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# Panelists' Comments on Alonzo's and Rodarte's Papers

MARIA GUADALUPE TORRES\*

I'd like to tell you what it feels like to be a worker. When I first started working in a *maquiladora*, I came in with a lot of dreams about how wonderful it would be to work for an American company. I thought I'd get a good, steady, clean job. Steady as far as the job went, and safe for my health. But very quickly I realized that this was not the case. Immediately I realized that I was going to be hollered at for anything, that I would have to ask for permission for any little thing that I needed, that my production would be checked every hour. They started me washing materials with methylene fluoride. The label from it says that it causes cancer, but I certainly didn't know that, because the warning labels are always in English. Finally, we smuggled one of the labels out of the plant and we were able, with the help of various people, to get it to a friend from our church, who in turn was able to get it into the hands of the management of that industry. So the national headquarters sent inspectors to our plant, and these inspectors really checked everything over, and as a result, a lot of management including the top management was fired from that plant. They were fired because they had been sending false safety reports to national headquarters. After that, everything started to change. The commission for health and safety, which was a commission that I was named to within the plant, told us that now our hands would be free to really work for the safety of the plant. Workers started getting the necessary protective equipment for the job they had to do. And they gave those of us who were on the commission money to raise the consciousness of the workers in the plant about how necessary it was to use this protective equipment. By the end of that first month every-

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body was using the protective equipment because that was what we really wanted. These changes were made by women workers from this industry.

Now this particular plant calls itself a world leader in safety and security for its workers. All of these changes came before the disaster in Bhopal, India. Maybe if Bhopal had some organized workers, that wouldn't have happened. It is very common to see the use of hazardous chemicals and other products in industries within electronics textiles. No one trains workers on the dangers of the hazardous products they are working with. For example, an empty spool of solder has a warning label indicating the necessary precautions, but again, in English. We workers created booklets to use in our meetings where we try to talk to each other and raise each other's consciousness of the hazards. The booklets are in Spanish. Not until last year did the company put a tiny piece of paper on the spool saying something in Spanish, and it still doesn't really discuss the complete dangers. The company took nineteen years to get that little piece of paper.

The company has punishment benches where they sit workers if the supervisor doesn't like them, for example. The animosity arises because the worker won't go out with the supervisor, or maybe he just doesn't like her, or even because she tries to defend herself against him. Another worker from that company wanted better safety at the plant, but the supervisors claimed that safety wasted too much time, taking away from production. In fact, people don't know how to evacuate a plant in case of an emergency, and drills are a waste of time. In Matamoros, there is an industrial park with plants in it. In cases of an explosion or a fire, ambulances are not commonly allowed in to provide aid for the workers. The company does not want the ambulances to come in when workers are overwhelmed by fumes and running panicked. This happened in a company with a plant with the greatest number of women workers. There, a confrontation started between the companies and the local authorities who wanted to aid the workers. The same activities occur in other industries too.

Another big problem in Matamoros is on Avenida Uniones, which contains many chemical industries. One of the companies has had several explosions there which resulted in people having to evacuate for up to eight days. After one of the explosions, people living in the area had to kill their domestic animals because they were all contaminated. Additionally, the awful odor from the insecticides, herbicides, and fungicides is always present. The companies also have

holding ponds where they dump some of the solvents and hazardous wastes. On the other side of the street lies another factory. They also have had holding ponds for many years where they throw their hazardous waste and affect the underground water supply. Last year they finally covered up all these holding ponds, but they didn't eliminate all of the hazardous waste that was underneath. Behind that plant there is a canal that was also a holding place for hazardous chemicals. This canal passes by poor neighborhoods, and children and livestock which walk around in these hazardous materials get ill. Several months ago they covered over this canal, and all of its hazardous waste. However, in the homes near these companies, some very strong odors come up through the bathrooms. People have to keep their doors and windows open, even during cold days.

