No Laughter in NAFTA: Mexico and the United States Two Years After

A joint report by:

Sarah Anderson and John Cavanagh, Institute for Policy Studies (U.S.)
Karen Hansen-Kuhn, The Development GAP (U.S.)
Carlos Heredia and Mary Purcell, Equipo PUEBLO (Mexico)

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Two years after the implemenation of the North American Free Trade Agreement on 1 January 1994, it is becoming increasingly clear that a high price is being paid in each of the three signatory countries for this policy initiative. In Mexico and the United States, it can already be documented that workers, rural people, women and the environment are being particularly hard hit by the expanded liberalization of investment and trade. Our analysis reveals the following trends:

1. Disappearing Jobs and Falling Wages In 1995, the second year of NAFTA, the monthly average of NAFTA- related layoffs in the United States is twice that recorded in 1994. Meanwhile, real wages have remained stagnant or declined for the vast majority of workers. In Mexico, the unemployment rate doubled between September 1994 and September 1995, while the purchasing power of the average wage has fallen by 54 percent.

2. Shrinking Production and Proliferating Toxics Due to a sharp contraction of local demand and an equally sharp rise in interest rates, Mexican industry is now operating at less than 40 percent of capacity. More than a third of Mexican businesses went bankrupt in 1995. The relocation of at least 334 U.S. firms to Mexico has been documented, although the true number could be much higher. Of those firms that have decided to relocate, many are in highly polluting industries. The largest category of U.S. firms that have left for Mexico since NAFTA's inception is electronics, which is one of the top polluting industries in the country.

3. Rural Communities Devastated Production of basic grains, the mainstay of small Mexican agricultural producers, has fallen in the last two years. Although it is unclear how many Mexicans have been forced off their land so far, official statistics show that almost 100 percent face difficulty in meeting debt payments. In the United States, nearly 40 percent of the NAFTA-related layoffs have been in rural communities, where the decline of family farming has left many rural people dependent on low-wage manufacturing jobs that are easily transferred abroad.

4. Women Hurt in Both Countries The largest number of NAFTA-related layoffs in the United States is in the electronics and apparel industries, both of which employ disproportionately high numbers of women. By contrast, women in Mexico are favored over men in the booming "maquiladora" assembly plants along the border and in the agro-export industry, where they generally work under poor conditions and for low wages.

* * * * * * * * * * * Introduction * * * * * * * * * * * *

During their campaign for NAFTA's approval, Presidents Clinton and Salinas and Prime Minister Chretien promised that the agreement would bring countless benefits to the three member countries. Each argued that, by lowering barriers to trade and investment, NAFTA would bring economic growth, jobs and prosperity to North America. The United States might shed a few undesirable, low-wage jobs, the Clinton Administration argued, but increased exports would create even more high-wage, high- technology positions. Mexico, in turn, would experience high economic-growth rates that would lead to better enforcement of labor and environmental laws and a strengthening of the fragile democratic reforms made by President Salinas. In NAFTA's preamble, the three governments pledged to "create new employment opportunities and improve working conditions and living standards," to "strengthen the bonds of friendship and cooperation among their nations" and to "promote sustainable development" through the implementation of the accord.

Two years after NAFTA's initiation on 1 January 1994, these promises would border on the laughable, were it not for the tragic consequences for so many people in North America. By lowering barriers to goods and investment entering Mexico, NAFTA has accelerated the southward shift of U.S. industry moving across the border. Notwithstanding the movement of some jobs to Mexico, the peso crisis that erupted on 19 December 1994 and the austerity measures imposed as part of the bailout package have devastated production in Mexico and knocked down real wages for Mexican workers. At the same time, the devalued peso has led to a booming U.S. trade deficit with Mexico, and increased imports have displaced U.S. jobs. In all three countries -- the United States, Mexico and Canada -- wages and benefits are being driven down, and government regulations and safety nets are being seriously weakened.

The current economic crisis in Mexico is directly connected to NAFTA. For at least three years, the entire Salinas economic policy was steered toward ensuring the passage and early "success" of the pact. All economic decisions made by the Mexican government during the 1991-1994 period -- including the so-called "errors" of 1994 -- were designed to garner support for NAFTA and were enthusiastically supported by the U.S. Treasury.

