



Society for Latin American Studies

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Source: *Bulletin of Latin American Research*, Vol. 11, No. 1 (Jan., 1992), pp. 91-107

Published by: Blackwell Publishing on behalf of Society for Latin American Studies

Stable URL: <http://www.jstor.org/stable/3338601>

Accessed: 10/04/2010 15:34

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The Maquilas in Mexico: a Global Perspective¹

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INTRODUCTION

In Mexico, as in many other Third World countries in recent years, the belief in export-led industrialisation fuelled by foreign investment and technology (ELIFFIT) is beginning to displace other available development strategies, such as import substitution, varying degrees of autarky, or the traditional reliance on primary product export. This paper explores how the maquila industry along the Mexico–US border, by spearheading ELIFFIT, has helped create a transnational capitalist class which is gradually changing the ways in which Mexico relates to a global capitalism in the process of re-formation.

Though I cannot here substantiate the point in detail, it can certainly be argued that this position is amply confirmed by Mexico's accession to the GATT in 1986 and by the negotiations over the Free Trade Agreement with the USA and Canada.² The transformation of Mexico from what has commonly been considered to be one of the most protectionist and strict regimes as far as foreign investment is concerned into what the major institutions of global capitalism disarmingly call an 'open economy' is well under way. As Barkin (1990: 1) argues in his challenging critique of this unfolding strategy, 'Mexico's economy has been literally turned inside out'.

Mexico has for at least a century been a prime location for foreign investment, mainly but by no means exclusively from the USA. In the mid-1980s only about 2.5 per cent of Mexican industrial firms were foreign-owned, but these firms produced more than 30 per cent of Mexican industrial exports.³ Until the 1970s, most of this foreign investment was in the 'traditional' TNC sectors such as automobiles, petroleum exploitation, pharmaceuticals, textiles and so on, which combined import substitution with exporting. But from the 1970s, and increasingly in the 1980s, this picture began to change and the balance began to swing to the more specifically export-processing assembly industries, such as electronics, machinery, auto parts, apparel, furniture, and sports goods and toys. This tended to be concentrated along Mexico's northern border under the rules of the maquila industry.

The maquila industry originated in the mid-1960s, when the Mexican government introduced a Border Industrialisation Program which permitted Mexican and foreign-owned factories to operate along the border duty free on condition that they exported all their products. The maquilas are often termed the 'in-bond' industry. These factories, mainly US-owned, were also able to take advantage of tariff regulations covering the re-import of assembled unfinished goods using US-manufactured components. Mexico

now has about 2000 maquilas, employing almost half a million workers. Annual maquila export earnings are in the region of US \$2–3 billion.⁴

My particular purpose here is to show how the maquila industry can be fruitfully analysed in terms of the conjuncture of economic, political, and cultural-ideological forces. My argument is that the transnational corporations operating through the maquila industry have created a transnational capitalist class in the border region and have reinforced a culture-ideology of consumerism, and this has gradually begun to make a significant difference to the ways in which Mexico and the global capitalist system relate to each other. The framework of this analysis is an evolving sociology of the global system.

A SOCIOLOGY OF THE GLOBAL SYSTEM⁵

The aim of this sociology of the global system is to establish the viability of a specific conception of the *global system*. The 'natural' approach to the global system is state-centred, emphasising the role of the state and cognitively privileging the system of states. While not ignoring the state, my approach offers in addition a conception of the global system based on *transnational practices*.

Transnational practices are analytically distinguished on three levels, economic, political and cultural-ideological, a conventional political economy classification with which most of us are now quite familiar, even if many find it uncongenial. In the concrete conditions of the world as it is, a world largely structured by global capitalism in its various guises, each of these practices is typically, but not exclusively, characterised by a major institutional form. The *transnational corporation* (TNC) is the major locus of transnational economic practices; the *transnational capitalist class* is the major locus of transnational political practices; and the major locus of transnational cultural-ideological practices is to be found in the *culture-ideology of consumerism*. There is general agreement that the transnational corporation is a (if not *the*) key institution in the global capitalist system. The primary agents of the political and cultural-ideological transnational practices may be somewhat more contentious. A central hypothesis that flows from this framework is that in each sphere—economic, political and culture-ideology—transnational practices increasingly marginalise exclusively domestic practices. While the evidence marshalled in this paper is indicative rather than definitive, it does illustrate the ways in which the TNCs are marginalising those enterprises that operate purely for the domestic economy, how an embryonic transnational capitalist class is marginalising inward-looking domestic classes, and how the culture-ideology of consumerism increasingly marginalises those cultural products that resist commodification. I shall briefly look at each of these in turn and try to show their relevance for the study of the maquila industry in Mexico.