The Border Committee of Women Workers is not against the Free Trade Agreement. We need more work. But we need work that will allow us to live. To live with dignity. And we ask ourselves, what's going to happen if more *maquiladoras* come in and the contamination we have now is so bad that you really can't live? The problems and conditions of the workers are bordering on slavery. The treatment we get is inhumane. With a forty-eight hour work week in places such as Reynosa and Rio Bravo, workers are paid miserable salaries. For example, in those cities workers frequently earn 90,000 pesos a week, which is the equivalent of \$29.41 for the week. In Matamoros, whenever we're negotiating a new salary contract, chaos reigns. Because the national chamber industry of transformation, the national chamber of commerce and the management group start talking about how other cities are a better example than Matamoros. And they're always saying that in other cities these workers are doing just fine. They say that in Matamoros, we're big problems. They say that we don't love Mexico, that we don't want any progress. But the management and the owners of these industries don't care how their workers live, or their working conditions, they don't care what happens to you, how you get to work, they don't care if you are assaulted after you're leaving the second or third shift. The standard of living is low, and the problems are enormous.

To conclude, I'd like to tell you ladies and gentlemen that neither Matamoros nor any other city of the border is really prepared to receive more *maquiladoras* because the necessary infrastructure does not exist.

## PETER EMERSON\*

I do not know how many of you are familiar with the Environmental Defense Fund, so I will provide a brief background. We were created in 1967. One of the things that we pride ourselves on is that we try to integrate economics, science, and law. We try to emphasize a problem-solving approach in dealing with the issues. We work on quite a wide range of issues from local, regional, national, and international levels. I will first try to make a few general comments and then focus on specific ideas that relate very directly to the problems discussed by Maria Guadalupe Torres.

To start off we must say something about Anne Alonzo's ideas and her paper, particularly one statement she made. Anne is not yet Secretary of State or the President of the United States, but I hope one day she will be, because Anne has linked the environment to trade. Previously, the position of the United States government was that the environment will not be linked to trade. So Anne is right in what she says. It reflects her serious experience. We will make some progress when that kind of view gets going around here.

I want to react first to the question raised in the brochure regarding this conference: "Are the environmental laws and enforcement in Mexico, Canada, and the United States adequate to protect all three nations in an era of free trade?" My answer to that question is *no*. The environmental laws in those three countries are not adequate to protect the public, and I believe that statement is true whether or not we have free trade. It is true with respect to air pollution in Mexico City, it is true with respect to old growth forests in the Pacific northwest, it is true with respect to ground water depletion in El Paso/Juarez, and it is probably true with respect to safe fisheries off the eastern shores of Canada.

If we look at all of this you might be able to make an argument that one of our single biggest problems right now, among the three nations, is the lack of enforcement in Mexico. There is evidence that Mexico is taking some specific steps to improve the enforcement area. But in general, the environmental laws of all three countries are

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flawed because they rely much too much on command and control prescriptions and because they are necessarily the result of many political compromises. At the Environmental Defense Fund we believe this problem can be solved, at least in part, by moving in the direction of incentive based mechanisms that would use every day decisions of individuals, businesses, and governments to protect the environment. This is a version of Professor Cobb's idea of getting the power back to the people. We must get back to where the decisions are actually made in order to really start solving these problems. So generally, what we are trying to do is to promote, wherever possible, voluntary transactions; and to create what are called companion markets in environmental protection. I believe that this is the only real, tangible hold that we have for breaking down that old "economy-versus-the-environment" mentality. There are people who actually still believe in that mentality. Until we find ways to break it down, I would doubt that there is any way to get to what has been described as sustainability, and certainly, in an economic sense, you cannot achieve efficiency without breaking down this mentality.

I also want to discuss the trade issue, and I will start this as an economist. When you look at trade in the United States economy you say that it is pretty important. When you look at trade in North America you say that most of it takes place between the United States and Canada. But if you look for trends, you will notice that there has been an expanding and increasing trend with respect to Mexico. With trade between the United States and Mexico on the rise, for some states like Texas, where my office is now located, trade is very important. The other thing you will notice is that Mexico is very dependent on United States markets for approximately two-thirds of Mexican exports. That is an indication of how important United States markets are for Mexican exports. So there is this economic integration that is occurring across North America, and is going to continue with or without the free trade agreement. I believe that with a free trade agreement, the array of economic activity will probably speed up some. But as we look toward Mexico, I think it depends more on the rate of growth in the Mexican economy and the stability of the Mexican economy, than it does on the removal of our remaining trade barriers. If you have this kind of view, you come around to the practical question of what can be done through this negotiation of a NAFTA package to better protect the environment and public health in North America. What can we do? Your attitude does not necessarily have

to be pro-trade or anti-trade. You probably can think of many opportunities. I will toss out four categories for you to consider.

