

# 'Maquiladoras': 'manufacturing plantations'

by Carlos Cota Meza

The *maquiladora* system of production in Mexico is the most exemplary aspect of the supposed economic benefits of the exploitation of the cheap labor of underdeveloped countries that accept globalization and its free-trade pacts. And, to the extent that the destructive effects of globalization are seizing hold of national physical economies, it is becoming increasingly apparent that *maquiladora* exploitation of cheap labor and cheap energy, with its primitive accumulation off no investment in infrastructure, is nothing but nineteenth-century British colonial-style looting imposed through twentieth-century "manufacturing plantations."

By official definition, *maquiladoras* are establishments in which part of the production process (usually assembly) of a product is carried out in national territory, on contract with a mother company located abroad. To carry out the specified industrial or service process to complete or repair the foreign-origin merchandise, the parts, pieces, and components that will later be exported, are imported under the special category of "temporary imports." This means that the *maquiladoras* cannot be considered part of the national economy in which they operate; rather, they are a foreign enclave within national territory.

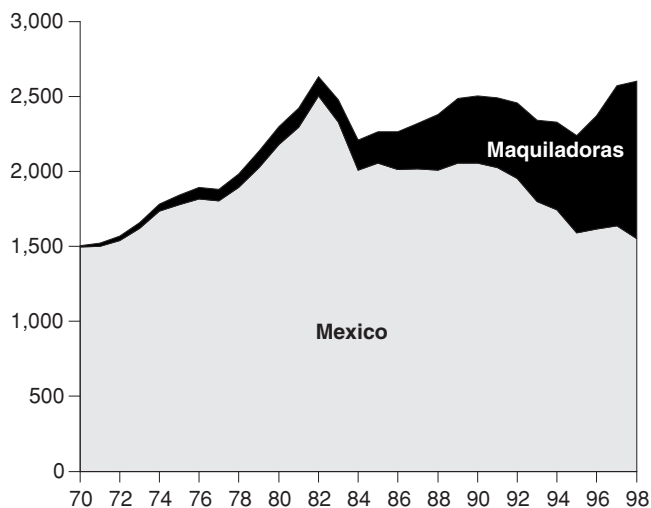
"Temporary imports" are given permits to be kept inside the country, for a maximum of one year. In the case of machinery, equipment, and tools, these can stay in the country as long as the *maquiladora* program in question lasts.

The origin of this program in Mexico is known as the Program for Industrialization of the Northern Border, under which the establishment of partial production processes for U.S. mother companies was allowed. In the United States, the mother companies were granted a series of tax exemptions which, in a normal economy, would be categorized as "tax evasion." Not surprisingly, the *maquiladora* boom in Mexico began during "Reaganomics," the which reached its zenith in George Bush's and Carlos Salinas de Gortari's North American Free Trade Agreement (NAFTA).

Mexicans identify the *maquiladora* "boom" as the process of deindustrialization which the country has suffered since the so-called "debt crisis" at the end of José López Portillo's government in 1982.

The conditionalities that the International Monetary Fund (IMF) imposed on Mexico, drastically restricted internal production and consumption, and forced the nation to dedicate

FIGURE 1  
Real employment in manufacturing  
(thousands)



itself to exporting to obtain foreign exchange for paying the foreign debt. Thus it was, that national production in general, and production of manufactured goods in particular, suffered a drastic contraction, with consequent rise in unemployment.

## The IMF's legacy

Figure 1<sup>1</sup> shows the reduction of manufacturing jobs in the Mexican economy, from 2,293,000 at its peak, to 1,367,087. A loss of 925,913 jobs in the industrial sector.

The stages of destruction of Mexico's industrial sector and the installation of a "manufacturing plantation" are clearly discernible. In 1984, after the "contingency programs" of the debt payment schemes proposed by the Miguel de la Madrid government, the loss of jobs in the manufacturing sector "stabilized," arriving at 1988 with a loss of 12%.

During 1988-96, the manufacturing sector suffered another, still more drastic loss of 19%, the result of the imposition of free imports that were made official under NAFTA. After the 1994-95 crisis, at the start of the current Zedillo government, following other "contingency programs" (the IMF bailout package) for payment of the foreign debt, loss of manufacturing jobs once again "stabilized," at approximately 700,000.

