

*National Administrative Office (NAO) Conference:  
A Summary Report on the North American Free Trade Agreement (NAFTA)  
Is free trade compatible with workers' rights?*

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**Abstract**

This case is set in Washington D.C., August of 2003. Due to rising pressure from worker rights groups and labor unions, the NAO called for a conference. The outcome of the day will be a NAO summary ruling that will be sent to the Mexican, U.S., and Canadian governments. Students will be placed into one of four groups, each with a vested interest in NAFTA policy. Each group will present an opening statement, setting the groundwork for the rest of the discussion. The main topic of debate is worker rights in the NAFTA era. The class will be asked to critically analyze the positive and negative aspects of liberalized trade. More importantly, the students will be asked to propose solutions that would guarantee worker rights transnationally. The answers are not apparent; as such, students must push themselves and explore innovative solutions.

**Introduction**

January 1<sup>st</sup> 2003 will mark the ninth anniversary of NAFTA, an agreement between Canada, the United States, and Mexico to liberalize trade. Protectionist policies have been gradually repealed over the past eight years, allowing for a massive influx in foreign direct investment and trade. In August of 2002, Congress reinstated Fast Track, allowing the U.S. president to increase his control in future NAFTA deals. In 2004, all restrictions will have been lifted from manufacturing, and in 2009, agricultural will follow suit. Although free trade has boosted foreign investment, trade, and jobs, many workers in both Mexico and the U.S. have been displaced, while class inequalities have grown. Before we can address the pros and cons of NAFTA, however, we must contextualize the agreement in the greater historical setting.

At the close of World War II, leaders of the western world set out to create a new world order compatible with democracy, capitalism, and economic stability. In 1944 in Bretton Woods, New Hampshire, the United Nations established the International Monetary Fund (IMF) and the World Bank. President Harry S Truman expressed his excitement and hopes for the future: "For the first time in history humanity possesses the knowledge and the skill to relieve the suffering of these people..."<sup>1</sup> Adhering strictly to modernization theory, Truman and other leaders were confident that nations around the world would modernize and eventually enter into a more "advanced state".<sup>2</sup> Regardless of local and global suasions on its benefits, the impact of the Bretton Woods institutions has been truly global and redefined the world order.

While some analysts, like Joseph Stiglitz, argue that many neoliberal reforms have increased dependency between the core and periphery nations and degraded worker status worldwide, pro-free trade supporters claim that liberalization is "a process that inevitably causes pain to those required to shift" but ultimately raises all boats.<sup>3</sup> Perhaps the most important aspect of

liberalized world trade has been the enormous growth of multinational corporations (MNCs), which are currently responsible for two-thirds of world trade.<sup>4</sup>

Into this economically integrated world came NAFTA, an agreement that promised a grandiose future for the participating partners – each of which was set to benefit from increased, deregulated trade. Public Citizen, a national non-profit public interest organization, sums up the promise of NAFTA: “NAFTA's proponents promised the pact would create new benefits and gains in each of these areas” including “ 200,000 new U.S. jobs from NAFTA per year, higher wages in Mexico and a growing U.S. trade surplus with Mexico, environmental clean-up and improved health along the border.”<sup>5</sup> In order to achieve these goals, the three countries agreed to reduce tariff barriers, treat foreign and domestic companies equally, liberalize investment and intellectual property, and finally, to oversee labor disputes via the Labor Advisory Committee and the NAO.<sup>6</sup>

During NAFTA's eight-year history, only 25 cases have been filed to the all three nations' NAOs – 16 of which have been filed in the U.S. branch (including 14 against Mexico). Of the 25, seven have resulted in a ministerial conference in which the NAO documents the problem and proposes solutions. However, the committee is not equipped with the power to enforce its solutions via fines or trade sanctions. Instead, the NAO has the power to recommend ministerial level consultations among labor authorities in the three nations. None of the filed cases have resulted in a formal policy change.<sup>7</sup>