First, we need to use this process to get the consequences of expanded trade and investment out from behind closed doors. We need to anticipate the consequences on the environmental front and all other important fronts, before they happen. Or at least, we need to give it very serious thought. We have some kind of a responsibility. Governments have a responsibility to do those kinds of things. Now, it is true, as other people have said here, that the United States-Mexico border region is in fact a worst case scenario for free trade. I have said this before in Congress, and in a lot of other places, and there is a reason for that. Starting in 1965, our governments went ahead with an industrial policy that worked, but with no consideration to an environmental or public health infrastructure. There was huge population growth, and all the problems that people talk about are the problems that we must solve now. The lesson is that we cannot let this happen again, in the future, when we have to use this process to take a little more control of things. One of the things that we greatly need, from the academic community and from researchers, is a conceptual framework. We also need empirical information that establishes the relationship between changes in trade policy, how they influence economic activity, how those changes in economic activity go out to the environment, in terms of local, regional, global impacts. We need that type of information. Believe it or not, that kind of information is grossly inadequate. Until we start to generate that kind of information, I do not see how we can make responsible decisions on trade liberalization options, or to mitigate or prevent problems. Last night we were told that everybody needs to come forward with positive alternatives. I do not know how we are going to have any alternatives unless we have that kind of information.

The second opportunity for you to consider is that the United States and Mexico are working cooperatively on this NAFTA package to try to clean up and manage the border region. Now, that means you must identify the problems, set priorities, and adequately fund the clean up. I think it may also mean creating a special commission to get the job done. A special commission which will give you certain means to carry out the task, and will give you some sort of symbolic value for getting that done, which would last beyond the current spotlight. Especially along the border where there are problems that we've accumulated now because we have had this poor

policy since 1965 are public sector problems like clean water, safe water, sewage treatment systems. These need public sector solutions. It does not take a lot to figure that out. There is also a series of problems where I think we can go for some incentive-based, low cost, efficient type of policies which will clearly involve the private sector. I will talk more about these in the area of hazardous wastes and ground water depletion and maybe even air pollution. In the 1992 fiscal year, the Environmental Protection Agency ("EPA") spent \$90 million and SEDUE spent about \$8 to \$10 million along the United States-Mexico border. That is the price level we are currently spending. In fiscal year 1993, those figures, assuming the appropriations process in the United States goes right, will rise to \$179 million for EPA, and \$147 million for SEDUE. By my calculation, this means that opportunity to negotiate and the process of negotiating the NAFTA package has delivered about \$217 million to the border region in fiscal year 1993. If you want to learn more about the border plan, and form your own opinions about it, this is a copy of the executive summary. My colleague, my friend from SEDUE here, has twenty copies lying over there. There is an address at the back of this book which you can get and you can get copies of the full plan from the EPA's office of International Affairs. I encourage you to do that.

The third opportunity that I would like you to think about is how the United States and Canada will come together to help President Salinas implement his promise that Mexico will not serve as a pollution haven. That is the policy of Mexico. As I understand it, President Salinas has said that all new projects, domestic or foreign, are going to meet strict, specific, environmental standards. Yet, we all know, and I think my friend from SEDUE here will agree, that Mexico does come up short in terms of having the technical resources necessary to monitor and enforce its environmental laws, and by my reading, that there is a shortage of funds for public infrastructure. So, what is the plan here, for fulfilling this promise? And I think we need to work on this, as a part of this package. Anne talked about the various cooperative projects, particularly in her paper, between the United States and Mexico. I think we need to build on those cooperative projects. The World Bank is a player in this. They have an opportunity in their own program to design loans that would help in this. I talked in length before the Congress about this issue of compensating investments, and it gets a little hard to figure out how we're going to do this, and is it going to require new taxes, and all that other



stuff. And you do not say "new taxes" in Washington, D.C. We have an existing value added tax, which is collected by United States Customs, on *maquila* products when the product comes back into the United States, and it yields about \$250 million a year. Maybe as a part of the trade package we could transfer a transitional period, say ten years, then divert and ultimately eliminate that tax, but divert it for some of the investments that need to be made.

