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The Oppressive Pressures of Globalization and Neoliberalism on Mexican Maquiladora Garment Workers

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Introduction

Despite characteristic low wages, discrimination, poor working conditions, and unpaid overtime, desperate Mexicans have taken on work in the maquiladora garment sector, which assembles apparel under foreign corporations for duty-free export (Wick 2010). The global garment industry was a significant leader in the transition toward the new international division of labor, with production and planning coordinated by advanced, deindustrializing countries and low-tech, labor-intensive phases of production—namely sewing and assembly—contracted to less-developed, industrializing countries. The apparel industry continues to be one of the most globalized sectors and a significant entering industry for developing countries. Asia and the Caribbean region—including Mexico, Central America, and Caribbean countries—are important industrializing regions and garment producers that primarily serve the United States market (Bonacich et al. 1994).

Precarious employment and contract work have caused garment workers to suffer financial losses and sacrifice safety, labor, and social rights since the mid-20th century (Wick 2010). Globalization and neoliberal restructuring have perpetually enabled the exploitation and impoverishment of Mexican maquiladora garment workers, especially women, by establishing flexible accumulation, fostering dependency on the international economy, and disciplining the labor force. As one of the pioneering industries of globalization, the apparel industry provides valuable insight toward the trajectory of globalization (Bonacich et al. 1994). Therefore, this discussion is not limited to the Mexican apparel industry; Mexican garment workers are emblematic of the Mexican working class and global garment workers while Mexico's economic and social state reflect the conditions of neoliberal industrializing countries.

Globalization, trade liberalization, and industrialization

Analyzing the influences on Mexican garment production relies on an understanding of the historical and contemporary situation of globalization and neoliberal reform. The current global economic order arose during the 1950s when advanced capitalist economies suffered from profit decline. Consequently, they began globalizing their production to cut labor costs, weaken unions, and restore profitability (Bonacich et al. 1994). Production of clothing shifted from these Western countries to newly industrialized Asian countries to reduce the manufacturing expenses associated with high-quality products (Bonacich and Waller 1994). This expansion led to a new type of supragovernmental transnational corporation (TNC) that coordinated offshore manufacturing for the home market simultaneously in multiple locations (Bonacich et al. 1994).

However, the U.S. firms that imported from Asia were at odds with local manufacturers, who then had to compete with less expensive garments. This undesirable situation encouraged local firms to offshore labor-intensive phases of production to the Caribbean region, which offered lower labor costs (Bonacich and Waller 1994). As globalization inevitably progressed through technology and competition, nations feared being left behind, and the apparel sector offered easy integration into the global production process. Many developing countries, including Mexico, adopted this dependency-based arrangement by implementing a strategy of export-led industrialization, hoping to grow domestic production and employment, accumulate capital and economic power, and ultimately become major players in the global economy (Bonacich et al. 1994).

Mutual policies in the U.S. and Mexico have enabled Mexican involvement in global production. In 1963, the implementation of Item 807 of the U.S. Tariff Code was paramount for expanding trade into the Caribbean region. Item 807 allowed U.S.-made components to be shipped abroad, assembled, and returned with duty only on the value added. Because labor standards were lower in the Caribbean region than in the U.S., the value added to products and tariffs remained low, providing substantial savings to U.S. garment manufacturers. Although Item 807 applied globally, manufacturers had to pay to ship U.S. components to the assembly point, which made neighboring Mexico an extremely favorable producer. Outside of the Item 807 framework, Asian apparel producers also embraced the Caribbean region, seeking to employ exporting countries that offered unused quotas, easy access to the U.S. market, and cheaper transportation costs (Bonacich and Waller 1994).

The Mexican government encouraged export processing by initiating the Border Industrialization Program in 1965. This program liberalized the trade regime by curtailing bureaucracy surrounding importing and exporting in the newly established export processing zones along the 2,000-mile Mexico-U.S. border. The program developed vertical supply relationships along the border, specifically permitting foreign-owned export processing plants and duty-free importation of intermediate materials with the condition that 20 percent of the final product be exported (Bonacich et al. 1994; Bonacich and Waller 1994; Villarreal 2017). Maquiladoras—temporary importation enterprises that engage in offshore assembly—were therefore developed and used by TNCs to capitalize on low-wage labor in Mexico (Bonacich and Waller 1994).