THE TRANSNATIONAL CORPORATIONS

While the state is the spatial reference point for most of the crucial transnational practices that go to make up the structures of the global system, in the sense that most transnational practices intersect in particular countries

and come under the jurisdiction of particular states, it is not necessarily the most fruitful conceptual reference point. The global capitalist system conceptualised as transnational (transcending nation-states) rather than inter-national (based on the relations between nation-states), provides an alternative focus. The system is driven by increasingly transnational capitalist classes (whose characteristics are drawn in more detail below) through the various forms of transnational corporations (extractive, manufacturing, trading, financial, communications, etc.). These TNCs are at the centre of the system and they dictate economic transnational practices. Where necessary, they compete with the separate states in the struggle to dominate political and cultural-ideological transnational practices. There are several other systems, regionally important and ethnically, culturally and/or theologically based, but none has, as yet, had the pervasive global success of capitalism in the twentieth century.

The largest TNCs have assets and annual sales far in excess of the Gross National Product of about half of the countries of the world. In 1986, 64 out of the largest 120 countries had GNPs of less than 10 billion US dollars (World Bank, 1988). UN data for 1985–1986 show that 68 TNCs in mining and manufacturing had annual sales in excess of 10 billion dollars. All the top 50 banks, the top 20 securities firms, and all but one of the top 30 insurance companies had net assets in excess of 10 billion. The McDonald's fast food corporation (total sales of \$12.4 billion), Japanese and West German Railways (total revenues \$16 and \$12.5 billion), and 12 retailing chains (sales ranging from Sears' \$44 billion dollars to Daiei's \$10 billion) were also members of the '10 billion dollar club' (United Nations, 1988: annex tables). These figures in themselves do not prove anything, they simply indicate the *gigantism* of the TNCs.

The dependency perspective focused attention on this unequal relationship between mighty TNCs and the powerful home countries that looked after their interests all over the globe, on the one hand, and the relatively weak and powerless Third World countries in which they were involved, on the other. However, the dependency perspective failed to explain how the practices of the TNCs and those who act as their agents in the Third World actually operated to produce something like the kinds of development that are taken for granted in the First World, regionally or in particular industries in some Third World countries. Ideas like 'associated dependent development' (Cardoso) and 'semi-periphery' (Wallerstein) were introduced to solve this problem but the question that has never been satisfactorily answered is: to what extent is dependent development actually development? One of the places in the Third World where this question appears to be most relevant is on Mexico's northern border with the USA where, over the past 25 years substantial industrial and urban growth has taken place as a result of the opening of hundreds of factories by some of the largest TNCs in the world.

TNCS IN THE MAQUILA INDUSTRY

I shall detail some of the activities of the many 'Fortune 500'⁶ corporations that have dominated the maquila industry since its early days and continue to do so, in the section to follow on the maquila transnational capitalist class.

Here, however, I shall focus on one important aspect of TNC involvement in the maquila industry, because it has been used by both US and Mexican promoters of the maquilas to good effect over the years. I refer to the imputed role of the TNCs in the transfer of technology.

Lists of transnational corporations that are identified with advanced research and high technology products are routinely used as a surrogate for technology transfer itself, but this is a sleight of hand on which the maquila industry has no monopoly. One of the two key reasons why Mexico and other Third World countries embarked on export-led industrialisation policies in the first place was the hope that by relaxing the foreign investment rules, the TNCs attracted into the country would be more likely to bring modern technology and techniques with them. (The other key reason, paradoxically, was the need to create as many jobs as possible, not a common characteristic of high tech industries.)

The city of Guadalajara, sometimes labelled 'Mexico's Silicon Valley', is one place where US and Japanese electronics firms, operating within and outside of the maquila rules, have indeed won a reputation for importing high technology. However, in the words of one commentator: 'High-tech US firms such as Unisys Corp. and Eastman Kodak Co. and traditional US manufacturers such as Ford Motor Co. have started combining some of the most automated manufacturing technologies and the latest management techniques with some of the world's lowest-paid workers' (Stokes, 1987).⁷

The apparent paradox is the one that lies at the heart of the ideology of the assembly industries (the ideology of 'production sharing') and the technological core of current changes in global capitalism. Given the capacity to break down the production of practically anything into its component parts and to fabricate and/or assemble these parts more or less anywhere it chooses (flexible production), the transnational corporation can now unite capital, technique and labour in an historically unique fashion. Production 'sharing' means that in some major industries, particularly those that utilise electronic control systems to a greater or lesser extent, high technology processes can travel in the form of components and materials to low wage areas for further processing. Thus, the technology has been *relocated* in this form, *not genuinely transferred* in production processes within the low wage areas where the further processing is taking place. Production 'sharing' is nothing if not flexible. It does allow for almost limitless experimentation with the division of labour.