The maintenance of an overvalued peso, in essence subsidizing U.S. exporters and helping bolster the image of a huge Mexican market for U.S. goods, was a key component of the Salinas economic strategy. Ensuring extremely high interest rates to attract large amounts of short-term foreign capital was also essential to convincing foreigners of the value of doing business with Mexico. The highly corrupt and inefficient (but very rapid) privatization program, which has been a major factor in the insolvency of the financial sector, was designed to show foreigners that "neoliberal" free-market policies was here to stay.

Instead of strengthening the bonds of friendship, NAFTA has heightened the tensions between Mexico and the United States. Some in the United States are suspicious that Mexico "won" an advantage in trade through the peso devaluation, even while wages and poverty rates in Mexico continue to deteriorate. It is misleading to characterize either country as winning or losing from NAFTA. Workers, rural people, women and the environment in both countries have been the real losers in the deregulation of trade and investment resulting from the accord, while profits and benefits continue to accrue to the corporations that easily shift operations and investment in and out of the communities that have come to depend on them. The treaty has become such an embarrassment for the Mexican government that President Zedillo did not mention NAFTA once in his inauguration speech or in his State of the Union address this year.

1) Disappearing Jobs and Falling Wages

During the NAFTA debate, the Clinton Administration argued that the agreement would create at least net 200,000 jobs in the United States. In fact, analysis based on data from the NAFTA-related Transitional Adjustment Assistance (NAFTA-TAA) program shows that layoffs have increased since the agreement was implemented. The NAFTA-TAA provides retraining and other benefits to U.S. workers who lose their jobs as a result of a shift in production to or increased imports from Mexico or Canada. Between 1 January 1994 and 31 October 1994, the U.S. Department of Labor certified 46,950 U.S. workers at 334 firms for NAFTA-TAA. More important than the total numbers is the fact that the certifications for NAFTA-TAA are accelerating rapidly.> From 1 February 1995 through 31 October 1995, the Department of Labor certified 25,440 U.S. workers -- nearly double the number (13,490) certified during the same period in 1994.

The NAFTA-TAA figures represent just the tip of the iceberg of NAFTA-related job displacement in the U.S. because many workers do not know that NAFTA-TAA exists, and some unions encourage workers to apply for other forms of assistance. However, the data does clearly indicate that rural communities, women and the environment have been the biggest U.S. losers under free trade.

Meanwhile, real wages for U.S. workers in the private sector continued to stagnate in 1994. The real average weekly earnings of manufacturing workers, for example, grew only 0.4 percent last year. There is also increasing evidence of cases of "whipsaw bargaining", in which an employer threatens to relocate to Mexico if workers do not accept lower wages and working conditions.

At the same time, the controversial "bailout" of the Mexican peso has only exacerbated the economic crisis in that country. As a condition for the US$20 billion committed by the U.S. Treasury and the US$17.8 billion pledged by the International Monetary Fund (IMF) to prop up the peso, the Mexican government has been forced to intensify the structural adjustment program that has been in effect since 1982. This has meant increases in taxes, interest rates and privatizations and cuts in public spending and other austerity measures intended to reduce inflation rates and generate foreign exchange to pay the foreign debt and investors in the Mexican bond market.

According to Mexican government figures, the unemployment rate doubled between September 1994 and September 1995. The number of workers registered at the Mexican Social Security Institute fell by 900,000 during the first eight months of 1995. Adding to that figure all those workers who were not registered who have lost their jobs, business leaders estimate that over 1.5 million people have been left unemployed this year.

Not surprisingly, real wages have plummeted because of the devaluation and the high unemployment rate. The Mexican Congress of Workers (CTM) reports that the purchasing power of the average wage has fallen by 54 percent this year. The CTM asserts that the real minimum wage in 1976 was 3.4 times that of 1995 and has characterized 1995 as "the worst [year] we've had in our history." Nevertheless, the government-allied CTM has agreed to a series of economic pacts designed to control wages and prices.

