

Factory Work Shifts to Mexico After NAFTA Goes to Asia

By Jim Toedtman and Letta Tayler
STAFF CORRESPONDENTS

For nearly two decades, Nancy DeWendt hunched over the clackety machinery of the Swingline stapler plant in Long Island City, dreaming that the tedious but steady work would put her younger son through college.

"Then they pulled the rug out from under me," said DeWendt, a widow who has been jobless since Swingline laid off its 450 assemblyline workers almost five years ago and moved its Queens operation to Mexico.

At Swingline's new plant in Nogales, a gritty industrial city on Mexico's northern border, Alma Arenas worries she's about to lose the stapler-assembling job she inherited from DeWendt, which earns her \$1.27 an hour, compared to DeWendts final hourly wage of \$18.

In the past few years, Swingline has laid off hundreds of employees in Nogales and has started sending work to China. It is following the example of scores of other U.S.-owned factories that used the North American Free Trade Agreement to move to Mexico with the aim of lowering costs, but are now turning to Asia, where labor is even cheaper.

Sitting in her one-room shack with a dirt floor and a latrine out back, Arenas fretted, "I could be next."

When NAFTA dismantled trade barriers from northern Canada to southern Mexico on Jan. 1, 1994, marking the world's most radical trade accord between developed and developing nations, proponents including then-U.S. President Bill Clinton forecast unprecedented employment and affluence. A decade later, NAFTA's reality has not matched the rhetoric.

"The lesson of NAFTA is that trade liberalization alone will not bring greater jobs or prosperity," said Sandra Polaski, a labor expert who co-wrote a study on NAFTA for the Carnegie Institute for International Peace. Moreover, she said, "the social safety nets haven't been adequate to provide assistance to those who lose out."

The consequences of free trade have become a lightning rod for the anti-globalization movement and an issue in next year's presidential campaign, as President George W. Bush pursues similar pacts through the Americas with the promise that "more trade means higher incomes for American workers."

To be sure, the pact has nearly tripled trade among the three NAFTA countries. Variety has increased and prices have dropped for many consumer goods, staplers among them. And the departure of U.S. jobs for Mexico or in some cases Canada hasn't amounted to the "giant sucking sound" that Texas billionaire Ross Perot had so ominously predicted in 1992.

But for those who were left behind, the pact has been a one-rail track to tumultuous social change and economic hardship. Fumed DeWendt: "I hate NAFTA."

Swingline's rise from a New York neighborhood, where it provided a livelihood for immigrants of various stripes before abandoning them in the race for lower costs, offers a ground-level view of the impact of unrestricted trade on ordinary workers and their families.

LONG ISLAND CITY

DeWendt was 22, but felt like she was "just a baby" when she started work at the red-brick Swingline building in Long Island City in 1979, only weeks after moving to Queens from her native South Carolina.

Like many Swingline employees, DeWendt practically grew up at the Skillman Avenue plant, whose protective, family-run environment was a road toward the American dream. From her first assembly-line job attaching staplers to bases, she rose to the rank of production leader in her 19 years and 9 months with the company.

"My job was to jump in anytime there was a problem. I had to make sure the line was flying," DeWendt, an energetic, bespectacled 47-year-old, recalled proudly from her ground-floor apartment in Jamaica, Queens.

For decades, "Swingline was the epitome of what America is always about," said Chris Silvera, secretary-treasurer of Teamsters Local 808, which had represented the plants workers since 1981. But in the end, he added, "it destroyed a lot of good lives."

Founded in 1925 by Ukrainian immigrant Jacob Linsky, Swingline operated in the heart of the city's manufacturing center. Outside, its neon-red "Swingline STAPLERS: EASY LOADING" sign served as a landmark for travelers crossing the East River to Queens. Inside, its assembly lines bustled with workers from not only rural America but around the globe.

Many workers tried to hold on to their native identities, making the plant a veritable Tower of Babel, so much so that the 1981 union contract was translated into 21 languages. "That was a United Nations of workers," said Bartholme Baptiste, 47, a Haitian immigrant who joined Swingline a month after arriving in Brooklyn in 1980.

But that insular world became a liability when the stapler plant and its staple-making operation on nearby 33rd Street closed in 1999. Many workers were too old and spoke too little English to find new jobs.,

Some began to worry in 1970, when Linsky sold Swingline for \$210 million to American Brands, which in 1997 became Fortune Brands, now a \$6 billion, Illinois-based conglomerate.