NAFTA also included the Trade Adjustment Assistance (TAA) program, an intended safety net designed to retrain American workers who lost their jobs due to NAFTA reforms. As of July 22, 2002, 412,177 workers have applied to the TAA.<sup>8</sup> In order to qualify, the worker must be involved in production, rather than service and prove that the job loss resulted directly from NAFTA. Because of this “narrow criteria,” Public Citizen believes that a significantly higher number of workers lost work over the past eight years.<sup>9</sup>

Operating under this basic framework, NAFTA has been called a blessing by some and a bane by others. The Economic Policy Institute (EPI) cites that “officials in Canada, Mexico, and the United States have regularly declared the agreement to be an unqualified success” due to “increased gross volumes of trade and financial flows.”<sup>10</sup> The three countries experienced unprecedented levels of trade and foreign direct investment because of NAFTA policies.

Why, then, was 81 percent of the U.S. population against NAFTA, according to a mid-1990s poll?<sup>11</sup> In short, many believe that NAFTA has yet to live up to its promises. According to a 1995 study, 89% of companies that promised job growth reported none.<sup>12</sup> Additionally, wage concessions made by American workers, in competition with the cheaper Mexican labor force, have driven down their income level while robbing them of job security. The EPI estimates that 766,000 jobs have been eliminated by NAFTA in the U.S.<sup>13</sup> In addition, the U.S. trade deficit has reached 34.6 billion dollars worldwide.<sup>14</sup> However, at the same time, MNCs – many of which are U.S. corporations – have benefited greatly due to the anti-protectionist reforms. For example, 37 percent of MNCs with over \$100 million in assets did not pay U.S. taxes through transfer-pricing policies.<sup>15</sup>

Although liberal critics are quick to point out these shortcomings, the defenders of NAFTA offer a different perspective. According to Sidney Weintraub of the Center for Strategic and International Studies (CSIS), NAFTA has actually created more jobs than it has destroyed. In an August of 2000 CSIS report, he estimates that 15 million new jobs have emerged during the NAFTA era.<sup>16</sup> The report argues, “The current U.S. problem is worker shortages, not job shortages.”<sup>17</sup> In addition to the surplus of jobs, Weintraub notes, “NAFTA has played an indispensable role in institution building.”<sup>18</sup> Due to positive job growth and institution building, aspects of NAFTA have proved to be beneficial to the American economy.

Similar to the United States, Mexico can cite NAFTA’s successes and failures. Since the agreement, the productivity of the Mexican economy has increased at a rate 5.5 percent annually, while unemployment currently holds at 4 percent (although 35 percent of Mexican economy falls under the informal sector and, thus, is not regulated). In addition, its exports have tripled – four fifths of which head to the U.S. Also, during the 1990s, Mexico received 162 billion dollars in foreign direct investment that sped up industrialization.<sup>19</sup>

Despite the economic growth, serious problems persist. For example, due to the liberalization of agriculture and the growth of agri-business, Mexico’s PAN estimates that as much as 20% of the Mexican population, mainly peasants, have immigrated to urban centers between 1994 and 2000.<sup>20</sup> Paul Farmer, author of *Infections and Inequalities*, describes a similar process in Haiti: “...the declining fortunes of the rural poor pushed young adults to try their chances in their city” in an attempt to escape poverty.<sup>21</sup> Nevertheless, 31% of all Mexican families live in extreme poverty, as real wages have dropt 15 percent since 1980. However, conservatives are quick to defend NAFTA. Lawrence Summers, president of Harvard University, stated, “Ultimately it was Mexico’s own choices which prompted Mexico’s present difficulties.”<sup>22</sup> Despite this contention, NAFTA has unarguably made Mexico more dependent upon U.S. consumption patterns and FDI to support its economic development and well-being.<sup>23</sup>