2) Shrinking Production and Proliferating Toxics

While Mexican exports have increased by one-third since the peso crisis began, the economy remains mired in the worst depression in 80 years. According to the Bank of Mexico, the GDP contracted by 7 percent in the first nine months of 1995. If that rate continues through the end of the year, it will represent a 33.3 percent per capita decline in dollar terms. Real interest rates have soared as high as 30 percent (and nominal rates to over 100 percent) and continue to fluctuate wildly. Even more importantly, the rate banks charge for credit has been as much as 45 percent higher than the rate they pay on certificates of deposit. Tens of thousands of businesses and consumers are no longer able to meet their obligations. In fact, more than one-third of Mexican businesses have failed in 1995, with another third teetering on the verge of bankruptcy.

Mexican industry is now operating at less than 40 percent of capacity. This, coupled with the severe contraction of the domestic market resulting from the high unemployment, consumer debt and falling wages, has forced many local companies to resort to exporting what they cannot sell in Mexico. Much of the dramatic increase in exports, therefore, does not represent new economic activity, but simply a shift in market outlets.

While foreign investment in Mexico has dropped by over 21 percent since the crisis began, many of the U.S. manufacturing firms that have transferred operations to Mexico have been from highly polluting industries. During the NAFTA debate, opponents cited the environmental nightmare of the maquiladora zone along the U.S.-Mexican border and argued that NAFTA would enhance the incentive for firms to take advantage of Mexico's lax enforcement of environmental laws. As predicted, an analysis of NAFTA-TAA data indicates that a disproportionately large number of firms that are major contributors of toxic releases are moving facilities to Mexico. While the attraction of poorly enforced environmental standards clearly was not the only factor in these firms' decision to move, the bottom line predictions of the anti-NAFTA forces is being borne out by the data.

Of the 334 firms that had NAFTA-related layoffs through October 1995, 147 were certified as having lost jobs because of a shift of production to Mexico, and of these 147, 125 were manufacturing facilities. A careful analysis of those facilities reveals that a disproportionate number of them ranked high on the "pollution index."

There are 19 major categories of manufacturing in the United States. On page 4, these are ranked according to their toxic releases: from the chemical industry at the top of the list to apparel at the bottom. The top nine manufacturing categories accounted for 54.4 percent of the total number of manufacturing firms that moved to Mexico. By way of comparison, these nine categories represent 47.9 percent of manufacturing employment in the United States. It is of particular note that the top three categories of polluters -- chemicals, primary metals and paper - - all require large, capital-intensive plants that are not easily moved to other countries.

MANUFACTURING FACILITIES SHIFTING TO MEXICO:
A TOXIC RELEASE RANKING

TOXIC RELEASE RANK	INDUSTRY	NUMBER OF FACILITIES SHIFTED TO MEXICO	% OF TOTAL MAUNUFACTURING FACILITIES MOVED TO MEXICO	% OF TOTAL U.S. MANU-FACTURING EMPLOYMENT
1	Chemicals	2	1.6	5.8
2	Primary Metals	1	0.8	3.8
3	Paper	4	3.2	3.8
4	Transportation Equip.	6	4.8	9.6
5	Rubber & Plastics	10	8.0	5.2
6	Fabricated Metals	7	5.6	7.6
7	Petroleum	0	0.0	0.8
8	Furniture	2	1.6	2.7
9	Electronics	36	28.8	8.6
10	Food	2	1.6	9.2
11	Printing	0	0.0	8.4
12	Lumber	0	0.0	4.0
13	Instruments	11	8.8	4.7
14	Industrial Machinery	11	8.8	10.8
15	Stone/Clay/Glass	3	2.4	2.9
16	Textiles	0	0.0	3.6
17	Leather	1	0.8	0.6
18	Tobacco	0	0.0	0.2
19	Apparel	28	22.4	5.3
	Miscellaneous	1	0.8	2.0

TOTAL	125	100.0	100.0

Sources: Environmental Protection Agency Toxic Release Inventory, U.S.Department of Labor, Office of trade Adjustment Assistance and Bureau of Labor Statistics.

The highly polluting plastics and electronics sectors stand out among the firms that have shifted operations to Mexico. Plastics ranks number five in the toxic release category, and electronics ranks number nine. Both industries have a much bigger share of total factories moving to Mexico than their share of total U.S. manufacturing workers. Overall, eight percent of the facilities that have shifted to Mexico are in plastics, whereas only 5.2 percent of the U.S. manufacturing workers are in the plastics industry. Thirty-six electronics firms, representing 28.8 percent of the total, have shifted facilities to Mexico, while only 8.6 percent of the U.S. manufacturing workforce is in electronics. In short, a disproportionately large number of polluting industries are shifting to Mexico.