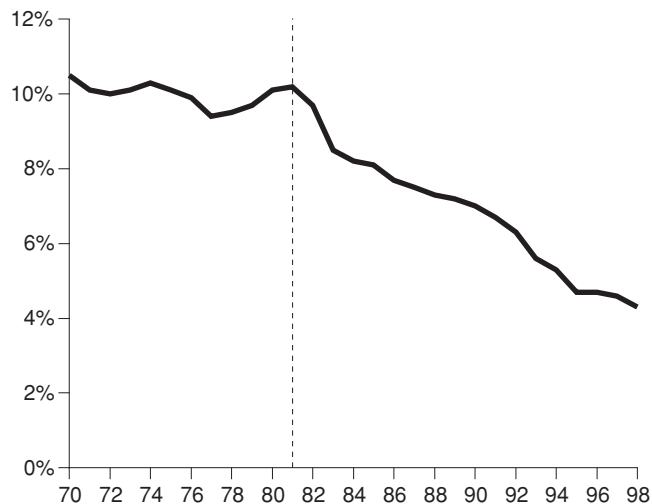
But, 1998 began with the crisis in international oil prices, which has forced the Mexican government to slash its budget

1. In preparing the figures and table used in this section, we used the same methodology employed in our study, "The Debt Bomb Is Going to Explode in Mexico—Again," *EIR*, Feb. 28, 1997. Our employment statistics are not the same as Mexico's official statistics, the which are inaccurate for the reasons we detail in that study.

FIGURE 2

## Employment in Mexican manufacturing

(percent of total labor force)



three times in six months. On top of other measures, such as the rise in interest rates, another period of economic contraction began, during which loss of manufacturing jobs reached 925,913.

Over the same time, the number of Mexicans employed in the “manufacturing plantation” (*maquiladoras*) has risen from 131,000 in 1981, to 1,050,000 in June 1998.

Although the collapse in the absolute number of those employed in manufacturing is dramatic, the reality is actually much worse. That reality is more closely reflected when we look at real employment as a percentage of the labor force (Figure 2), where the dizzying decline of the Mexican industrial sector from 1981 to the present is seen.

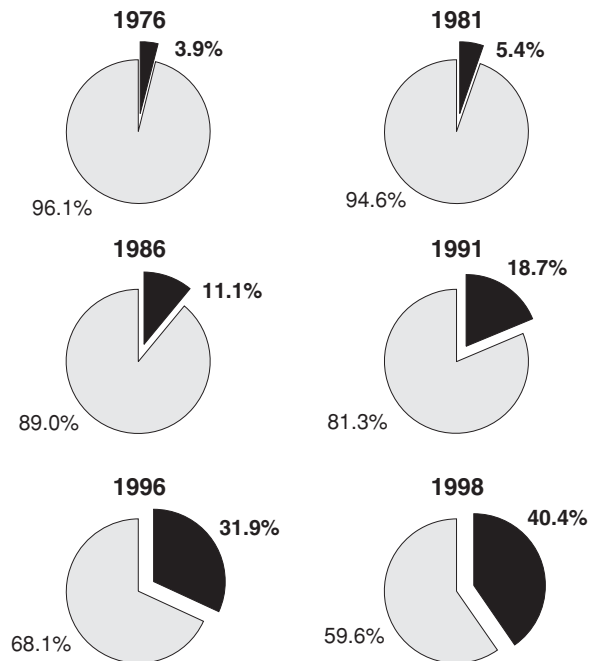
Figure 3 shows the constant growth of personnel employed in *maquiladoras* since 1981, as counterposed to the also constant decline of manufacturing workers in the Mexican economy. Since 1996, the *maquiladora* sector shows an average annual growth rate of approximately 18%, which projection continues this year. If this rate of destruction of the Mexican economy continues, there will be more workers in *maquiladoras* by the end of the century, than in Mexico’s manufacturing industry.

According to the monthly census of the National Institute for Statistics, Geography and Information (Inegi) on the Maquiladora Export Industry, in February 1998, there were some 2,885 *maquiladora* establishments in Mexico, with a labor force of 979,390 (including male and female workers, production technicians, and administrative employees). In general, there are 12 kinds of *maquiladora* assembly for export, as opposed to more than 130 national industrial processes (Table 1).

FIGURE 3

## Employment in maquiladoras

(percent of total employment in manufacturing)



The question arises: What is the nature of *maquiladora* exploitation, that Mexico, with a mere 1% of its total population, has managed to dramatically transform the powerful industrial sector of the United States?

Some 80% of the *maquiladoras* are concentrated in the states bordering the United States (Baja California, Chihuahua, Coahuila, Sonora, and Tamaulipas), where, in turn, 80% of the *maquiladora* labor force works.

