

A photograph of an industrial landscape. In the foreground, there are green trees and bushes. In the middle ground, several tall, dark smokestacks rise from a factory complex. The background shows a range of mountains under a hazy, overcast sky. The overall tone is somewhat somber and industrial.

# Neo-Liberal Policy & the Feminization of Labor

*The Affects of NAFTA in  
Mexico*

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# Neo-Liberalism

Refers to a set of economic policies that include:

1. Limiting state involvement in economic life
2. Promoting 'markets'
3. Reducing impediments to the global penetration of each and every country by capitalism (particularly in production, investment, trade, and finance)
4. Privatizing the provision of all goods

# Economic Growth VS. Economic Development

ECONOMIC GROWTH: a one-dimensional measurement of quantitative changes in economic capacity

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ECONOMIC DEVELOPMENT: pertains to multiple dimensions such as quality of life, social structure, industrialization as well as economic growth

# Mexico & Neo- Liberalism

In the early 1990's, Mexico's neo-liberals were pursuing a large-scale program of government social engineering aimed at forcing Mexico's rural population off the land and into the cities, where it could provide cheap labor for the foreign investment that the new open economy would attract

# NAFTA

NAFTA is a treaty between Canada, Mexico, and the United States that was designed to foster greater trade between the three countries.

## UNDER NAFTA...

- U.S. cut tariffs on most Mexican manufactured goods
- Mexico cut tariffs dramatically on both agricultural and livestock products and virtually all manufactured goods from the U.S.

# Goals of NAFTA

1. Open Borders
2. Reduce Income Disparities  
between the U.S. and Mexico
3. Create New Jobs

# Limitations of NAFTA

Provided NO social regulations

- No labor, health or environmental standards
- All protections were reserved solely for corporate investors

# Affects of Lack of Regulation

- Increase in underemployment and work in low-pay, low-productivity jobs
- Vast majority of new entrants to the labor market must survive in the insecure, poor-paying world of Mexico's informal sector.
- A virtual halt in the process of urbanization

# Urban-Rural Migration Since NAFTA

The normal process of rural-to-urban migration that is typical of developing economies has reversed since the adoption of NAFTA.

The rural share of the population increased slightly between 1991 and 1997, as living and working conditions in the cities deteriorated.

# Mexican Agriculture & NAFTA

**Agriculture remains the most important single source of employment in Mexico**

- In 1999, agricultural employment (8.2 million workers) accounted for 21% of the total labor force.
- For the past 10 years, agricultural employment has hovered around 8 million.

**CONCLUSION: This stability suggests that NAFTA did not lead to a major surge in migration trends from the countryside to the cities.**

# Feminization of Labor

*Maquiladoras*: or **maquila** is a factory that imports materials and equipment on a duty-free and tariff-free basis for assembly or manufacturing and then re-exports the assembled product, usually back to the originating country. A maquila is also referred to as a "twin plant", or "in-bond" industry.

## Facts:

- NAFTA primarily provides tariff reduction to the textile industry
- After NAFTA, the number of women migrant workers rose from 25% to nearly 50%
- 70% of maquila workers are women

# Race to the Bottom

AKA Downward Harmonization

Theoretical phenomenon that is said to occur when competition between nations or states (over investment, capital, for example) leads to the progressive dismantling of regulatory standards. This theory states that this reduction of regulation, welfare, taxes, and trade barriers will increase poverty, and drive the poor to the few remaining areas that retain protections. In the end this theory argues that this will force the last remaining states to drop their protections in order to survive.

# Race to the Bottom

The maquiladoras are currently shedding jobs.

- Foreign investment in maquiladoras fell from almost \$3 billion in 2000 to \$1.3 billion in 2007, in part due to cheaper labor available elsewhere.
- The maquiladora industry's dependence on the U.S. economy has also contributed to its problems; the U.S. recession in 2001 decreased the demand for export production.