3) Rural Communities Devastated

The precipitous decline in the value of the peso has, in most sectors, ended the flood of cheap imports witnessed during 1994 in Mexico. In the case of basic grains such as corn and beans, however, a drastic decline in domestic production has, in fact, led to an increase in imports.

According to the Mexican government, basic-grain production has fallen since NAFTA was implemented. Production of the ten principal basic-grain crops fell 13.3 percent between 1994 and 1995. This is due to several factors: major reductions in credit (a condition of the bailout package); increased prices for inputs, especially imports; and a severe drought in the north of the country. According to official statistics, almost 100 percent of agricultural producers have or are about to have problems meeting their debt payments.

Of a total of 600,000 hectares of rainfed agricultural lands, which are primarily devoted to corn and bean production, 300,000 will not be planted this year. Approximately 150,000 hectares will no longer have regular production cycles, and the remaining land will experience very low production levels. As a result, in 1995 Mexico will have to import nine million tons of basic grains, which is over two million tons more than the level of recent years. In 1994, Mexico paid more than US$1.6 billion for imports of ten basic grains.

In other agricultural sectors such as fruit, imports are indeed falling and exports are rising. During the first six months of 1995, the combination of a 28 percent reduction in agricultural imports and a 63.4 percent increase in agricultural exports led to an agricultural trade surplus of US$1.586 billion. These products, however, tend to be produced by plantations or corporations, while basic grains have traditionally been produced by small family farms.

NAFTA, in conjunction with the economic crisis and the drought, has contributed to the uprooting of entire communities, whose residents have moved both within rural areas and from rural areas to cities, to border towns to work in maquiladoras, and to the United States. There is a wave of immigration of indigenous peasants who are not longer able to survive producing corn and beans on rainfed lands. They have been forced to leave their lands to work as wage laborers on large farms producing crops for export. Such immigration usually involves splitting up families, with young women going to the maquiladoras, men going to the United States, and the elderly and young children staying in the countryside.

In the United States, many rural communities have specialized in the low-wage, low-productivity forms of production that are most likely to move to Mexico or other low-wage countries. Many NAFTA opponents feared that firms which once moved from urban to rural areas within the United States in pursuit of lower wages would have an increased incentive under NAFTA to seek even lower wages across the border. According to the NAFTA-TAA data, a disproportionately large percentage of NAFTA-related layoffs have indeed occurred in rural communities. So far, about 107 rural U.S. communities have experienced NAFTA- related layoffs involving 18,547 workers. These workers represent nearly 40 percent of the total number of U.S. workers who have been certified for NAFTA-TAA, even though the rural population makes up only about 21 percent of the U.S. population.

The pain of worker displacement is particularly severe in rural areas, where more than twice as many people are employed in the manufacturing sector as in agriculture, mining and logging combined. Because of the small size of local labor markets, studies show that rural workers have a more difficult time than urban workers in finding new jobs, especially at comparable rates of pay. Although workers who lose their jobs under NAFTA may apply for NAFTA-TAA, retraining opportunities in rural areas are also limited. Moreover, because even medium-sized firms can make up a sizable share of a small town~s employment base, the loss of one plant can have a disastrous effect on the entire community. The case studies on page 6 illustrate the dramatic impact of NAFTA-related layoffs in two small towns.

Two Towns Left Behind

Kingstree, South Carolina

In 1994, Baxter International, a medical equipment manufacturer, laid off 830 workers in Kingstree, South Carolina (population 4,000), after deciding to shift production overseas. About 120 workers, who made medical procedure trays, qualified for NAFTA-TAA because their jobs were moving to Mexico. The rest, whose jobs were destined for Asia, were rejected.

The layoffs dealt a devastating blow to the entire county, which already had the state~s lowest per capita income ($10,255) and highest unemployment rate (13.6 percent). The layoffs also contributed to racial tensions in the county, which is 65 percent African-American. Angered by the possibility that the loss of so many jobs might drive up local taxes and crime, many residents of a small, predominantly white community tried to secede and join a neighboring county. The Justice Department refused the request, but the secession attempt created deep wounds in the community.

