
Interview: Cecilia Soto de Estévez



Mexican legislator insists, NAFTA is no panacea

The following is an interview on the implications of the North American Free Trade Agreement (NAFTA) for both the U.S. and Mexican economies, conducted with Mexican Congresswoman Cecilia Soto de Estévez of the Authentic Party of the Mexican Revolution (PARM). EIR first interviewed her last July 29, during her campaign to represent the 3rd Congressional District, shortly after she had worked "under cover" in one of the border area assembly plants, the maquiladoras, for a week. That interview appeared in our Aug. 16, 1991 issue.

Congresswoman Soto gave the interview to EIR's Carlos Wesley by phone on Jan. 25, 1992.

EIR: You gained a lot of fame during your electoral campaign last year because you went undercover into a *maquiladora* plant. Can you tell us a little about this? Why did you do this and what did you learn?

Soto: This was around June of last year, and I did it because there was a big debate over the *maquiladoras*, that they have to change, that they offer better jobs and better salaries. There is currently ongoing in Mexico this process to join the trade agreement with the United States. And so I wanted to know what it really means to work in a *maquiladora*. So I got hired and I found many interesting things.

I found good physical conditions, a relatively good working environment, but the salary was so low. It was the minimum wage in Mexico, which is about 50¢ per hour, which meant that a worker only lasts about five months or so. Every day, about 200 workers would join the *maquiladora* and another 200 would leave. It was just like a revolving door, and everybody had applications for other jobs. You could never get high productivity with that intense labor rotation.

The other thing I found is that the company used very poor quality-control methods—you know, like counting with your fingers—because wages are so low that the company is not motivated to use sophisticated methods of quality control. I went precisely to the end of the quality-control process, and we found a lot of defective pieces due to poor methods.

EIR: Many of our readers do not know what a *maquiladora*

is. Can you explain it to us?

Soto: A *maquiladora* is what is called a twin plant. That is, it is a U.S. plant that sends everything to Mexico. All the components are U.S.-made but fully assembled in Mexico; then they sell it back to the United States. And because they sell it to a twin plant in the U.S., they sell it very cheap. Then they declare in Mexico that they have no earnings. If they have no earnings, they don't pay taxes in Mexico.

What they leave in Mexico are salaries and some worker training, but that's it.

EIR: These are manufacturing plants from the U.S. that get installed in Mexico, then? What does the plant you were working for make?

Soto: They make what is called *arneses*. These are the electrical wires that are assembled into one big wiring harness that serve all the electric requirements of Ford's tractor-trailers. This company was from Alabama.

EIR: Therefore, jobs originally from Alabama, are now being performed by workers who are paid 50¢ an hour in Mexico?

Soto: That's before I went in and organized a strike movement, and now salaries are a tiny bit better, maybe 60 or 70¢ an hour.

EIR: With the North American Free Trade Agreement, the idea is that you would have many more of these *maquiladoras*.

Soto: Yes, that's one part of it. The general idea is that trade barriers are going to practically disappear over a period of about 10-15 years. In some sectors, they have already disappeared; in some sectors, they will disappear abruptly; in others it's going to be a very long process. So, one of the aspects is that more plants of that kind are going to come to Mexico.

Another aspect is the agricultural one. For example, there are a lot of barriers for Mexican and American products. If those barriers disappear, wheat and corn—for example—which are more and more cheaply grown in the United States,

because you have all that snow, are going to be imported into Mexico.

And our corn and our wheat, which are more expensive to grow—not because of low productivity but because we don't have the rain and snow you have, and so we have to irrigate—it's not going to be worth it for us to grow those crops. And that's going to be a big problem for Mexico, because that's going to mean that we're going to depend on U.S. or foreign crops. You know there is this crazy idea that Mexico can simply plant cherry tomatoes and zucchini for the U.S. supermarkets, but what about the basic crops that we need for *our* population?

EIR: Recently, there's been talk about a growing resistance to this North American Free Trade Agreement. What can you tell us about this?

Soto: Well, I don't share that view: I think there is some resistance, but that it is scattered. There is resistance by some industrialists who have been hit hard by the elimination of the trade barriers that the Mexican government has already carried out. For example, the toy and clothing industries. And then there is also the auto industry, which in Mexico means General Motors, Chrysler, and Ford. Here, too, there has been some resistance because of what is called the "rules of origin." The Americans want a very high percentage of "rules of origin," you know, higher than 60%, so that Japanese or European automakers could not use Mexico as a bridge to reach the United States. But Mexico needs Japanese and European investment!

EIR: So you're saying there is more interest inside Mexico to lower the "rules of origin"?

Soto: Yes, there's a big fight there.

EIR: You mentioned some benefits that might come from the *maquiladoras*, in terms of the wages and labor training in Mexico, but do you see NAFTA as providing any benefits overall to the Mexican and U.S. economies?

Soto: I think the global effect would be negative. Right now, especially in the northern part of Mexico, *maquiladoras* are very popular among workers, because there is such a high unemployment rate in Mexico. But overall, I think we are going to lose a great deal of our sovereignty, of our capacity to act as a sovereign nation. The most important thing is that we are joining this agreement precisely at the worst moments of the U.S. economy.

You know, it is like marrying somebody who has some very disturbing symptoms. Before marrying this person, you should make certain that person is healthy.

The U.S. economy suffers from many, many problems, but the most important one is that of low technology, of the obsolescence of the industrial base. With this North American Free Trade Agreement, the most important incentive [for the U.S.] is low wages in Mexico, which means that a lot of

U.S. plants would abandon the fight for productivity: They would try to lower the cost of their product not by higher technology but by moving to Mexico.

EIR: Aren't the jobs you are seeing right now in the northern part of Mexico jobs that were previously in the United States, rather than new jobs?

Soto: Exactly. Some protest, of course, that this is not a one-to-one relation; that a job lost in the United States would not remain that way, because new jobs would be created by exports. But I don't think this is so, because how would the U.S. compete with these low-quality products from the *maquiladoras*, if it doesn't completely renovate its industrial base?

EIR: You mention the question of farmers in the United States being able to sell more goods in Mexico. Is NAFTA, in the long run, going to be good for American farmers?

Soto: That's a complicated question. Some sectors of U.S. agriculture are going to benefit, because they are going to sell their crops. Others, however, will suffer: For example, the food and vegetable growers will suffer because Mexican vegetables are cheaper and of good quality.

EIR: Will the Mexican Congress have a chance to debate this agreement, if and when it is signed?

Soto: No, the Mexican House of Representatives, by the Constitution, does not have the right to review international treaties. It is the Senate which does that, but the Senate is almost completely controlled by the ruling party. And, therefore, it would be nothing more than an act of protocol to approve it.

EIR: Is there anything else regarding the North American Free Trade Agreement that you would like to tell our readers?

Soto: Well, what I would like to say is that NAFTA has been presented to both populations—yours and Mexico's—as the panacea for everything. And if you are against it, you are either a Marxist freak or a protectionist freak, or something like that. What I want to tell your readers is that, even if the world has changed as much as it has in these past months, the basic rules of economy have not changed.

The ABCs of economy haven't changed. If you don't produce by improving your technological base and elevating the consumption of the productive work force, then you will not be able to compete with other countries. So, NAFTA is an escape valve for both the U.S. and Mexican problems, and is not the solution. The only solution is the complete reversal of the direction of the U.S. economy. You have to innovate, you have to select some areas of the economy where you would be the best, and we'd have to do the same in Mexico.

Maybe you will have to change your government to accomplish that.