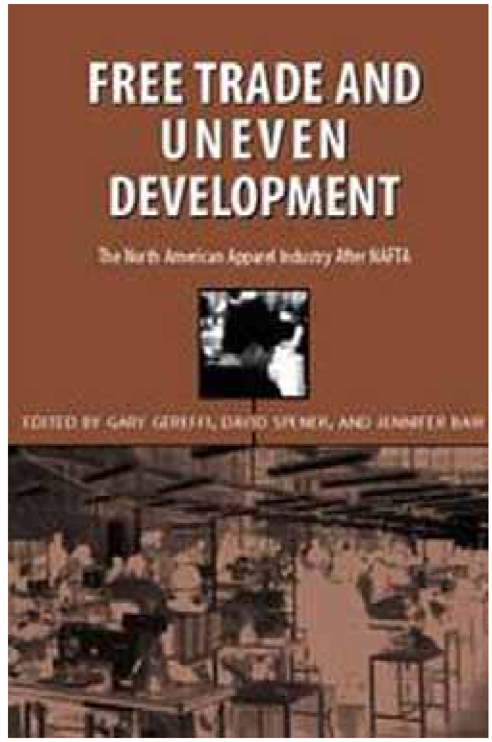
Free Trade and Uneven Development: The North American Apparel Industry after NAFTA, de Gary Gereffi, David Spener, and Jennifer Bair (editores), Philadelphia, Temple University Press, 2002, pp.356.

Since the passage of NAFTA, there has been much debate about the merits and problems of the trade agreement and its effects upon a broad array of industrial sectors within each of the signatory countries. With more than a decade having passed since its inception, recent assessments have focused on whether it has improved competitiveness in the economies of the countries involved. In bringing together low wage and high wage economies in a largely tariff-free market, NAFTA exposed the competitive disadvantages of many low-wage, low skilled and labor-intensive US firms. At the same time, it was assumed that not only would these jobs migrate south to Mexico and build upon earlier established offshore production programs (maquiladoras), but that NAFTA would enable Mexican firms to gradually upgrade their production capabilities and move into higher added value sectors. In turn this would lead to higher wages for Mexican workers which would then stimulate the domestic Mexican economy, reducing both unemployment and poverty. By using the apparel and textile industries as a test case, this book evaluates these propositions and provides us with an interesting snapshot of what NAFTA has meant for firms and workers in both the United States and Mexico.

The authors start their discussion by developing a conceptual framework in which firms are seen as parts of networks that are embedded in supply chains, which, in turn, are evolving internationally to take advantage of new production and trade scenarios. The editors refer to this inter-firm network approach which they claim is a more comprehensive way of evaluating the growth of regional economic inter-dependence. NAFTA has provided strategic opportunities for both US and Mexican firms in textiles and apparel to work together and independently. The growing power of increasingly concentrated US retailers has put pressure on manufacturers to further lower costs and meet stringent flexible production and delivery schedules. The consequence of this has been the relocation of apparel production, and with it many jobs, from the United States to Mexico.

Bair and Gereffi, in an opening chapter, discuss the ineluctable logic of the search by apparel producers for low cost labor sites and with it the increasing globalization of production. Set against the background of established trade agreements, it shows how production is nonetheless driven by lead firms that appropriate much of the added value as they pursue sourcing in lower-cost areas. By way of examples, Judi Kessler's chapter details the increased outsourcing of apparel assembly from Los Angeles to Mexico; David Spener tells a similar story for the El Paso denim industry as firms relocate cutting, sewing, and finishing operations to sites in Mexico. Florence Palpaceur's chapter on New York, however, shows how small US firms can find niches in product design and marketing and retain their competitive edge. For most workers in US firms, however, the consequences of these changes are quite dire. The revival and persistence of sweatshop practices (Robert Ross's chapter) provides at best a temporary stay for the domestic industry in regions like southern California where large immigrant and undocumented populations create de facto third world labor markets. Labor intensification and wage reduction are the results of this. Meanwhile, as Edna Bonacich argues, unions have proved unable to protect more than a small percentage of the workforce and there is little to suggest that the future will be any different. Several stories of successful unionization campaigns followed either by bankruptcy or the closure of operations and shifting overseas present a stark reality for future campaigns.

In Mexico, the consequences of these production changes have been mixed. There is evidence that large, capital-intensive Mexican firms have been able to exploit



production linkages with major US companies, but smaller firms have been less successful (see chapters by Gereffi, Martinez and Bair; and Peters, Durán and Piore). This is somewhat ironic since Mexico's comparative advantage is meant to be in labor, not capital. Ulrik Vangstrup argues that some small and medium sized firms might be successful if they can become part of clusters that collectively provide the economies of scale lacking for individual manufacturers. This could enable them to work more closely with the larger retailers in Mexico whose power, according to Mendoza, Ponce and Spener in their chapter, is increasing along with the growth of a domestic consumer market. However, for many Mexican firms the lack of supplementary institutions, such as credit and infrastructure, a limited culture of trust, plus the difficulty of finding partners combine to make industrial upgrading very difficult.

Finally, several chapters are devoted to Central America and the Caribbean and how NAFTA has eroded some of the preferential trade agreements that the US had with these countries.

As with any edited book, some of the chapters contain theoretical discussions that are repetitive and redundant. But this is a minor flaw in an otherwise fascinating account of what has happened in an important industrial sector following trade legislation. It documents the consequences of such policies for workers, both US and Mexican, and in terms of wages and employment opportunities. It reveals how some firms have inevitably been successful at exploiting these new competitive parameters; it also shows the difficulty many Mexican firms have encountered in acquiring the managerial and production skills to capitalize upon the opportunities. But ultimately, it is a story of an industry whose principal driving force has been that of cost reduction and the search for cheap production sites. If that can be done in the United States using sweatshops and non-union immigrant labor, firms will exploit the resulting flexibility and shorter delivery times that come from domestic production. If this means sourcing production moving ever deeper into the interior of Mexico to gain cost advantages, partnerships with Mexican firms will emerge. Whether that will lead to industrial upgrading and provide Mexicans (employers and employees alike) with an opportunity to appropriate more of the value added remains to be seen. The general mood of many of these authors is not overly optimistic on this account.

Ian Malcolm Taplin
Department of Sociology
and International Studies
Wake Forest University, NC