Avis, Pennsylvania

In July 1994, Avis, Pennsylvania lost what had been its biggest employer, sportswear manufacturer Woolrich, Inc. As recently as 1992, officials at the 160-year-old company stated that the firm was determined to keep production in the United States rather than move to a low-wage country. However, within the first year of NAFTA, the temptation of Mexico -- where apparel workers earn on average US$1 to $1.40 per hour -- was too much to resist. The company laid off workers in Avis, as well as in three other towns, and shifted production to Mexico.

For the 98 laid-off Woolrich employees in Avis, job opportunities are scarce, to say the least. Since the Woolrich plant closed, the biggest employer in town is the United Methodist Church, which employs 17 people in its daycare center. The impact of the plant closing has been felt by the whole community. Within a few months, the on ly grocery store in town, where Woolrich workers used to shop on their way home from work, was closed.4) Women Hurt in Both Countries.

In the United States, NAFTA critics voiced concerns that many of the industries likely to be the most affected by NAFTA are prime employers of women. For example, the apparel and electronics industries, because they are labor-intensive, were considered to be most likely to move to Mexico to take advantage of lower wages. Both industries employ large numbers of women. According to the Bureau of Labor Statistics, women make up 32 percent of the U.S. manufacturing workforce, but comprise 40 percent of the electronics workforce and an overwhelming 71 percent of the apparel workforce. As predicted, these two industries have had the most NAFTA-related layoffs -- 50 in electronics and 48 in apparel plants. Although apparel workers comprise only 5.3 percent of the manufacturing workforce, they represent about 16 percent of NAFTA-TAA recipients. Electronics workers make up only 8.6 percent of the total manufacturing workers, but represent about 12 percent of NAFTA-TAA recipients.

Women are suffering extensively in Mexico, as well. As the international economy increasingly permeates Mexican traditional agriculture, the role of women in the peasant economy is rapidly changing. In many cases, men migrate and the women are left behind to care for subsistence crops and cattle. Their workload increases, as they also are responsible for rearing children, maintaining the household, and trying to get by with little or no cash.

At the same time, there is a increase in the number of women migrant workers, who often bring their children with them as they migrate. It is estimated that women now comprise one-third of the migrant workers in Mexico today. As with the maquiladora industry, women are often favored over men in agro-export harvesting because they are seen as more submissive and they regularly are paid less than men for similar work.

In Mexico, one of the few sectors of the economy that is booming is the maquiladora industry, which has received priority attention under the Zedillo Administration. Some 339 new maquiladoras were established during the first semester of 1995. This, along with expansion in existing maquiladoras, has created an additional 89,000 jobs.

During that period, however, the amount of foreign exchange the maquiladoras brought into Mexico fell by 25 percent compared to the same period last year. This is because the industry is completely detached from the national economy. The value of exports from this industry is actually only the cost of value added during assembly of its products, i.e., the cost of labor. Given that economic and labor policies have led to a continued decline in wages, the value added during production is diminishing, meaning less foreign exchange for the country.

The vast majority of maquiladora workers are women. They are increasingly leaving the countryside and going to border towns in search of employment. As one peasant corn producer with two daughters, ages four and five, put it, "Unfortunately, I see my daughters' future in the maquiladoras, serving as a cheap source of labor for international companies."

5) The Real Winners and Losers under NAFTA

NAFTA is much more than an agreement to lower trade barriers. It also provides important protections for patent holders and foreign investors, as well as much weaker provisions on labor and the environment. NAFTA has accelerated and solidified the process of economic integration among the countries of North America that began decades ago. As our economies become increasingly intertwined, it becomes nearly irrelevant to declare the member countries the winners and losers under the accord.

As detailed in this report, particular sectors of production and population groups have been the real winners and losers under the accord. In the United States, workers in the electronics and textile industries, for example, have been losers under NAFTA, as have many rural communities. In Mexico, workers in a variety of productive sectors have been hurt, as well as women and certain agricultural producers.