It is universally known that every Mexican who hires out to a *maquiladora* (and the number of women in *maquiladora* production is higher than that for men), does so out of desperation, to feed his or her family. Working conditions in the *maquiladoras* are deplorable, and living conditions for the *maquiladora* worker and his or her family, are of the most extreme poverty.

### Physical limits to cannibalization

*Maquiladora* exploitation is nonetheless reaching its physical limits in the border states, because its rates of profit depend on looting both labor and already existing infrastructure.

In the state of Sonora, there is simply no water. The capital city of Hermosillo, which was decreed the “*maquiladora* capital,” is currently suffering water rationing. To continue the *maquiladora* project, there is talk that an aqueduct of some 150 kilometers must be built to carry water from the El No-

TABLE 1

## The primary types of maquiladora assembly for export

Process	Number of plants or firms	Number of employees
Selecting, preparing, packaging, and tinning food	79	12,411
Assembling clothing, textiles, and other materials	797	188,630
Shoe production and leather industry	59	8,739
Assembly of furniture, accessories, and other wood and metal products	337	45,635
Chemical products	121	18,441
Construction, reconstruction, and assembly of transportation equipment and accessories	205	199,406
Assembly and repair of tools, equipment, and non-electric parts	43	10,015
Assembly of machinery and electric and electronic articles	139	90,781
Electric and electronic materials and accessories	459	240,343
Assembly of toys and sports equipment	57	13,762
Other manufacturing industries	431	109,661
Services	158	37,566

Source: Inegi. The Maquiladora Export Industry, through February 1992.

villos dam. Such a project, however, would take away water needed for irrigating 60,000 hectares in the fertile Yaqui Valley.

Tamaulipas also has no water, and is currently in a brawl with the neighboring state of Nuevo Leon, which has its own incipient *maquiladora* plantation, for use of the El Cuchillo dam, vital for supplying water to the capital cities of both states.

Chihuahua and Baja California, the two leading states in *maquiladora* production, have already reached the limits of urban "lumpen" concentration, where the characteristic "social life" of *maquiladora* employees has become prostitution, crime, and drug trafficking. Both states are competing for the highest crime rate in the country.

The abundance of labor available for the *maquiladoras* is the direct result of the systematic looting to which the Mexican economy has been subjected since 1982, by IMF "conditionalities" designed for paying the foreign debt.

Thus, it is this fascist looting of the national productive plant that has led to the cannibalization of the Mexican labor force. If this free-trade orgy is not stopped, it can only lead to further exploitation under police-state methods comparable to the Nazi concentration camps. In some *maquiladoras*, these conditions already exist.

# Mexico's Mr. NAFTA and the drug trade

by Gretchen Small

Before there was Colombia's narco-President Ernesto Samper Pizano, there was Carlos Salinas de Gotari in Mexico. A trinational taskforce from the United States, Switzerland, and Mexico has been assembling court-quality evidence that the cocaine cartels bought up Salinas *before* he assumed the Presidency in December 1988. The \$6 million which the cartel paid to secure Samper's election as President of Colombia, looks like chicken-feed, compared to the \$80 million the cartels are said to have paid Salinas, his family, and his retinue, during Salinas's six years in office.

It is not surprising that Salinas was owned by the drug cartels; after all, he negotiated NAFTA, which sold his countrymen into slavery, with George Bush. As *EIR* documented in its September 1996 *Special Report*, "Would a President Bob Dole Prosecute Drug Super-Kingpin George Bush?," Bush oversaw the operation which created the crack cocaine epidemic in the United States.

NAFTA was in every way a Bush-Salinas baby. The two Presidents personally oversaw its drafting during their Presidencies, and, despite enormous opposition in both countries, initialled a final text of the treaty on April 12, 1992. When it became clear that Bush might not be reelected, Salinas announced that his government would accept no changes in the treaty as it had been negotiated with Bush, by the next U.S. administration.

The dope cartels, busy buying up or creating dozens of cross-border transport companies to go into action once NAFTA went through, moved for institutional control over Mexico under Salinas. President Ernesto Zedillo found, when he took office on Dec. 1, 1994, that Mexico, under Salinas, had become the primary transshipment point for cocaine to the United States; cultivation of opium and its processing into heroin had zoomed; the police forces were corrupted almost beyond repair; and the banking system, privatized under Salinas, had become a major money-laundering center for the dope trade.

*EIR* detailed this Salinas drug story in its *Special Report*. At that time, law enforcement authorities in the United States, Switzerland, and Mexico were already on the trail of the Salinas team, a case centered around Raúl Salinas, Carlos's brother and close confidant. Raúl had been arrested in Mexico in February 1995 on charges that he was the intellectual author