Along with this economic liberalization has come the rise in the number of maquiladoras, or foreign assembly plants within Mexico. Currently 3200 exist throughout the country with 2600 situated along the Mexican-U.S. border. One million workers (or thirteen percent of the Mexican working population) are employed in these assembly plants, but their output constitutes one-third of Mexican exports to the U.S.<sup>24</sup> In 1965, the Border Industrialization Program (BIP) spurred the growth of the maquiladoras by offering cost advantages (i.e., no export duties and cheap labor) to foreign corporations. However, mainland Mexico was untouched by BIP, as only the border area was liberalized for foreign investment. With NAFTA, BIP has essentially been extended to the rest of Mexico, causing the number of maquiladoras to rise. Although jobs have been created, the workers remain in poverty. Along the border maquiladoras, for instance, 60 percent of the population lives in poverty.<sup>25</sup> At the same time, we have witnessed the reappearance of sweatshop labor in the United States.<sup>26</sup>

In an attempt to promote workers’ rights in this era of liberalization, independent monitors have taken an active role. The Fair Labor Association (FLA), for example, justifies its monitoring of corporations by stating, “The growth of the global economy has outstripped the mechanisms for regulating labor rights around the world.”<sup>27</sup> If a corporation follows the minimum standards of the country in which it operates, the FLA provides its stamp of approval. However, often times

the minimum spells poverty for the workers. Other forms of resistance include transnational social movements and transnational unions aimed at securing rights for workers in the era of the MNC. In “A Strategic Organizing Alliance Across Borders,” Robin Alexander and Peter Gilmore stress that, “...it is imperative that workers begin to think about how to support the work of unions in other countries. If workers face their employers together, they can succeed in improving wages and benefits everywhere.”<sup>28</sup> Michael E. Gordon and Lowell Turner argue that “*the perception of interdependence*” is absolutely necessary for transnational union collaboration to be a success.<sup>29</sup> They caution, however, that “campaigns strive to exact just enough pressure to improve working conditions without crossing a line that leads to major job loss.”<sup>30</sup>

## **Role Play**

Welcome to Washington D.C. It’s August of 2003 – fully one year since Congress approved Fast Track. The NAO has called a conference to discuss the future direction of NAFTA. Pressure from UNORCA (a Mexican union of 30 regional peasant groups), Human Rights Watch, and the National Labor Committee pushed the NAO to organize the conference; the result of which will be a summary ruling sent to the Mexican and U.S. governments on the effects of NAFTA upon workers. Included in the ruling will be the NAO’s analysis of the future direction of NAFTA. With continued liberalization on the horizon, the NAO is concerned with the potential ramifications felt by the labor force. It is important to note that the NAO has no intention of dismantling the 1994 free trade agreement; rather, it is interested in guaranteeing worker rights.

Four groups have been invited to speak: The Dream Team (composed of Nike executive, Phil Knight; Harvard president and former Chief Economist for the World Bank, Lawrence Summers; and former co-chair of Goldman-Sachs Robert Rubin), the NLC (composed of executive director Charles Kernaghan and various minions of the NLC), a new coalition of U.S. labor unions called Workers Against Free Trade (WAFT), and a new Mexican labor union called Obreros Contra la Explotación (OCE). Each group has elected a leader to speak on its behalf.

The conference is being held in a brand new, state-of-the-art office building in downtown D.C. Unfortunately, the air conditioning ducts are clogged due to faulty workmanship. Outside, the temperature is pushing one hundred degrees and the humidity hangs like a thick cloud. Inside the hot, muggy conference center, tensions are building.

### The Dream Team

(Phil Knight dubbed this group “The Dream Team” – a group of men who staunchly support free trade as well as NAFTA. Due to the heat within the building, Knight took a taxi to the local Sharper Image where he bought three personal cooling devices that rest around your neck. Rubin and Summers were much obliged for his purchases. With their cooling devices in place, the three men choose Lawrence Summers to speak on their behalf. What follows is the transcript of his speech at the conference.)