In both countries, the winners have been investors and those linked to the financial sector. According to our calculations, the top three executives at those U.S. companies with more than 1,500 employees in Mexico received salaries, bonuses and other compensation averaging more than US$2.6 million in 1994, a 29 percent increase over 1993. Meanwhile, real wages for the Mexican employees of these companies have plummeted as a result of the peso devaluation, and the firms' U.S. workers have faced layoffs and stagnating wages.

It is highly unlikely that President Clinton would have undertaken such dramatic, and expensive, measures to prop up the currency of any other country but Mexico. The funds provided under the bailout package, however, have not been used to stimulate local production or domestic demand, but instead to pay foreign debt and Mexican and foreign investors holding high-risk, high-return Mexican tesobonos. The austerity conditions attached to that package have in turn contributed to depressed local wages, creating an additional attraction for U.S. firms considering transferring operations to Mexico.

** Conclusion **

Two years into NAFTA's implementation, the verdict is coming in that the very people that the agreement's proponents said would benefit have been hurt in all three countries. The acceleration of trade and investment without proper protections for workers and the environment has contributed to the record profit levels of leading U.S. firms just as it has eroded wages, jobs, worker rights and environmental standards in all three countries.

The evidence is clear. So is the conclusion to be drawn from it. Our governments should abandon their agenda of extending NAFTA or similar agreements to other countries, as well as the continued imposition of a failed economic model. Since NAFTA is failing to achieve its goals and fulfill promises, the peoples of all three countries and their elected officials should jettison the accord and reexamine the rules and principles for a more democratic framework of integration among our three countries.

Appendix

Environmental Records of the Runaway Firms

As part of our investigation, we looked carefully at the electronics and plastics companies that had shifted production to Mexico. We discovered numerous signs that they are the types of firms that would be likely to take advantage of laxer environmental enforcement. Several of them have been involved in expensive environmental litigation in the United States or have struggled to escape U.S. environmental regulations. In other cases, companies have demonstrated a double standard in their environmental behavior in the United States and Mexico. We list several of these cases below:

1. Large fines and costly lawsuits

-- United Technologies --

NAFTA Layoffs: United Technologies has shifted production from its Tucson, Arizona plant, which made electronic elevator controls, to Mexico. In 1991, United Technologies was the target of the largest criminal fine ever levied for a hazardous waste violation: three million dollars for illegal dumping of toxic wastes at a plant in Stratford, Connecticut. That same year, the company paid a federal fine of $730,000 for violations related to its handling of PCBs, which are suspected to be carcinogens. (Note 1)

-- General Electric --

NAFTA Layoffs: General Electric has shifted its Fort Wayne, Indiana facility, where 95 workers made motors and transformers, to Mexico.

GE is currently battling an EPA suit seeking up to $4.6 million in fines for illegal dumping of PCBs. (Note 2) In 1993, GE paid $925,000 to settle a lawsuit that charged the company's Lynn, Massachusetts jet engine plant with illegally dumping oil and grease into the Saugus River. It was the state's largest settlement of a citizen complaint about water pollution. (Note 3) Among numerous other suits, the company faced a 1990 action by the state of Ohio for violations of air pollution regulations at its Circleville facility and 1991 charges by New York State for violations of water pollution regulations by its Schenectady plant. A 1989 study ranked GE second in the country in terms of volume of releases of known or suspected carcinogens. (Note 4)

-- Kyocera International --

NAFTA layoffs: Kyocera has shifted its San Diego, California facility to Mexico, laying off 200 workers who made ceramic packages. Kyocera was among the top 10 San Diego polluters in 1990. (Note 5) That same year a subsidiary of Kyocera, AVX, agreed to pay $66 million for clean-up costs related to PCB contamination at a site in New Bedford, MA. (Note 6)

-- ITT Corporation --

NAFTA layoffs: ITT's subsidiaries, ITT Cannon of Santa Ana, California and ITT Hancock Engineered Products of Roscommon, Michigan, have shifted operations to Mexico. ITT or its subsidiaries are alleged to be responsible for the clean up of about 100 hazardous waste sites. (Note 7) ITT and its former subsidiaries, ITT Rayonier Inc. and Southern Wood Piedmont Company, are also the target of a class action lawsuit seeking $700 million in compensation for toxic contamination caused by a wood preserving operation in Augusta, Georgia. (Note 8)

