May Not Waive Rights.** Employees may not waive rights guaranteed to them by the constitution.
Maquiladora Workers Elect Their First Independent Union
By David Bacon

Tijuana, Baja California (10/10/97) -- Beating off a last-minute attempt to destabilize the election process, employees of the Tijuana factory of Han Young de Mexico on Monday became the first maquiladora workers on the U.S./Mexico border to vote in favor of an independent union. In the traditional open voting system used by the Mexican labor board, (the National Conciliation and Arbitration Board - JNCA), 55 workers publicly declared their support for the Metal, Steel and Allied Workers Union of the Authentic Labor Front (FAT), Mexico's most independent labor federation, while 32 favored the existing company union.

"This is the beginning of the independent labor movement in Tijuana," declared Jose Angel Penaflor Barron, a local attorney who acted as FAT's (Frente Auténtico del Trabajador) lawyer during the proceedings. "This is the beachhead for democratic unions on the border."

If its victory is certified, the FAT will take over the existing contract of the company union at Han Young, becoming the workers' representative and the first independent union at a factory on the border.

The Mexican government is very nervous about the Han Young fight because the company is a feeder factory for the huge Hyundai Corp. manufacturing complex, one of largest in Tijuana's vast industrial network. It builds chassis for truck trailers and huge metal shipping containers, which are then finished in the main Hyundai plant. According to workers, Han Young turns out 26 chassis a day, each selling for $1800 (US).

The October 6 election capped a long organizing effort by employees dissatisfied with poor working conditions and low wages. "The company doesn't give us gloves, jackets, or other safety equipment, and there's no ventilation" explained Armando Hernandez Roman, a welder with three years in the plant. "I make 54 pesos a day (US $5.50), and there are no raises to compensate for the rising inflation." Prices have more than doubled for basic groceries in Mexico in the last three years.

Activists in Maclovio Rojas, assisted by the San Diego committee, started their workers' center last year to support a wave of labor unrest sweeping through Hyundai factories. The company has subcontracted out its most troublesome operations to plants like Han Young. At one contract plant, Daewon, 16 workers were fired in industrial unrest in July of 1996. At another, Laymex, 91 workers walked out the following month.

With the center's help, Han Young workers elected an organizing committee, and went on strike for two days last June. While calling for immediate improvements, they also demanded that company managers recognize and bargain with their own elected representatives, rather than with CROC.
Faced with a costly halt in production, the factory's managers acceded to the demands. According to Enrique Hernandez, president of the Popular Alliance, another workers' support organization in Tijuana, maquiladora owners have become worried that the independent union effort might spread. "If workers succeed here, the formation of independent unions could sweep like a wave through the city's factories, where conditions are much like those at Han Young," Hernandez said. "That would increase pressure to raise workers' poverty wages."

Following the strike, Han Young hired a personnel director, Luis Manuel Escobedo Jimenez, who fired eight strike leaders before the election. One leader, Emeterio Armenta, accuses him of being "an expert in psychological warfare." U.S. unions are familiar with anti-union consultants like Escobedo, but they have rarely been used in Mexico.

Company pressure on workers escalated. According to Armando Hernandez, Ho Young Lee, his supervisor, called him into a private meeting at the beginning of September. "He offered me a raise of 6 pesos a day (85 cents), and told me that if I didn't accept it, and stop the effort to organize an independent union, I'd lose my job." Hernandez refused and was fired.

Other workers report that plant manager Won Young Kang called a meeting at lunchtime on September 25, in which he told them that the factory would close if they voted for the independent union.

"It's not possible that the company would close," Won said, denying the charge. "The company doesn't favor any union."

On September 3, a state government representative ordered all TV stations in Tijuana to stop covering the Han Young situation. FAT's general secretary. Benedicto Martinez, credited the presence of U.S. observers with breaking the media blackout, and shining a light of publicity on the election process. "I'm glad they were here. They call them outsiders, but there are times when people need outside support," he said. "We even had support from unions in Korea."

Just before the election, the AFL-CIO moved to get Hyundai, which contracts all the work in the Han Young factory, to insist that its managers respect the election results. AFL-CIO representative Ed Feigan contacted the union for Hyundai employees in Korea, the Korean Confederation of Trade Unions, which wrote a letter to Han Young warning against any efforts to intimidate its workers. The unions have also discussed possible demonstrations at Hyundai's U.S. car dealerships.

Meanwhile, the Interfaith Committee on Corporate Responsibility and Progressive Asset Management, shareholder action groups, contacted the Korea Fund of Scudder, Stevens and Clark, a major investment house, to pressure Hyundai.

Tong points out that such cross-border actions benefit U.S. as well as Mexican workers. "In a global economy, the jobs and livelihood of people north of the border can depend on the outcome of the struggles of workers south of it, at factories like Han Young," she says.
If FAT's Tijuana victory holds, it could influence Mexican labor and economic policy nationally. The FAT's Martinez was instrumental in forming a new labor federation in Mexico City, the National Federation of Workers, last month. Its affiliated unions have announced their intention to break their relationship with Mexico's governing party, the Party of the Institutionalized Revolution. They say they will oppose government policies of using low wages as an attraction for foreign investment, especially in the maquiladora sector.

"This election will lead them to pay more attention to workers on the border," he concludes.