The maquila industry capitalises on the possibilities of cost saving by manipulation of systems of production, fabrication, assembly and sub-assembly. For the most part, the technology is contained in the components which are assembled in a highly routinised, standardised and simplified fashion by low-paid maquila operatives doing the same things hundreds or thousands of times every day. In the typical maquila, only the technicians from the parent company have a vision of the whole productive process and they teach discrete parts of it to the Mexican technicians, who pass on discrete parts of what they know to supervisors who are responsible for ensuring that the workers carry out their given tasks properly. However, there are always opportunities within this system for some workers and tech-

nicians to exercise independent judgement and to intervene at some level in the productive process.⁸ This suggests that all technology relocation presents the possibility of some technology transfer, in the form of transmission of skills if not the actual transfer of workable technology from its owner to those employed to work with the products in which it is embodied. The globalisation of production, therefore, does present some risks for the TNCs' technological monopolies, though the evidence of the maquila industry suggests that these risks are, as yet, quite limited.

THE CONCEPT OF THE *TRANSNATIONAL CAPITALIST CLASS*

The idea that regimes and their dominant classes in the Third World have institutionalised specific mechanisms for dealing with the global capitalist system and vice versa, has been conceptualised in many ways. Major changes in the economic, political, and cultural-ideological structures of the global system in the last few decades force us to reconsider the traditional ways in which First World–Third World class relations have been conceptualised. In doing this, it is necessary to begin to think about the global system itself, about the extent to which it can usefully be characterised as a *global capitalist system*, and the creation of what I shall term *transnational capitalist classes* (TCCs) within it. These classes are *transnational* in the double sense that they tend to have global rather than local perspectives on key issues and that they typically contain people from many countries. In the case of the maquila industry, the main actors are Mexican and US citizens, with some Japanese and other nationalities.

The idea of the transnational capitalist class acknowledges that Eurocentric class categories have always caused problems in the analysis of social structures outside the advanced industrial countries but that these cannot be avoided if we are to confront the reality of the global capitalist system.

The transnational capitalist class includes the following groups of people:

- (i) TNC executives and their local affiliates;
- (ii) globalising state bureaucrats;
- (iii) capitalist-inspired politicians and professionals;
- (iv) consumerist elites (merchants, media).

This class sees its mission as organising the conditions under which its interests and the interests of the system (which usually but do not always coincide) can be furthered within the national context.⁹ The concept of the transnational capitalist class implies that there is one central *transnational* capitalist class that makes system-wide decisions, and that it connects with the TCC in each locality, region and country.

While what used to be called the 'comprador' class may admit that its interests and those of the foreigners it serves are antagonistic to those of nationals, the local TCC conceives of its interests and the interests of the global capitalist system that it serves, as more or less identical with those of the national development of its home country. Claude Ake (1985: 175) puts one option for this class very well when he argues that indigenisation of foreign enterprises in Nigeria 'reinforced the division of labour between the Nigerian bourgeoisie (as specialists in maintaining the political conditions of

accumulation) and foreign capital (as specialists in production)'. As we shall see, this is not a bad description of the division of labour between the Mexican and the US members of the maquila TCC.

Although the comprador class in one form or another has existed for centuries, the transnational capitalist class is a relatively new phenomenon. The basic difference between the two is that whereas compradors are entirely beholden to the TNCs and foreign interests, the 'local branch' of the TCC can develop into a class that can, under certain circumstances, begin to dictate its own terms to the TNCs and foreign interests. The logical extension of this argument is that some form of interdependence is possible, where TCCs in Third World countries could carve out niches for themselves in the crevices, sometimes even the chasms, that the hegemon TNCs leave unattended.

THE MAQUILA TRANSNATIONAL CAPITALIST CLASS

Most maquila workers, like most Mexican workers, suffered a decline in real standard of living in the 1980s, while the profits of the maquilas increased (Sklair, 1989: 204). Every plunge in the dollar value of the peso heralded a new surge in maquila start-ups. The decline of the peso hit the maquila worker on the border particularly hard because Mexican border communities have always looked to the USA for many of their household purchases. Mexican alternative products are often unavailable, too expensive, of inferior quality, or even disguised imports from the USA. The US working class along the border also suffered during the 1980s.

In an attempt to stop the rot, President de la Madrid introduced an Economic Solidarity Pact in 1987 which did bring inflation under some control, froze prices and wages to some extent, and slowed down the devaluation of the peso against the dollar. Salinas de Gortari continued the Pact and quickened the pace of market-oriented economic reforms like privatisations in the financial and other sectors and, of course, the Free Trade Agreement with the USA and Canada. Thus, the policies promoted by the friends and facilitators of the maquila industry, on both sides of the border, were beginning to come to fruition in the early 1990s in ways that would have seemed quite unlikely a decade before.