Initiation and perpetuation of neoliberal restructuring

Compounding existing exploitation through export processing, Mexican neoliberal restructuring has further expanded trade at the cost of social protection. Because capitalist countries, International Financial Institutions (IFIs), TNCs, and economists generally held a favorable and inevitable view of globalization, this perspective heavily informed dominant foreign economic policy. Advanced capitalist countries—especially the United States and the United Kingdom—foisted trade liberalization onto industrializing countries, backing regimes that supported globalized production and offering them preferential access to their own markets. Additionally, suprastate IFIs—especially the World Bank and the International Monetary Fund (IMF)—provided loans to indebted countries with the condition of adopting neoliberal reform (Bonacich et al. 1994; Harvey 2015).

Following the Latin American debt crisis of the 1980s, neoliberal restructuring was imposed on insolvent Latin American countries during the 1990s and continues to stratify their social structure (Harvey 2015; Laurell 2015). During that period, the IMF developed its first agreement with Mexico, stipulating the implementation of structural adjustment, which involved privatization, fiscal adjustment, trade liberalization, and the reduction of social and public expenditure. This arrangement has since deteriorated Mexico's industrial productive structure and social institutions (Laurell 2015).

The exploitation and oppression of maquiladora workers through export processing and neoliberal reform have been sustained for decades by the policies and actions of political and financial power holders. Since the late 1980s, ruling Mexican parties—especially the Industrial Revolutionary Party (Partido Revolucionario Institucional or PRI)—have used fraud and fear to elevate corrupt leaders to oligarchic positions, from which they have implemented self-serving neoliberal reform for over three decades at the expense of the impoverished majority. Although these policies have caused recurrent economic crises and the deterioration of Mexico's national productive structure, Mexican leaders have perpetuated neoliberal reform to serve supranational corporations and the political elite. PRI presidents have exercised extreme corruption, repression, violence, and terrorism to discipline the population and suppress opponents of neoliberalism. Capitalist countries, TNCs, and IFIs have been generally satisfied with and supportive of Mexico's neoliberal "progress" despite atrocities by PRI leaders (Laurell 2015).

Although laborers are at the core of the entire global trade operation, they remain at the bottom of the hierarchy, still poorly paid, rarely unionized, and working under onerous conditions (Bonacich and Waller 1994). Investing and contracting in Mexico has had significant differential class impact, disproportionately in the interests of capitalists connected to TNCs, from both developed and developing nations (Bonacich et al. 1994). Since the elite have held the greatest political power and benefited from this arrangement, they have driven policies in both the U.S. and Mexico that continue to liberalize trade (Bonacich and Waller 1994).

For example, in 1989, the U.S. initiated the "Special Regime" with Mexico, a four-year agreement that offered bilateral access to the U.S. apparel market while limiting the quota allocated for garments containing U.S. and foreign components to six percent annual growth (Bonacich and Waller 1994). Though this restrained U.S. TNCs, it preserved healthy trade relations with Mexico by ensuring fair and continued access to the U.S. market. In 1994, once the "Special Regime" had expired, the North American Free Trade Agreement (NAFTA) went into effect, allowing apparel with North American yarn and fabric to receive the benefits of trade without quotas or tariffs (Bonacich and Waller 1994; Harrison 2017).

The Mexican government further expanded the trading conditions of NAFTA by merging the foreign maquiladora industry and Mexican domestic assembly-for-export plants into the Maquiladora Manufacturing Industry and Export Services (IMMEX). By eliminating duties on imports to maquiladoras, Mexico increased production and sales for domestic and foreign markets (Villarreal 2017). These liberalizing trade agreements between the U.S. and Mexico have continued to protect the offshore production of U.S. manufacturers, particularly from Asian competition (Bonacich and Waller 1994).

Peril through global connectivity and dependency

The globalization of trade has created new relationships and connectivity between deindustrializing countries and industrializing countries. However, these relations have been based on dependence, with advanced capitalist countries and corporations retaining economic and political control over the global economy while weakening the position of labor in developing countries. Whereas import substitution industrialization could have enabled greater economic autonomy through domestic industrial production, Mexico's model of export-led industrialization has enabled heightened oppression through dependency. Countries that adopt export-led industrialization enter the global economy at a tremendous disadvantage because their economic growth is dependent on other nations. The leaders of these countries are willing to sacrifice the well-being of their workers for the prospect of enhancing their global economic competitiveness. However, by taking this approach, Mexico invoked a sustained economic and social struggle. Dependency on the global economy, the international financial sector, and TNCs in the manufacturing sector has restricted their aspirational development into a major economic competitor. While the political and economic elite have pursued this path, the quality of life for the working class has largely regressed (Bonacich et al. 1994).