By the late 1980s, recalled DeWendt, then a shop steward, Swingline was warning it had to hold down salaries or close - a refrain that union officials say became common nationwide under NAFTA. Still, when it happened, DeWendt said, "It was really a shock."

And it didn't just affect Swingline, DeWendt added, but also "the people who made the boxes and the pallets and did the shipping. It was just like dominos."

To compete against firms producing office equipment in Asia, where wages were a fraction of those in New York, Swingline had to cut its \$14 million payroll by \$12 million to \$2 million, company officials said at the time. That is less than one-third the \$6.9 million in salary and stock options reported by Fortune's chief executive Norman H. Wesley last year.

Fortune opted for Mexico because it offered NAFTA's tariff-free trade and lower production costs along with proximity to its U.S. market. Fortune also saved by consolidating its stapler operations with its Nogales-based office supply company, ACCO.

Laid-off workers received the standard six months of unemployment plus an additional 12 months of benefits under a federal program that certified them as victims of NAFTA. But as many as half the 450 Swingline workers never re-entered the workforce, according to union officials and former employees. Their jobs were among at least 525,094 that the U.S. Labor Department certified as lost because of NAFTA.

That's a minimal number in an economy where 400,000 workers on average are laid off each week.

NAFTA "conveys enormous benefits on the public at large even though it "necessitates some displacement," U.S. Treasury Secretary John Snow told reporters recently in Washington, D.C. But, he acknowledged, for those losing out, "the direct hit is concrete."

Some Swingline employees died or retired. Others like DeWendt, who walks with a cane, hurt their backs on the job and get by on disability for lack of other prospects. That's enough to pay DeWendt's bills, but not enough to set aside money for college expenses for her son, 15. Instead, he is working part-time, she said, and planning to take courses at the local community college.

Baptiste lives with his sister in Brooklyn and works odd jobs as a cleaner and deliveryman. Now, he said, he finds himself trapped - too young to retire, too old for the shrunken New York job market.

Others were luckier, finding work as nursing assistants, in day care centers, or as city transit workers.

Colombian-born Jesús Enriquez, 53, of Jackson Heights, was among several Swingline workers who used a U.S. retraining program for NAFTA workers to polish his English at LaGuardia Community College. The move helped him land a maintenance job in a Baychester high-rise. He earns \$17 an hour, compared to \$12 after 21 years at Swingline.

"I'm happy. I got a good job," Enriquez said. "I say, 'Thank you, God.'"

But many Swingline workers were thwarted by the retraining program's complicated and conflicting regulations, or were rejected because of requirements they have high school equivalency and English proficiency. The problems were similar to those that a U.S. comptroller's report concluded had hindered the retraining program nationwide.

The front lines in retraining have been community colleges like LaGuardia. But deficit-strapped states and cities have cut such programs, even though New York State in the past decade has lost 220,000 manufacturing jobs, more than 50,000 of them linked by organized-labor studies to NAFTA plant closings and thousands of them in Long Island City.

"I've seen this continuing, fairly rapid de-industrialization of Long Island City," said LaGuardia Community College business professor Will Saunders, "with dozens and dozens of companies, many of them are around no longer."

Long Island City remains a bustling, multicultural neighborhood, and the Swingline building on 33rd Street has become a temporary home for the Museum of Modern Art in Queens. But the neon stapler that glowed atop Swingline's Skillman Avenue building has been trashed. Instead, a real estate sign advertises: "Available."

"I wanted to work. But all the jobs have gone. They say I'm too old," said Kyu Hwa Yang, 67, of Woodside, a Korean immigrant who worked as a Swingline machine-operator for a quarter-century and now gets by on his union pension and Social Security. "Do you know anyone who will hire me?"

NOGALES, MEXICO

One block from the gleaming, pink-and-cream colored Swingline plant on Free Trade Street in Nogales, Mexico, paved roads and tidy gates give way to sprawling shantytowns.

Shacks of plywood and tin crowd gravelly hills once graced by groves of mesquite, cottonwood and nogales, the walnut tree for which the city is named. Electricity, where it exists, is often rigged, and water the city trucks in is contaminated. Latrines teeter precariously over gulches strewn with noxious garbage.