Is this thing on? Great. My name is Lawrence Summers, and I am currently the president of Harvard University, but that’s not why I’m here today. As the former chief economist of the

World Bank in 1991, I have much to say about the merits of globalization and free trade. Before I jump into the heart of matters, I would like to share with you something that I told a Brookings Institution audience in the 1990s:

“When people talk about this period in history, they talk about the capitalist revolution sweeping the world. They witness a growing awareness worldwide that states cannot direct economic activity, but rather must rely on private markets and competition to find the way forward. People will continue to speak with tremendous optimism about this period. They will marvel at how, if this capitalist revolution continues, this will have been the era during which 3 billion people got on a rapid escalator to modernity. When the history books are written that change will rank with industrial revolution, and with the renaissance, in terms of its significance to human affairs. Because the Mexican model has been so widely watched, and so widely emulated, and is so salient in the minds of investors, what happens in Mexico has implications that go far beyond Mexico, or even Latin America.”<sup>31</sup>

Folks, we are standing at the crossroads of history, and it is our duty to humanity to fight through our natural desire to resist change. We must allow for the continued liberalization of the world economy – even if it means changing how we live. The end result, I guarantee, will be well worth the wait.

I would like to thank the NAO for holding this conference – a global world depends upon global discourse (winks). A true visionary, Adam Smith, left us with this paradigm two centuries old: “All commerce that is carried on betwixt any two countries must necessarily be advantageous to both” and thus “all duties, customs, and excise [on imports] should be abolished, and free commerce and liberty of exchange should be allowed with all nations.”<sup>32</sup> NAFTA is North America’s – is *the* America’s – best chance to realize the capitalist utopia described by Smith. While I acknowledge that the economy never operates quite as smoothly as it theoretically should, his works still hold true today. Let me ask you all a question: Who is hurt by protectionism? Everyone – including the workers. You see, tariffs and other barriers to free trade drive up the price of domestic goods, while decreasing the efficiency of each dollar – or peso – spent.<sup>33</sup> As a result, the consumer is left with the burden of paying for the “dead-weight-loss,” leading to a lower standard of living for all. This loss causes purchasing power to drop as prices rise.<sup>34</sup> That my friends, spells poverty. It spells degradation of the labor force, slow growth, and ultimately, bad economic policy.

For those of you here today that claim liberalization of the economy as the source of your woes, let me offer you this advice: Ride out the storm. President John F. Kennedy likened his economic policy to a rising tide that would lift all boats. Well, with the massive influx of FDI, the ocean has swelled, causing storms here and there. However, when it settles, we will find ourselves sitting pretty. NAFTA will lift all boats. Nevertheless, NAFTA and money-hungry corporate heads – like Phil over there – are cited as the source of poverty, as the source of labor abuses, and as the sources of the problems within nations. They create jobs, and this is how they are treated? They join the FLA, like Phil’s company, and they are still hounded by protestors?

Many activists, NGOs, and protestors argue that strong transnational labor unions are the answer to providing decent wages. First of all, unions are legal organizations that are encouraged in

each of Canada, the U.S., and Mexico. However, when labor unions obstruct sound economic policy, they cease to serve their members. We don't need a stronger labor union presence; we need a smarter labor union presence. Due partly to the pressure from labor "zealots," corporations leave the United States, opting to produce in, say, Mexico or Bangladesh.<sup>35</sup> Secondly, American MNCs are often criticized for failing to pay a livable wage in developing countries. But we have to realize that Mexico is not the U.S. We cannot impose our standards of living – nor should we. Mexicans need jobs, and there is stiff labor competition worldwide. If we were to impose U.S. standards, thousands of workers worldwide would lose their needed jobs, as corporations would leave. In the end, our world economy would come to a grinding halt, and we would produce only a fraction of what we could. We are standing at the door of the future, hesitant to enter. Sure, we could continue to inspect the house, or we could charge in. The choice is ours, and the global world is our future. Friends, we have only begun our ascendancy along the escalator to modernity!

For modernity's sake, and for the sake of the millions of lives that will be improved thanks to free trade, I urge the NAO of each country to advise their respective government to continue with the liberalization process. Thank you.