The other thing I will mention here to lawyers — and I am getting way over my head here, but the comments that Maria brought to this table cause me to say it — why can we not open up the possibility of Mexican citizens taking lawsuits in United States courts for damages? Why does she have to take this abuse? It does not make sense. I do not think it is something that any of us want, I am sure no one in this room wants this, and I would say the vast majority of people do not want it either. So why don't we get a law clinic or something to deal with this?

The fourth point is a little more abstract, but it is important. We need to use the NAFTA process to neutralize the current GATT perspective that environmental and public health standards are impediments to trade. The GATT is the General Agreement on Tariffs and Trade. It is the big operation on all bases and has been around since 1944. But the GATT has a bias against environmental and public health standards. We need to come up with a provision which would give the country the right to impose its environmental standards on others. But the country would have to notify the trading partners, and if there are differences, differences in the roles, and differences in people's reasoning about their impact, they would have to sit down and negotiate the entire process. Lawyers have got to figure this out. I see something like this as a modernization of the GATT, since it started in 1944, when the word environment was not around. Anyway, what I'm talking about would really capitalize on the non-discrimination aspects of the GATT and this whole idea of generating fair trade.

Those are my four opportunities. I hope you all get in the middle of this and in this process you can count on the Environmental Defense Fund to work for productive trading systems that will help protect the environment.

## CRAIG MERRILEES\*

The group I work with is a national consortium of consumer, environment, labor, public interest, and family farm organizations — all the various constituencies that are concerned about the impact of the Bush Administration's free trade policies. Of course, these things didn't start with President Bush. They go back to President Reagan, and in fact they go a great deal farther back than that. These are old, old ideas we're debating. They are perennial. The struggle around these questions, obviously, has not yet been resolved, but it is a long term struggle. I would like to outline to you our critique in three parts. First, explaining what the problems are that we have with the North American Free Trade Agreement in general, and the way the Bush Administration has approached this issue. Second, I want to offer a specific critique of the border environment plan we have heard about already. Finally, I will conclude with some observations about what will make a difference and a change here.

In addition to talking about NAFTA, Peter just talked about the GATT. We're also talking about implications for *maquiladoras* in Guatemala, for example. We handed out some brochures that you may have seen about conditions in Guatemala and Central America. The Bush and Reagan people have a plan; it is the Enterprise for the Americas. They envision one big free trade zone, taking advantage of people who are in Maria Guadalupe's situation, all the way through the Americas, and through all poor nations around the world. I guess what motivates us is that, if the story that Maria Guadalupe has presented, a real life story, is what free trade has been about, we do not want a part of it. We want an alternative and a different view of trade policy. What I must make very clear is that we are not opposed to a trade agreement with Mexico. We think a trade agreement is urgently needed; it is long overdue. The history of relationships between the United States and Mexico is not one that the North Americans can be very proud of. Our country has invaded Mexico. Our country has taken advantage of Mexico in many ways. We need to

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redress and reassess the way in which we would enter into a relationship, and we have problems with the specific particular policy proposals that the Bush Administration is offering in its version of the free trade agreement. So, if you leave with no other conclusion today, I hope it will be that there are many different ways to negotiate these trade policies. The Bush Administration and industry and investors have their idea, which the Bush Administration advocates, but there are many, many different views and possibilities for us to put together.

Let me begin with a quick critique of NAFTA, the North American Free Trade Agreement. In terms of the environment, Peter is absolutely right — until very, very recently, I would still say that Anne is out there on the left wing of the Bush Administration in terms of this question of whether the environment and the free trade agreement are linked in any kind of way. They talk about them together, but they are not linked in the sense that environmental improvements and changes are required in order to pursue a certain degree of trade liberalization. The Bush Administration is fundamentally and inalterably opposed to that linkage, and it is inalterably opposed to including environmental requirements directly into the trade agreement. The Administration calls environmental requirements peripheral secondary, or, at times, obstacles. William Riley, the head of the EPA, has just come right out and said, "They don't belong in the Trade Agreement." So that is the official position of the Bush Administration as far as linkage between environmental issues and trade. Yes, they are important. Yes, they acknowledge them. Yes, they recognize them. But, no, we will not include them in the same agreement. It would be too complicated. It would be too difficult. It would be a diversion from the central issue. The central issue, of course, is how to liberalize and deregulate and make it easier for corporations to invest with as little regulation or little restriction as possible, wherever, whenever, and under whatever circumstances they want.