In one of those shacks lives Alma Arenas, a Yaqui Indian who has worked 15 months at Swingline. She's one of millions of Mexicans who have doubled the population along Mexico's northern border in the past decade as they seek work in U.S. assembly plants that multiplied under NAFTA, only to discover those jobs are vanishing as fast as the walnut groves.

"It's not exactly the life I dreamed of," admitted Arenas, 26, as she looked around the single room where she lives with her husband and the youngest of her three children. "But the other options are even worse."

Arenas left her rural hometown of Potam, in the northern state of Sonora, because she can't earn a living there farming her parents' tiny plot of land. Up to 1.5 million Mexican family farmers have lost their livelihood in the past decade. One key reason, according to many economic observers, is that low cost corn and other foods from heavily subsidized U.S. agribusinesses, a sector that has benefited significantly from NAFTA, have flooded Mexico under the trade deal.

With their hoes and oxen, "Our farmers can't compete against the United States," Arenas said.

At Swingline, Arenas earns the peso equivalent of \$63 including benefits and bonuses for a 50-hour work week. That's barely enough to afford her shack and a diet heavy on rice and beans. But, she notes thankfully, that's nearly twice the minimum wage.

What's more, the Swingline plant is air-conditioned, cafeteria food is subsidized, and Arenas can leave her son Paul, 3, in the corporate day-care center. When Paul is older, Arenas hopes to send him to the local school where Swingline has paid for books, computers, plumbing and a coat of paint complete with the logo of ACCO, its parent company. She also could apply for one of the no-interest loans that Swingline offers workers to buy their first homes.

That is, if she still has a job. The number of employees at ACCO's Nogales plant has dropped from more than 2,600 in 1999 to less than 900 this year, according to the local assembly line association. Labor sources estimated at least two-thirds of the fired workers produced Swingline products.

Rumors are rife that the plant - which like most along the border isn't unionized - will move part of its operations to China, where it already has contracted with other factories to assemble staplers.

Swingline officials declined requests for interviews and a tour of the plant. In a written statement, the company said it had restructured to "remain competitive against intensified competition from low-cost Asian imports."

It's a trend that has clouded Mexico's optimism over NAFTA.

Though the pact gave Mexico a \$37.1 billion trade surplus with the United States and created an extra half-million manufacturing jobs, about one-third of its assembly-line work, including from Nogales, has left for Asia since 2001.

And while NAFTA benefited Mexico's auto, cut-flower and avocado industries, it never brought the promised middle-class boom that was supposed to stimulate demand for U.S. products. Instead, the gulf between rich and poor has widened.

Even Guillermo Perry, chief Latin America economist for the pro-trade World Bank, concluded earlier this month that in Mexico, "the most developed and competitive regions and sectors have clearly benefited from the trade liberalization, while those lagging behind have not."

Critics contend NAFTA fueled the dislocation by encouraging Mexico to become dependent on foreign-owned institutions that leave when they see better profit margins elsewhere.

Defenders counter that Mexico would have fared even worse without joining the world economy and argue it could have kept Asian competition in check by stemming corruption, streamlining bureaucracy, and investing more in education and infrastructure.

"A good chunk of the blame has to go to the Mexican government's inability or unwillingness to take steps to help it stay competitive," said John Christman, an assembly-plant analyst in Mexico City.

These days, the few workers who do get jobs at Swingline often end up like Antonio Oltehua, 20, who migrated to Nogales four months ago from the depressed farm state of Veracruz. After giving Oltehua two one-month contracts, Swingline let him go in mid-December.

"I'll keep looking for a while," Oltehua said, trying to sound optimistic. "But if I don't find anything, I might go to the other side."

The other side - "El otro lado" - is the United States, where the population of undocumented Mexicans has doubled to an estimated 4 million in the past decade as jobs in Mexico dry up. The Mexican population in New York City and on Long Island has nearly tripled to 200,400 in the decade ending in 2000, according to the U.S. Census.

Even though he's employed at Swingline, Oltehua's brother-in-law Luis Mina might leave for the United States as well.

After nearly five years operating a staple-making machine, Mina, 26, a father of two, now earns the equivalent of \$127 in Mexican pesos for a 52-hour week. That salary has afforded him two luxuries - a battered, 1985 Honda Accord and enough plywood to replace the cardboard walls of his two-room shack. But seven relatives including Oltehua crowd Mina's home, and his back door opens onto a fetid dump.

"I don't know a lot about NAFTA," Mina said, "but I'm not sure this is progress."