Mexico's economic crises—caused significantly by neoliberal connections to the international financial sector—have devastated the national productive structure and turned industry toward assembly on the Mexico-U.S. border. In 1994, the speculation of government bonds and unrestricted capital flight led to extreme devaluation of the peso, escalating interest rates, and ultimately the collapse of the economy, all largely due to NAFTA and Mexico's privatized yet internationally dependent banking sector. The IMF and the U.S. Treasury consequently granted a 50-billion-U.S.-dollar bailout fund stipulating compliance with NAFTA and neoliberal economic policy. Furthermore, the Mexican government's 552-billion-U.S.-dollar fund to rescue insolvent banks was formalized as public debt in 1998, causing families and businesses to lose their assets. As local industry was destroyed, Mexican enterprises increasingly turned to assembly and export on the border for U.S. industries. This shift, as well as the desperation of citizens for work, created perfect conditions for exploitation (Laurell 2015).

Nevertheless, Mexico's dependency and resolve to maintain healthy relations with the U.S. have strengthened their willingness to sacrifice better conditions and opportunities for the working class. For example, Asian firms in the Caribbean region had contributed more investment, value added, jobs, and development of skilled staff than U.S.-based Item 807 firms. Despite these benefits for the workforce, Mexico has limited Asian investment, production, and exportation to keep trade open with the U.S. (Bonacich and Waller 1994). Mexico's fear of harming trade opportunities with the U.S. has enabled U.S. firms to coerce workers into lower-level production and worse conditions.

Global competition through increasingly liberalized international trade has further enabled TNCs to exploit newly proletarianized workers without significant restriction. Since TNCs are supragovernmental actors, states have often been unwilling and unable to regulate the actions of TNCs. Therefore, TNCs have made decisions based on profit-making criteria, which lack sufficient ethical considerations (Bonacich et al. 1994). TNCs have invested in Mexico—an export-led economy that relies on low wages as a comparative advantage—as an export platform to profit from their low wages (Harrison 2017; Laurell 2015).

The transition toward globalization, or flexible accumulation, was characterized by commercial, technological, and organizational innovation as well as the flexibility of new labor processes, labor markets, sectors of production, and patterns of consumption. This shift has been advantageous for TNCs but perilous for laborers (Harvey 1989). The flexibility and the mobility of the garment industry have enabled TNCs to exert strong pressures of labor control and oppress desperate workers. Since assembly tasks can be accomplished by almost anyone without extensive training, TNCs continually scour the world to find the cheapest and most favorable conditions in which they can source apparel production. They have found it in developing countries such as Mexico, who also offers the benefit of proximity to the U.S. Furthermore, the simple technology and low startup cost of garment processing have allowed TNCs to contract new labor forces without significant investment (Bonacich et al. 1994). Since TNCs arrange for production using contracting, subcontracting, and licensing, they have maintained complex global networks without ownership, long-term commitment, or the responsibility of controlling branches (Bonacich et al. 1994; Rothstein 2007). Therefore, the threat of easily shifting production to the location with the cheapest arrangement has pitted global laborers against one another as firms seek the most oppressed and vulnerable to employ (Bonacich and Waller 1994; Rothstein 2007).

Once TNCs have secured an inexpensive workforce, employers in the export processing sector have gone to extreme lengths to prevent wage increases that could arise through unionization by paying off union organizers, lobbying government officials to deny union recognition, and, as a last resort, closing a unionized plant (Anner 2011). The nature of these complex, arms-length contracting relationships has also enabled retailers and manufacturers to plead innocence and evade the responsibility of adhering to standards of ethical conduct and social responsibility.

Exploitation of disciplined workers

Through neoliberal reduction in social and public expenditure and repressive strategies that support foreign capital investment, the Mexican government has disciplined and exposed its workforce. Since globalization forces regions and nations to compete to attract investment, many governments have provided conditions that motivate the involvement of foreign capital and improve their position in the commodity chain (Bonacich et al. 1994). Mexico has competed by offering quality, efficiency, timeliness, low labor standards, and precarious employment as well as a low-cost, disciplined, and compliant workforce. Additionally, government-loyal unions have disciplined the workforce by engaging in political repression of social and labor movements (Bonacich et al. 1994; Laurell 2015).