#### The National Labor Committee (NLC): In defense of worker and human rights worldwide

(According to the *New York Times*, Charles Kernaghan, executive director of the NLC, is "the labor movement's mouse that roared."<sup>36</sup> He has led successful campaigns against the likes of Gap, Wal-Mart, and Disney. In 1995, the NLC hammered out the first independent monitoring agreement in the apparel industry with Gap.<sup>37</sup> Naturally, Kernaghan is speaking on behalf of the NLC. Because of the heat, he's removed his jacket and loosened his tie. Knight did not buy him a personal cooling device from the Sharper Image. Wiping sweat from his forehead, Kernaghan walks to the front of the podium. What follows is his speech.)

Hello to all, I'm Charles Kernaghan, and I will be representing the NLC today. I would like to thank the NAO for its invitation to attend this conference. Like Mr. Summers, I too agree that we are in need of global discourse, but we also need global action to secure human and worker rights worldwide. Because I have not worked directly with either of the labor unions here today and considering that this is my first speech in front of the NAO, I would like to relay the goals, ambitions, and hopes of the NLC.

We are an independent nonprofit organization "dedicated to promoting and defending human and worker rights in the global economy."<sup>38</sup> Generally, we focus on the exploitation of these rights in developing countries. Taking advantage of deregulated commerce with minimal government intervention, it is all too easy for MNCs to abuse their workers – and get away with it. Furthermore, the NLC realizes that "corporations and communities pit workers and communities around the world against each other in a *race to the bottom* over who will accept the lowest wages and benefits."<sup>39</sup> More on this topic, later. First let me list the goals of our organization.

Number one, the NLC, along with workers in underdeveloped nations, asks that U.S. companies pay a livable wage.<sup>40</sup> Although we have just listened to Mr. Summers declare that the world economy would collapse under such a pretense, his argument is reactionary garbage (Kernaghan

pauses, gulps down a drink of water, dabs his sweaty brow, and continues). If Nike, for instance, increased its operating budget of 630 million dollars by 2%, it could pay all of its 25,000 Vietnamese workers a livable wage of three dollars per day.<sup>41</sup> We must find a way to pressure companies who claim to be responsible global leaders, like Nike, into providing more than just the minimum. In addition to a livable wage, the NLC demands the “*Full Public Disclosure of All Factory Names and Addresses*” along with “*True Independent Monitoring*.”<sup>42</sup> I will give you an example of true independent monitoring. Nike – sorry, Phil, but Lawrence asked for it – claims that its “Transparency 101” initiative will adequately monitor its factories worldwide and promote the welfare of its multinational workers. However, of the 700 Nike factories worldwide, only 11 have released a full report on the conditions.<sup>43</sup> If we are to improve the working conditions for workers around the world, we must empower independent monitors to do the work that MNCs refuse to do (winks at Mr. Knight).

Now, let me tell you why free trade is not free, to use a cliché. Let’s turn to the commodity chain. Essentially, there’s a chain of workers ranging from highly skilled to highly deskilled. Guess who makes more money. With the introduction of liberalization agreements, like NAFTA, the income of skilled workers increases, while that of unskilled workers decreases.<sup>44</sup> Thus, U.S. laborers who are low on this chain have watched their wages drop and jobs disappear. You see, companies intentionally deskill labor and search for the lowest common denominator to increase profit. Therefore, MNCs choose to establish manufacturing headquarters in countries most ravished by wage inequalities and worker rights abuses. Furthermore, as Doug Henwood (the editor and published of *Left Business Observer*) argued, policies are instituted, aimed at suppressing wage hikes.<sup>45</sup> Cleverly, pundits disguise their policies as attempt to liberalize the economy with measures that promise to bring democracy or stability. Mr. Summers just told us that we were knocking on the door of the future! Well, Mr. Summers, the problem with liberalization – as it currently operates – is that the door just isn’t wide enough, and the house isn’t big enough for everyone to enter. You spoke of billions riding modernity’s escalator; the truth is that billionaires are being made, courtesy of modernity’s escalator, while countless others are abused and exploited.

