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WOMEN, NAFTA AND BEYOND... CONSTRUCTIVE COOPERATION OR DESTRUCTIVE COMPETITION?

Hannah Holm, October 1993

WHY FOCUS ON WOMEN?

The North American Free Trade Agreement (NAFTA) between the US, Mexico and Canada was not conceived with the status of women in mind. It is an economic initiative, an effort to restructure the way these three countries do business. But gender-neutral debate about the issue obscures the fact that divisions of labor between men and women mean NAFTA would affect them differently. While this paper focuses on women's prospects under the accord, it is worth noting that class, race and age divisions within each country also play a part in what an individual can expect if NAFTA is implemented.

NAFTA BASICS

NAFTA is not primarily about free trade, but rather free investment. Under the agreement, investors would be free from restrictions on the resources they can own in Mexico and the goods they can sell in the higher priced US and Canadian marketplaces. In addition to tariffs and quotas, such restrictions include programs in all three countries to support local farmers and industries. NAFTA also opens the door for challenges to a number of laws designed to protect against health hazards and minimize environmental degradation, if these laws could be construed as barriers to trade or the free flow of investment.

Workers, on the other hand, would not be free to move to wherever they could find the best opportunities. Border restrictions for people are tightening, leaving workers and communities to compete for jobs on the basis of what kind of deal they can offer to employers. It is this fundamental conflict between free trade theory and NAFTA reality that casts a shadow over pro-NAFTA visions of a continent where cooperation, efficiency and economic growth bring happiness and prosperity to all. A more realistic picture shows that NAFTA would intensify current trends toward lower job security and erode social safety nets in all three countries. While this trend is positive for no one except for a small continental elite, women make up a disproportionate number of those who will be hurt the most if the agreement goes through.

CANADA'S EXPERIENCE

Canadians face the prospect of NAFTA while still experiencing the consequences of the 1989 Canada-US Free Trade Agreement (CUSTA). In this case, the US was the country which offered lower wages and a less constrained business environment. As a result, 152,000 Canadians working in the manufacturing sectors lost their jobs. Of these, 67,000 were in the textile, clothing and food processing industries, all of which predominately hire women. In one case, hard-fought gains by Canadian fish processors (2/3 women) who had achieved union representation, \$13.00 an hour wages and good benefits were wiped out when the company shifted the jobs to US workers who were paid \$5.50 an hour with no benefits. Further competition with even lower-wage labor under NAFTA could only cause more damage.

Canadian women now could lose their health care system. The same government that embraced CUSTA and NAFTA has committed to reducing its funding of the system from 40% to 0% by 2004. Erosion of the country's tax base makes it doubtful that the provinces will be able to take up the slack.

US PROSPECTS

In the US, women are disproportionately represented in several of the industries that a recent Economic Policy Institute study concluded are the most likely to shift production to Mexico under NAFTA. While women make up 33% of the total US manufacturing labor force, the percentage reaches 78% in the apparel industry, and 42% in the consumer electronic and electrical machinery manufacturing industries. Women also make up a large part of the food processing workforce, another vulnerable industry.

The women working in these industries generally have less education and job experience than other workers. Many are minority or immigrant women. Some are women who have been absent from the labor force for years caring for their children, who returned to work because of divorce or because their husband's income alone was no longer enough to support the family.

In the US economy, women new to the workforce have been the "winners" of the low-wage game. In the international economy, they are the first to lose. While 77% of men are rehired after losing their jobs, only 68% of women are re-employed. And when they are, they face a 5% greater chance of experiencing a 20% or greater salary cut. While NAFTA could potentially create some new US and Canadian jobs, it is unlikely that they will be filled by the same people who are displaced.

MEXICAN WINNERS?

What about the recipients of all these lost Northern jobs? What about the Mexican women who should be winning the low-wage game? A number of indications show that the gains are limited and the price may be too high.

The maquiladora zone along the US-Mexico border is where many formerly US factories have already gone. Since the initiation of the Border Industrialization Program (BIP) in 1965, corporations in the zone have been allowed to import parts for assembly and export finished products without ever paying import or export taxes. This free trade microcosm provides some idea of what NAFTA can offer Mexican workers.

Sixty percent of the workers in these factories are women. Most are single and between the ages of 16 and 24. While increasing their participation in the labor force has given Mexican women some degree of additional autonomy in their families, it has come at a very high price. Household responsibilities do not disappear with 10-12 hour days and, as the age numbers show, a job in a maquila is not likely to be a long career.

Lax safety and environmental standards have led to serious health problems for those who live and work in the zone. Wages are so low that often three or four family members must work in the factories just to meet their basic nutritional needs. Despite huge productivity gains by Mexico-based industry, real wages have fallen by 60% since 1980. When workers attempt to organize to improve their conditions, they are often fired and black-listed by other employers in the zone. Finally, just as in the US and Canada, there is no guarantee that an employer will not eventually find even lower production costs somewhere else. The miniblind industry, for example, shifted production from the US to Mexico, and then from Mexico to China in its search for lower costs.