The second issue is that a lot of what we are talking about today is trying to reconcile the double standard that exists right now. A double standard in both environmental and in social conditions that exist between our nation and other nations around the world. I think many of us are coming to the conclusion that it is no longer justifiable, certainly on moral grounds, and even to a certain extent on economic grounds, for the good and the security of this country to perpetuate the double standard of environmental and social policy. What I mean

is that it does not make sense for United States corporations to want to leave this country, invest in another country, take advantage of an extremely poor nation that has no ability to enforce, or enact or regulate environmental controls. There is no justification for allowing inferior levels of environmental protection in another country, simply because it is across the border. We know we live in one world, and we can no longer allow a company, for example, to set up a lead smelter in Taiwan without any scrubbers or pollution controls that emits lead oxide, that makes school children mentally retarded, simply because there is no law or there is no effective way to enforce that law in Taiwan. That is exactly what is happening and has been happening in Taiwan for the last two decades. We are shipping toxic waste, lead batteries to Taiwan, they are smelted by an American company that provides the investment, the material is processed and then shipped back. What we leave Taiwan is mental retardation, dangerous workplaces, and this is all justified by people in Washington as, "well, it is Taiwan, they have their own environmental standards." The same thing is occurring in Mexico right now. It is remarkable how concerned the Bush Administration has suddenly become about the sovereignty of Mexico during the past year. "Oh, we wouldn't want to tell Mexico how to run their country." Well, believe me, that has not always been the standard of practice of the United States government as far as Mexico is concerned, but suddenly they are so concerned about Mexican sovereignty. The conclusion we have reached is that there is probably some kind of a means or a way to reassess and eliminate this double standard over time. There should be some kind of way to raise standards so that they meet a minimum all the way around, and they prevent the kind of incentive that encourages companies to move to take advantage of environmental considerations.

Now this is just a second point, but obviously if you believe it from a moral standpoint or from an economic standpoint, you still have to address the social issues, such as wages. You will have to begin asking yourself, would not the same morality and the same economic issues that are applied to your environmental consistency also apply to your interest in normalizing and bringing about some kind of equalization of wages in the world? Obviously, this is a profoundly radical concept in Washington, but it is one that I think makes sense, and will make increasing sense to people in the United States as they find their jobs disappearing and being replaced by people who are working in the conditions that Maria Guadalupe Torres described.

There has been a great debate in Washington over what the free trade agreement will do to the environment. People have made all sorts of predictions, projections, and pontifications about what will happen under the free trade agreement. But clearly the best way to predict what will happen is to look at what has already occurred under the free trade policies. It is now almost universally accepted, even the Bush Administration has reluctantly acknowledged, that the border is an unbelievable disaster when it comes to the environment. The Administration seems to have a different idea about how to solve that problem, but I think the problem is now universally accepted. The kernel that I think is important is, for example, pouring asbestos into your country. And the EPA says, well we have a problem with that because we have a law against producing and manufacturing it, it's too dangerous for human health, there are safer alternatives. Canada says, we don't care, we happen to have a lot of asbestos, and we are going to start importing to your country. If you try to stop us, we are going to take action under your non-tariff trade barrier section of the free trade agreement.

There is one other element they inject here, and that is preemption. They basically describe something as a subnational governmental unit. In "GATTese", or "free trade-ese", that means state or local government. Your ability to pass the law locally is going to be restricted by people in Washington, or increasingly, people in Geneva, Switzerland, who will tell you what you can and cannot do, regarding environmental policy. They want to restrict your ability to make those decisions.

Finally, I am going to just rip through some criticisms of the border environmental plan we just heard about. There are basically six problems. The first one, I think, is the most outrageous. It asks United States taxpayers and Mexican taxpayers to fund the cost for industrial pollution, which is normally the responsibility of industry. Anyone who studies environmental policy in this country knows there is a very simple tenet we operate under, it is called "the polluter pays." Now, it is not always perfect, it does not always work, but that is the policy. What the Bush Administration has done is turn that policy on its head, and is going to hit taxpayers over \$400 million in the next couple of years to pay for, and essentially subsidize, industries that are turning their back on United States workers — throwing them out of work, fleeing for the border, taking advantage of people like Maria Guadalupe. George Bush is prepared to write them a

check to subsidize this environmental infrastructure cost associated with that change. I don't know about you, but I think that's the craziest thing I have heard of in a long time.

