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### LRR Focus: NAFTA Monitoring

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## LRR Focus: NAFTA Monitoring

### Abstract

[Excerpt] A year and a half after the North American Free Trade Agreement (NAFTA) took effect, the rosy picture painted by NAFTA supporters has turned grey. A growing number of labor activists, researchers, and academics are developing a more accurate picture of how NAFTA is affecting our lives.

### Keywords

North American Free Trade Agreement, NAFTA, trade, labor market, commerce

## LRR FOCUS: NAFTA Monitoring

Courtesy of AFL-CIO



*A Sony worker sustained head injuries and was carried away by co-workers. Two days after Sony workers walked off the job, city police arrived in riot gear and began beating the workers. This incident and others are being investigated under NAFTA.*

A year and a half after the North American Free Trade Agreement (NAFTA) took effect, the rosy picture painted by NAFTA supporters has turned grey. A growing number of labor activists, researchers, and academics are developing a more accurate picture of how NAFTA is affecting our lives.

### **DISPUTING OFFICIAL JOB CREATION CLAIMS**

Prior to NAFTA's passage, the administration projected that the U.S. trade balance with Mexico would improve, resulting in a net increase of 100,000 U.S. jobs during the first year. In fact, official statistics show only 535 NAFTA-related jobs were created. When Mexico's exports to the United States grew faster than U.S. exports to Mexico, officials stuck to their claim that NAFTA was creating U.S. jobs.

Groups such as the AFL-CIO, the Institute for Policy Studies, and the Economic Policy Institute have persistently challenged the administration's claims regarding jobs created by NAFTA. David Ranney, of the University of Illinois, Chicago, has also challenged the NAFTA job claims, disputing the administration's argument that increased exports automatically translate into increased jobs. Through case studies of several top exporters, Ranney shows that in today's hi-tech factories, companies can increase exports without hiring new employees.

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## TRACKING NAFTA-RELATED LAYOFFS

Labor unions and other researchers have also kept a close eye on the **NAFTA Transitional Adjustment Assistance (NAFTA-TAA)** program, which provides retraining and other benefits to U.S. workers who lose their jobs as a result of NAFTA. As of April, more than 40,000 workers had filed petitions for this assistance, and more than 20,000 had been certified. And NAFTA-TAA recipients represent only a fraction of the workers who have lost their jobs as a result of the agreement. Nonetheless, data from this program has been crucial to the monitoring work. The Department of Labor has made available the names, telephone numbers, and addresses of NAFTA-TAA recipients and their union representatives to researchers who have used this information to gather and publicize the stories of workers and communities suffering the dislocating effects of free trade.

## EVALUATING NAFTA'S LABOR SIDE AGREEMENT

NAFTA's labor side agreement was designed to help strengthen worker rights enforcement in the three NAFTA countries. In September 1994, the U.S. agency responsible for handling NAFTA-related labor disputes held its first two hearings, which involved complaints filed by the Teamsters against Honeywell and by the United Electrical Workers against General Electric. Both cases concerned the firing of Mexican workers for attempting to organize unions at their plants. A month after the hearings, the cases were dismissed.

The International Labor Rights Education and Research Fund (ILRERF) and the involved labor unions were highly critical of how the hearings were handled. Their harsh assessment of the labor side agreement process was at least partially responsible for improvements in the handling of a third hearing, concerning the Sony Corporation's interference with union reform efforts at a plant in Nuevo Laredo. The government investigators agreed to the complainants' demands to allow more time for testimony, to hold the hearing closer to the workers' homes, and to permit electronic media coverage. The outcome of these hearings was a report from the U.S. **National Administrative Office** in mid-April calling for U.S.-Mexico ministerial consultations and other measures. Ministerial consultations in May and June led to some promises of investigation and action by the Zedillo government. (See "More NAFTA Complaints, More Labor Leverage," page 16.)

## MONITORING WORKER ABUSES IN MEXICO

The Coalition for Justice in the Maquiladoras (CJM), the Southwest Network for Environmental and Economic Justice (SNEEJ), the AFL-CIO, and other groups have continued to monitor violations of worker rights and health and safety reg-

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ulations in plants along the U.S.-Mexico border. Although the Clinton administration claimed that NAFTA would help reduce these problems, there is no evidence of improvement. For example, CJM found that W.R. Grace Corporation's Erika plant in Reynosa, Mexico does not provide masks or ventilation to protect against fumes from chemicals that cause headaches, nausea, nervous disorders, and even death. Jose Bravo, of SNEEJ, reports that violations may have even escalated since NAFTA's passage. "During the years leading up to NAFTA, companies were trying to clean up their act to avoid bad publicity that might have jeopardized the passage of NAFTA. Now that they got the agreement, they feel they can do whatever they want," Bravo said.

### **TRACKING WHIPSAW BARGAINING**

While NAFTA opponents were concerned about job loss, they were even more concerned about the threat of corporations bargaining down wages and working conditions. In polls taken before the NAFTA vote, a number of corporate executives indicated that they planned to use the increased mobility that NAFTA offered as leverage in bargaining sessions with their workers. Unfortunately, NAFTA-related "whipsaw bargaining" has proven to be extremely difficult to track. The AFL-CIO Task Force on Trade has requested that affiliates report such incidents, but has received limited response. The help of labor union activists is clearly needed to build our knowledge of NAFTA's impact on wages and working conditions.

### **THE NEED FOR ACTION**

The NAFTA monitoring efforts have done much to dispel myths about the benefits of free trade and to raise awareness of the adverse effects of NAFTA on workers and their communities. The work is particularly important at this political moment. The Mexican crisis has opened up new opportunities for challenging the NAFTA model and building support for an alternative approach to economic integration that would place the interests of workers and communities on an even par with those of corporations. However, despite the Mexican chaos, the Clinton administration continues to pursue its plan to use NAFTA as the model for the Western Hemisphere. Negotiations are already underway to expand the pact to include Chile. We need to act now to counter free trade disinformation and press for change. ■

– Sarah Anderson

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