The NLC has challenged the escalator to stop, and we’ve experienced success. The process is slow, however, and the fight to protect workers worldwide is only its infancy. I mean, ten years ago, independent monitoring in the apparel industry didn’t exist! Together we can organize against the continued onslaught of MNCs, made possible by NAFTA. We can fight the race to the bottom, but we need work together and establish common goals. More importantly, we need to mobilize popular support for the issues at stake. After all, “You can have the greatest issue in the world, but if you don’t know how to move it, that issue doesn’t exist.”<sup>46</sup>

In closing, I would like that the NLC does not oppose trade; rather, we demand that corporations are held responsible in the global market place. NAFTA need not subjugate hundreds of thousands of workers in the name of profit. Thank you all.

(Thoroughly soaked in sweat, Kernaghan returns to his table, receiving praise from the other NLC representatives).

## Workers Against Free Trade (WAFT): A new, upcoming U.S. labor union takes aim at NAFTA

(WAFT is a new coalition of labor unions composed of U.S. workers who have seen their job security erode since the 1994 implementation of NAFTA. Although the union is less than a year old, it had grown quickly, currently boasting 48,732 members. Thanks to WAFT's persistent lobbying in Washington D.C. as well as their national television coverage, the NAO opted to invite the new union. By humanizing the issue and telling personal interest stories, WAFT has attracted media attention with heart-wrenching tales of NAFTA related job loss. Cynics claim that the NAO asked WAFT to attend solely as a public relations move. Regardless, WAFT is excited to meet with the administrative office and discuss its concerns. Speaking on behalf of the union is Michael Moore – no relation to the man who made *Roger and Me*, *Bowling for Columbine*, or wrote *Stupid White Men*. This Moore worked at a General Motors plant that closed down in Flint, Michigan and shipped its manufacturing to Mexico. Since then, he has struggled to secure any manufacturing job that offered decent wages and security. Fed up with the current situation, he began WAFT, which has since grown beyond his wildest dreams. Eight months ago, he was taking a lunch break complaining to his buddies about NAFTA. Now he gets to do it in front of the NAO. Moore bought a new suit for occasion, but now regrets the decision due to the intense heat in the room. As the proceedings continue, it only gets hotter.)

Hot enough in here for you all? I think the NAO set it up this way to make us rush through the conference! No, I'm just joking. In all honesty, I am absolutely thrilled to be here and thrilled that WAFT was chosen to represent many dislocated workers in the United States. This meeting gives me hope that we will be able to work together to create a more equitable future of global trade. Currently, however, we are moving backwards – back into the past. Sweatshops are reemerging in the United States, and worker rights have been trampled upon – all in the name of free trade and globalization. Don't get me wrong, I advocate trade and acknowledge its benefits. What WAFT fights against is the uneven playing field that favors foreign investment and large corporations while at the same neglecting investment in its workers. WAFT fights to maintain American jobs – we have long since given up on NAFTA's promise of job creation. What has been created, instead, is a degraded labor pool in the United States.

An EPI brief in April of 2001 correctly stated that, “NAFTA, while extending protections for investors, explicitly excluded any protections for working people in the form of labor standards, worker rights, and maintenance of social investments.”<sup>47</sup> What results is a race to the bottom, as Mr. Kernaghan rightly pointed out. As such, working conditions in developing countries converge with working conditions in developed countries. Thanks to the deregulation of markets, employers are presented two options: “exploitation at home and exploitation abroad.”<sup>48</sup> That's not a bad choice for a corporation seeking to maximize profit, but it's a no-win situation for a worker trying to support his or her family. Earlier, Mr. “I got myself a personal cooling device” Summers rejected the notion that the U.S. should impose its labor standards upon other countries, but he's missing the point. The labor standards of other countries are pushing American workers to lower their own. We lack the ability to promote our own standards!