The second point is that the plan is not enforceable or legally binding. Anyone who has done any research on environmental policy of the border needs only to look back at the La Paz Agreement of 1983 to see what a miserable and complete failure this agreement, which was heralded as some kind of major breakthrough at the time, has become. This has been stipulated by everyone involved in this debate. What you are seeing here is another agreement that produces a lot of fanfare, that has all of the flaws, none of the enforceability of that agreement, and I think that you will see largely the same result. Yes, you will see a lot of money spent, but you probably won't see much improvement for people like Maria Guadalupe Torres, who after all, are what it is all about. Furthermore, I think you will see people, taxpayers, subsidizing it, and encouraging their companies to pursue a suicidal economic policy.

Third, I mentioned earlier that the environmental plans, regulations, and enforcement mechanism should be integrated and a part of the free trade agreement. Think back to a time when a parent told you, "you have to clean up your room before you go out to play." Wouldn't it be nice if the industries that have been responsible for turning the border into a toxic cesspool, requiring literally 15 and perhaps \$50 billion to clean this mess up, if they actually invested the money to clean up their own mess, took responsibility for the damage they have caused, before we start talking about giving them more goodies in the free trade agreement that the Bush Administration is offering?

Fourth, the Border Plan will not work because real environmental change is not going to happen in Mexico until there is political and human rights reform. Mexico is essentially a single party dictatorship. The current president of Mexico probably did not win the last election. It is hard to understand what it means to operate in a country where there is no independent judiciary. Maria Guadalupe Torres cannot go to court to seek Mexican regulations. The fellow who leads her trade union movement in Matamoros, who responded to pressure from Maria and others to raise standards of working conditions, is now in jail. He was jailed after meeting with high level Mexican industrialists who got together with the president. This man was arrested because he was creating problems, and because he apparently

was evading his taxes, or at least that is the allegation. But these things are not coincidental. The fact that trade union leaders are picked up off the street and arrested at the same time that people are beginning to win significant reforms and improvements, are the kinds of things that happened in this country at one time. But, they no longer happen here, because we do not let it happen. Thus, we have to listen to those in Mexico that are working hard for human rights and political reform. They are there and they are asking for help. They are asking for internationally supervised elections. They are asking for many different mechanisms that would make it possible for environmental reforms to work. The civil suit reciprocity that Peter mentioned is an absolutely essential part of that, and you won't find that in the Bush Administration's free trade agreement, not yet, anyway.

Finally, there are two points. The Bush plan essentially asks the poorest people, the Mexican people, to shoulder the greatest burden when it comes to environmental protection. If you heard the numbers that were mentioned here, you will notice that Mexicans are spending more than North Americans on the border cleanup. You will notice that there is no plan to collect more money from those companies that are profiting most handsomely from operating in Mexico. So those dollars come out of very precious limited resources in the Mexican National Treasury that should be used to help people who do not have enough food and don't have enough housing — they are the people who are being penalized by this.

Next, we talked a little about this assumption that is implicit in the Bush Administration's border plan which is that somehow if only Mexico's free trade agreement will go through, there will be more prosperity; therefore environmental change will kind of happen automatically. It will just follow. I suggest that it does not happen that way. What is more likely to happen here is that real environmental changes and social change in Mexico will not occur until people are able to fight for it and demand a greater share of the wealth and a greater share of social justice. That will not happen simply because GDP increases. That will not happen because that income rises. That will happen because the people demand a greater share of the wealth. It does not happen automatically.

Last, I will make a blunt observation. If you think that the free market will somehow resolve problems in Mexico, take a look at the unemployment statistics. Mexico is a country with approximately

40% unemployment and underemployment combined. In that situation there is no conceivable scenario in which free market forces would create a labor shortage that would ever raise wages on their own. Therefore, these things have to be negotiated and we must have a schedule and a plan like the Europeans put into their economic program for the unification of the European community that includes at least addressing and acknowledging the costs of reconciling vastly different levels of economic and environmental protection.