While the disciplining of labor was undertaken for economic advantage, the Mexican government has exposed workers by reducing state involvement in social protection to conform to the requirements of neoliberal structural adjustment programs. Since 1983, the IMF has granted Mexico aids and loans on the condition that they implement austerity measures that cut back on social spending (Bonacich et al. 1994). Consequently, the 35 percent reduction in public expenditure between 1982 and 1988 as well as the privatization of social benefits and services have caused the socialization of losses. Labor reform has increased unemployment and legalized precarious work through subcontracting while eliminating employment security, social security benefits, decent pay, limits on working hours, and legally established payment for extra hours. Targeted, means-tested programs for the poor have replaced the protection of income, employment, and free access to health and educational services. These adjustments have disproportionately harmed the working class. The destruction of sufficient educational opportunities for the impoverished majority "to appropriate the state" has destroyed "the capacity of critical thinking" and led lower-class children toward illegal activity and precarious work, including garment export processing (Laurell 2015). Without unemployment insurance or assistance, Mexicans have engaged in bargains of desperation to enter the formal and informal workforce (Bonacich et al. 1994).

Since garment assembly is a simple, labor-intensive task that does not require a formal education or advanced preparation, the apparel industry has been a primary initiator of proletarianization and has exploited that vulnerable new workforce. First-generation workers have usually engaged in peasant agriculture or other forms of noncapitalist production prior to incorporating into the industrial labor force. These newly proletarianized workers—disproportionately women from rural areas—have been especially vulnerable to harsh treatment and conditions (Bonacich et al. 1994). While proponents may consider women's wage-earning outside of the home to be a source of feminine empowerment, these women have still had to face the patriarchal domination of their male maquiladora bosses. In addition to exploitation and lack of legal protection in their formal work, these women have often also labored under additional workloads—including domestic labor, industrial homework, and other informal labor—to secure the bare necessities for themselves and their families (Bonacich et al. 1994; *Poto Mitan* 2009).

Additional work has often been necessary because neoliberal reform has submitted wages to market forces and decreased the minimum wage—by 26 percent between 1994 and 2014—with the consequence of lowering Mexican wages and salaries by 30 to 40 percent (Bonacich et al. 1994; Laurell 2015). Between 1990 and 2012, average income stagnated despite average yearly GNP growth of 1.2 percent, indicating regressive income distribution and unrecovered pre-neoliberal wages (Laurell 2015). Fiscal adjustment has caused extreme polarization of income distribution and wealth, with available income rising for capital—from 48 to 64 percent—and falling for labor—from 42 to 29 percent—following these changes (Harvey 2015; Laurell 2015).

Since its genesis decades ago, Mexican maquiladora production in the garment sector has increased, enabled through the power of beneficiaries yet compounding the oppression of the growing workforce. A reflection of the desperate economic state and the need for income, the Mexican garment sector experienced tenfold growth in employment from 1986 to 2000 (Rothstein 2007). Independent of policy, the work of assembly in the apparel industry has remained despite peripheral advances in technology because it continues to require labor by human workers (Bonacich et al. 1994). From a U.S. corporate perspective, production in Mexico has been highly favorable because Mexico's proximity allows clothing to have a high degree of U.S. content in the final product. This has helped sustain jobs in the U.S. and avoid public dissent while offering cheap apparel to consumers (Harrison 2017; Villarreal 2017). With Mexican governmental support rather than restriction, TNCs have and will likely continue to take advantage of desperate Mexicans who are willing to endure unsavory conditions, keeping them in sustained poverty and shaping the poor domestic economic conditions that yield the next generation of maquiladora workers.

Conclusion

Globalization and neoliberalism have effectively polarized Mexican society, with a minuscule amount of extremely rich capitalist elite and an impoverished majority. These unfavorable conditions have not changed despite government promises and further structural reform (Laurell 2015). Rather, detrimental standards have been perpetuated by the continuous implementation of neoliberal policy, prompted by international economic dependence and greed. Maquiladora garment workers have been at the brunt of this evolving Mexican and global order. The Mexican economic climate has especially pushed women into this toilsome and precarious work. Dependent on TNCs and the global economy, laborers have been disciplined and repressed, enduring poverty and oppressive working conditions while often handling multiple workloads. Nevertheless, as long as apparel assembly requires labor, the U.S. market remains profitable, and TNCs capitalize on their power over labor, unprecedented will and intervention by progressive governments and organizations will be necessary to diminish these exploitative conditions.

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