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The Stakeholder Dialogue on  
North American Competitiveness

The strengthening of North America integration can greatly improve the economic, development and security conditions for the people living in the region if the rules of integration are based on a model that balances the needs of workers with those of businesses. Unfortunately, the current model of integration is flawed and in all three countries inequality has grown, with the benefits of trade going to the most privileged and—at least in Mexico and the United States—respect for worker’s rights and labor’s share in the gains of productivity going down. North American leaders need to provide regional and global leadership to ensure that workers in the region receive an equitable share of the profits from trade.

Throughout the region, many workers and their families do not see the current model of trade and investment that is critical to the current integration model as creating stronger workplaces and communities. As noted by Secretary Pritzker, regional integration is based on a division of labor in which there will be “increased cooperation between U.S. firms and Mexican companies, perhaps with innovation occurring on the American side and production happening south of the border”.<sup>1</sup> Without other worker centered policies in place, this model of integration offers little hope to manufacturing workers in the United States and has created a huge political backlash against all trade agreements.

The current model has led to greater inequality, especially in the United States and Mexico. Since the signing of NAFTA there has been little improvement in wages on either side of the border. In 1997 the wages of Mexican manufacturing workers were 15% of U.S. workers; in 2015 they were 16%—essentially unchanged.<sup>2</sup> The Mexican government’s systematic violation of workers’ right to unionize is a major cause of this persistent wage gap.

As goods and services have moved freely across borders, the movement of migrant workers and their families has remained restricted. Labor migration has benefited U.S. employers and generated nearly \$25 billion in remittances in 2015. But the model of circular labor migration in current “guest worker” programs, in which Mexican workers are essentially indentured servants, condemns them to insecure, low-wage employment. Governments in the region must also make real commitments to address the root causes of forced displacement, including flawed trade and economic policies, a lack of decent work, instability and conflict in the region, and dysfunctional immigration system. The integration of immigrant workers, whether through legalization of undocumented workers or targeted guest worker programs, must be based on full guarantees of labor mobility and freedom of association.

Greater consultation needs to happen with trade unions and civil society organizations to ensure that stakeholders are active participants in shaping the policies and programs that affect their lives. Trade unions in the region have offered many proposals for regional integration strategies based on social and economic inclusion and improvements for both U.S. and Mexican workers. See, for example, the AFL-CIO’s comments to the U.S.-Mexico High Level Economic

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<sup>1</sup> <http://articles.latimes.com/2013/sep/17/business/la-fi-mo-penny-pritzker-20130917>

<sup>2</sup> <https://www.conference-board.org/ilcprogram/index.cfm?id=38269>

Dialogue, submitted on 9 January 2014 (attached). Unfortunately, this “dialogue” has remained closed to labor and civil society.

Real integration of our region can only be achieved with the full participation of those who generate its wealth. Until this is accomplished, we should not be surprised to find that a strategy of integrating elites while excluding working people faces widespread political resistance.