Follow me on this one: Corporations, equipped with the ability to operate duty free where labor is cheapest and with the ability to disavow itself of legal responsibility in its contracting system, subjugate many workers to the lowest possible wages. With deplorable wages and minimal job



security, American workers jump from job to job, which is exactly what the contracting system is designed to do.<sup>49</sup> When sweatshop labor is discovered by federal authorities, the manufacturer skirts responsibility, courtesy of a legal contract that reads: “In the event that a contractor is found to be in violation of any City, County, State or Federal law, contractor agrees to indemnify, hold harmless, and defend MANUFACTURER from any liability that may be imposed on MANUFACTURER as a result of such a violation.”<sup>50</sup> Now, isn’t that just slick? You see, when a workers’ union seeks to bring legal action to end sweatshop labor, it is denied the ability to attack the root of the problem – the manufacturers and the retailers. Where does free trade, and more importantly NAFTA, fit into this equation? Quite simply, the reemergence of sweatshops in the 1970s and its growing perseverance in the 1990s coincides with the liberalization of the world economy.

Additionally, the multinational nature of business coupled the deregulation of the market has left workers wondering where to attack and with how much force. Under NAFTA, the power and influence of corporations has expanded exponentially. They are even suing national governments – and winning! – claiming that its capital has been expropriated through unfair regulatory policies that violate NAFTA.<sup>51</sup> If a federal government cannot take on NAFTA, should we really expect workers to rally to defeat the beast? Yes, we should. Although individually we are weak, an organized collective voice is powerful indeed. We must take action before it is too late – before we end up at the bottom of the race.

And finally, where do we go from here? WAFT calls for a drastic restructuring of NAFTA that would delay liberalization and protect American manufacturing jobs that are currently being threatened. In fact, I would like for NAFTA to become the North American *Fair Trade Agreement*. As workers, we will not stand by idly as we watch our jobs and wages head South.

#### Obreros Contra la Explotación (OCE): workers demand an end to exploitation

(The OCE is also a relatively new labor union, although the term union is a misnomer here. Maquiladoras contractors often deny workers the right to unionize by signing contracts with “ghost unions” with organizational ties to the pro-free trade government. They therefore act as counter-movements against workers who try to organize outside of the government-sanctioned union system.<sup>52</sup> The OCE, which has attempted to be independent of the government and foreign business, is therefore not a legally or politically recognized union for just this reason. Instead of spending its energy trying to earn union status, the OCE focuses its attention on galvanizing Mexican worker support. Due to an intense petitioning campaign organized by the OCE, the NAO has invited the new union to speak on behalf of Mexican maquiladora workers. Similar to the Zapatista movement in Chiapas, OCE leaders visit communities surrounding maquiladoras in order to learn from them. The OCE identifies itself as an organization bent on peaceful reform, however, and rejects the use of violence to publicize the plight of Mexican workers in the NAFTA era. Representing the OCE today is founder Emiliana Zapata – no relation to man who partook in the Mexican Revolution. This Zapata, however, fights to fulfill Emiliano’s vision of a more equitable Mexican society. Emiliana was born in the rural countryside, but left when she was sixteen years old. After watching her younger brother die of tuberculosis and seeing her parents struggle to make ends meet as agricultural workers, she decided to leave the countryside and venture into Mexico City despite her parents’ wishes. Once

in the city and unable to find work, she headed to a town along the Mexico-Texas border where she began to work in a maquiladora. She was subjected to the pregnancy tests before being hired, forced to work overtime, and given very low wages of \$4 per day. Five years ago, Zapata founded the OCE along with her fellow coworkers to try to give workers greater voice. Since its humble beginning, her labor “union” has received the financial support of NGOs to work as a social crusader. Along with Zapata and other members of the OCE is a NAO-appointed translator. What follows is the translation of Zapata’s speech.)

I find the lack of air conditioning oddly appropriate for this conference. Imagine working, sweating over an assembly line for hour upon hour in a maquiladora – only to receive the most minimum of a minimum wage – in heat like this. Now, imagine this: “Illegal payroll deductions, harsh and arbitrary discipline, sexual harassment, obligatory double shifts, nighttime industrial work for persons under eighteen years of age, and preventing workers from going to clinics when ill or injured on the job...”<sup>53</sup> Now, stop imagining. These conditions are very real and are thriving in maquiladoras despite being illegal according to Mexican law. Foreign-owned plants, with their headquarters in the United States, readily agree to contract the production of their work, knowing of the disgraceful conditions inside.