The NAFTA side agreement on labor was supposed to take care of the kinds of labor abuses associated with the maquiladoras, but the final text of the accord was shockingly lacking: enforcement capabilities are virtually non-existent, and workers' rights to organize were entirely excluded.

Apart from the issue of job quality, serious questions have been raised about whether the agreement would add to the quantity of jobs available in Mexico. Recent changes in Mexican agricultural policy, which would be sealed into an international agreement with NAFTA, are expected to lead to the displacement of around 3 million small farmers. No study has projected that NAFTA will bring Mexico that many new manufacturing jobs.

Some formerly independent farmers will likely become workers on new corporate fruit and vegetable farms, but hardly enough to prevent a massive out-migration from the countryside and its accompanying disruptive effect on families and communities. Ironically, one effect of increasing "efficiency" through high-tech equipment and chemicals is that companies need fewer people to make more money from the same amount of land. Therefore NAFTA could contribute to an increase, rather than a decrease in Mexican unemployment, which in turn would put downward pressure on wages and increase Mexican immigration to the US.

IN PERSPECTIVE

NAFTA is not an isolated initiative in the world economy. Although NAFTA's fate will probably be decided in a US Congressional vote in November of this year, the trends it embodies will remain regardless of the outcome.

The Mexican government's pursuit of NAFTA is just one example of how the need for hard currency to pay off international debts has been a force behind policies across the so-called Third World to increase exports and attract foreign capital at all costs. "Structural Adjustment Programs" mandated by the International Monetary Fund and World Bank have made slashing public spending, deregulating investment and dropping trade barriers obligatory in many countries.

As a result, farmers throughout Africa, Asia and Latin America have been pressured to switch production from food staples, which can often be obtained cheaply through US aid programs, to "higher value" export crops. These crops bring in more money, but also tend to require more inputs such as fertilizers and pesticides, which carry high monetary and health costs. The marketing of these crops is largely controlled by multinational firms, which corner the profits and put the risk on the shoulders of producers.

The shift from subsistence to cash crops has especially strong implications for women. Rural African women, for example, tend to farm to provide food for their families, while men are more involved in cash-cropping. A woman's independence and status diminish when the land she farms is taken over by a man to expand income-producing cultivation.

In addition, such production reduces food self-sufficiency and increasingly links farmers' fortunes to the whims of the world market, with its notorious price instability. Because of this squeeze in the countryside, many adolescent girls and older widows must migrate to urban areas, away from their families. As in the industrialized countries, the jobs available to them there are lower paid, more menial and less secure than those available to men.

IN CONCLUSION

Just as NAFTA would seal in place and exacerbate a number of negative aspects of the current economic relationship between Canada, the US and Mexico, the latest round of proposals on new world trade rules under the General Agreement on Tariffs and Trade (GATT) would do the same on a global scale. Both NAFTA and GATT would make it easier for large, mobile businesses to profit at the expense of the most vulnerable members of our common society. Because these people are disproportionately women, women will disproportionately feel the pain if the initiatives go forward.

WHAT TO DO?

The key to improving matters lies in pooling resources across borders and bringing forth alternatives based on constructive cooperation rather than destructive competition.

The following groups are among a growing number of organizations that are doing exactly that:

Alt-WID: The Alternative Women-In-Development Working Group

c/o Center of Concern, 3700 13th St., NE, Washington, D.C. 20017 USA

tel: (202) 635-2757 fax: (202) 832-9494

Council of Canadians

1006-251 Laurier Avenue West, Ottawa, Ontario K1P 5J6 CANADA

tel: (613) 233-2773 fax: (613) 233-6776

D-GAP: The Development Group for Alternative Policies

927 Fifteenth St. NW, 4th Floor, Washington, D.C. USA

tel: (202) 898-1566 fax: (202) 898-1612

Institute for Agriculture and Trade Policy

1313 Fifth St., SE, Minneapolis, MN 55414-1546 USA

tel: (612) 379-5980 fax: (612) 379-5982

Mujer-A-Mujer /Woman to Woman

In Canada: 606 Shaw Street, Toronto M6G 3L6

In US: PO. Box 12322, San Antonio, TX 78212

In Mexico: A.P. 24-553, Col. Roma, 03201 Mexico, D.F.

National Action Committee on the Status of Women

57 Mobile Drive, Toronto, Ontario M4A 2P3 CANADA

tel: (416) 759-5252 fax: (416) 759-5370

Red Mexicana de Accion Frente al Libre Comercio/ Mexican Action Network on Free Trade

Godard 20, 07790 Mexico, D.F. MEXICO

tel: (011) 52-5-556-0642 fax: (011) 52-5-556-9316

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