-- Johnson Controls --

NAFTA layoffs: Johnson Controls closed plants in Bennington, Vermont and Goshen, Indiana and shifted production to Mexico, laying off 331 employees. The Dept. of Labor has rejected additional claims from 949 former Johnson Controls workers in Garland, Texas, Owosso, Michigan, and Vincennes, Indiana. As of 1994, Johnson Controls was being forced to clean up hazardous waste at 30 U.S. sites and was suing its insurers to recover the costs. (Note 9) In 1991, the EPA charged that Johnson Controls had failed to report toxic emissions and to submit required data over a three-year period on an extensive list of hazardous chemicals. (Note 10) In 1991, Johnson Controls lost a costly legal battle over its policy requiring female workers to prove they were infertile. The policy, ruled sexually discriminatory by the Supreme Court, had been adopted to protect the firm from potential lawsuits by workers whose reproductive systems were damaged by the toxic lead used to make car batteries. (Note 11)

2. Resistance to environmental regulations

-- Viskase Corporation --

NAFTA layoffs: Viskase laid off 130 workers in 1994 in the small town of Osceola, Arkansas, where it produced casings for hot dogs and sausages, and moved the jobs to Mexico. As of 1990, this facility ranked second in Arkansas for toxic chemicals released into the air. (Note 12) In the late 1980s, Viskase waged a battle against a new Illinois rule on air pollution. Viskase officials argued that emissions from their Chicago plant did not contribute to the region's ozone problem and threatened to move the plant (eliminating 400 jobs) to another area if forced to comply. The state refused to back down, pointing out that Viskase was responsible for half the Chicago area pollution covered by the rule. (Note 14) Although the plant remains open, the company has done little to reduce emissions, and was still the state's number two polluter in 1992. (Note 15)

-- C.R. Bard --

NAFTA layoffs: In August 1994, C.R. Bard laid off 87 employees at its Wausau, Wisconsin plant, where they manufactured urological drainage bags. In 1995, C.R. Bard's subsidiary Davol

Inc., laid off another 28 in Mansfield, Massachusetts. Both plants were moved to Mexico. A 1990 EPA study showed that Davol was emitting ethylene oxide at 400 times the state standard at a Rhode Island plant, creating an increased cancer risk for people living nearby. Although the company acknowledged that about 65 percent of the toxic chemical was escaping through the plant vents, they denied the cancer risk and initially resisted buying pollution prevention equipment. (Note 16)

3. Double standard in the United States vs. Mexico

-- Magnetek and Zenith--

NAFTA layoffs: Magnetek, which makes parts for fluorescent lights, moved 71 jobs from Michigan and Indiana to Mexico. The Dept. of Labor rejected a claim for NAFTA- TAA by Magnetek workers in Kokomo, Indiana. TV maker Zenith laid off 430 workers in Springfield, Missouri and another 80 in Chicago.

Evidence suggests that, while these companies have had relatively good environmental records in the United States, their standards for environmental behavior in Mexico are far lower. A worker at Magnetek's Huntington, Indiana plant reported that the company had an employee working full time to ensure compliance with EPA guidelines. By contrast, Magnetek's Mexican workers complain that fumes in the plants are so strong that they often experience nausea and vomiting. Both Magnetek and Zenith were charged in a lawsuit filed in 1993 on behalf of families living near Brownsville, Texas who had had babies born with anencephaly, a neurological birth defect. The lawsuit claimed that the unusually high incidence of the fatal defect was caused by toxic emissions from companies operating on the Mexican side of the border. Most of the defendants settled out of court in August 1995, agreeing to pay an undisclosed amount in compensation to the families. (Note 17)

-- Alcoa --

NAFTA layoffs: Alcoa shifted production of its San Antonio, Texas auto-parts plant to Mexico.

In September 1994, a gas leak at a Ciudad Acuna, Mexico plant owned by a subsidiary of Alcoa left 179 workers hospitalized and hundreds of others nauseated and faint, according to the Coalition for Justice in the Maquiladoras, based in San Antonio. Witnesses reported that plant management refused to cooperate with a government investigation of the accident by telling health authorities that they could not enter the plant. Alcoa refused to respond to inquiries regarding the incident.

NOTES

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