Surely, it cannot be that bad, you say. After all, thousands of Mexicans have flocked to maquiladoras in search of a better living. I can attest that a better living is not found; one slice of Hell is traded for another. Due to the liberalization of agricultural policy in Mexico, 10 million hectares of land have been lost. In response to this land loss and ensuing poverty, approximately 15 million Mexicans have immigrated from the rural setting, seeking viable economic opportunity in the urban realm.<sup>54</sup> As NAFTA continues to liberalize, our agricultural gains melt. In the past ten years, the agricultural sector’s participation in the GDP has dropped from 7.3 percent to under 5 percent.<sup>55</sup> The OCE strongly urges the Mexican and U.S. government to reconsider the continued liberalization of the agricultural sector, as its effects have proven disastrous.

In addition, the OCE demands that the Mexican government as well as the U.S. corporations take responsibility to improve the conditions within and surrounding the maquiladoras. Want to know what the hours are like? Six days a week, 48-hour days, and forced overtime. The average age? 17 to 25 years old. The environment? According to the American Medical Association, the border region ripe with maquiladoras is a “cesspool” of disease and illness.<sup>56</sup> You see, while the maquiladora itself may boast modern amenities, the surrounding communities lack basic infrastructure, such as plumbing.<sup>57</sup> Additionally, “...women on the border, like women in other parts of the developing world, bear the brunt of structural inequities apparent in the predominant neoliberal, export-oriented development model.”<sup>58</sup> With women representing 55% of the maquiladora workforce, structural violence hits women the hardest. However, some may cite the fact that predominantly young women work in maquiladoras is indicative of an economic ladder to a brighter future. However, Mexicans exit the industry not because they have accumulated wealth or developed a more employable skill. They quit at such an early age because of the intensity and repetition of their work.<sup>59</sup>

The OCE realizes that significant social change must result in order to meet our goal of humane working conditions within foreign-owned assembly plants. As such, we are currently

concentrating our focus on the wage issue. If you ask any worker, nine times out ten you will be told that salary is the their “biggest problem.”<sup>60</sup> With the average worker receiving five dollars per day, he or she receives exactly one-fourth of what’s necessary.<sup>61</sup> Our struggle must start here and slowly branch out to tackle the overarching social structures, like NAFTA, that allow for the exploitation of Mexican labor. I stress to all of you: we need these jobs in Mexico – in large part due to the undesired effects of agricultural reform. We do not advocate that the U.S. and Mexico break off trading relations. What we demand is the regulation of worker rights in maquiladoras.

## **Deliberations**

At the conclusion of the last speech, a representative from the U.S. NAO steps forward and cordially thanks each of the four groups in attendance. Now that the three NAOs have listened to the opening remarks, they are set for deliberations to get under way. With a NAO administrator serving as the mediator, the conference is opened for discussion. The air-conditioning just kicked back in too – this could be a lengthy round of dialogue. At the end of the deliberations, an NAO administrator will release an informal statement to the press detailing its summary ruling. This is the last chance for the Dream Team, NLC, WAFT, and OCE to articulate their vision of the future of NAFTA.

## **Discussion**

At this point, students are free to discuss visions of NAFTA as dictated by the group they represent. Here are a few questions to prompt critical thought amongst the students:

- Should NAFTA be eradicated, reformed, or maintained as is? (be careful to acknowledge the benefits and shortcomings of the agreement)
- What role do you envision independent monitors and activist organizations (like the NLC) having in future trade negotiations? Can they act as a countervailing presence?
- Where do you draw the line between protectionism and liberalization? Are they necessarily antithetical?
- How do Mexican and U.S. worker concerns differ? How are they similar? Is it possible for workers to bond together and protect each others’ rights transnationally?
- Is trade, as dictated by NAFTA, compatible with worker rights?
- Would a more regulated trade agreement serve as disincentive for corporations to globalize?

**Note to the reader:** The setting for this case (NAO conference in 2003) is fictional. The WAFT and the OCE are also fictional. However, the facts and arguments used to support and attack NAFTA policies are very real. The conference and the invented labor unions are meant to facilitate the discussion.

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