Both Mexican and US transnational capitalists and professionals along the border have done very well out of the maquilas. Industrial park development, and legal and commercial services for the maquila industry created a new class of wealthy Mexican maquila facilitators (and, of course, US maquila facilitators too). Baird and McCaughan (1975: 9) succinctly describe the membership of the Mexican 'political cliques' that ran the maquila industry in its first decade: 'a local government official, lawyer, accountant, banker, customs broker, labor contractor and in most cases the owner of factory land and buildings. US businessmen from industrial development committees and chambers of commerce from nearby US cities also usually form part of this clique'. What the maquila industry had to do if it was to succeed on a more permanent basis was to create a class that could build a capitalist industrial culture to serve its needs along the border.¹⁰ Howard Boysen, a major maquila facilitator in San Diego/Tijuana, put this neatly when he said that the maquilas produce 'middle-class men [sic] who are learning skills of

programming and management, buying houses, educating their children and limiting the size of their families' (in *National Journal*, 7 July 1979).¹¹ That this was not just a view from north of the border is confirmed by a member of a prominent Ciudad Juárez maquila industry law firm: 'Maquiladoras have made the difference for the border . . . For the first time in history there is a solid, strong middle class here' (in *Oakland Tribune*, 29 September 1982: B-8). And Whiteford (1986: 34), in his study of the Mexicali valley, argues that the maquila industry created an 'emerging regional bourgeoisie . . . able to acquire considerable wealth and power as the program expanded'.

This 'border ruling class', or what I prefer to call the maquila transnational capitalist class, differs considerably from the traditional landed oligarchies.¹² The maquila TCC is a new bourgeoisie in a recognisably Western capitalist sense. This does not necessarily make it any less patriotic or even chauvinist in its practice or ideology, for in Mexico there are many economic nationalists who have no scruples about stealing public funds, and there have been compradors who genuinely tried to put foreign investment to use in the development of their country.

Salas-Porras (1987), in her research on the effects of the maquila industry on Mexico's regional bourgeoisie, shows that this new class has at least two distinctive characteristics that can be directly related to the growth of the maquilas. She argues that the base of this class is in services for the maquilas rather than productive investment in the plants themselves; and its members exploit the peculiar 'private-public sector' symbiosis that exists in Mexico (and elsewhere) in their own interests against the public interest. She notes the favourable terms on which state-owned facilities are made available to private maquila facilitators for the benefit of the maquilas, a paradigm case of the way in which a transnational capitalist class can reconceptualise the 'national' interest in terms of the interests of global capital. It is for this reason that Tamayo, for example, has argued in typical nationalist-populist terms, that the 'nationalization of the "political class" at the border' (presumably the *de-US-ification* of it) is necessary if national integration is to be achieved [in Gibson and Corona Rentería (eds) 1985: 91].

The four groups of people who constitute the regional TCC along the Mexico-US border have some distinctive characteristics. First, the TNC executives tend to be from manufacturing backgrounds while their local affiliates tend to be from administrative or financial backgrounds, though this is changing as more Mexicans become plant managers. It is also the case that many maquila executives have come through assembly operations in one or more countries apart from the USA and Mexico and they are more aware of corporate global strategy than might otherwise be the case (Sklair, 1989: *passim*). Some of the findings of Salas-Porras (1990) suggests that the nature of the Mexican business elites in general may also be changing, as some key domestically oriented and internally directed familistic groups are gradually being transformed into globally oriented and externally directed corporativistic groups.

Second, what I have termed 'globalising state bureaucrats' must be seen in the context of Mexico's protectionist, highly import-substituting past and

periods of open hostility between government and business.¹³ There is little doubt that the balance of power has swung decisively from domestically oriented and internally directed to globally oriented and externally directed bureaucrats in the last few years. The decision to join the GATT in 1986 and the coalition between some factions in government and business to push forward the Free Trade Agreement with the USA and Canada illustrate this trend. While the FTA might understandably be seen as an assertion of regional as against global economic power, it is precisely Mexico's decision to become more integrated into the global capitalist system that has led it to seek the protection of what is still arguably the mightiest power on earth.

The maquila bureaucrats in Mexico City and in the cities along the *frontera norte* were virtually ignored by the centres of power from the 1960s until mid-1980s, when the economic success of the maquila industry and what it stood for in terms of Mexico's competitiveness in global industries could no longer be ignored. It would be an exaggeration to suggest that the success of the maquilas played much more than a marginal role in the victory of the 'globalising state bureaucrats' but when that victory was on the way, the maquila bureaucrats were enthusiastic allies for the 'globalisers'. The complaint is now not so much about Mexican supporters of the maquila industry selling out the nation, as of the 'maquilisation of Mexico' as a whole (see Sklair, 1989: 227–228 and 238, note 3). This signifies a groundshift in the official position on Mexico's place in the world in contrast to a previously held view that 'maquilisation' was the scheme of a few, even if influential, players.

Third, the capitalist-inspired politicians are to be found in increasing numbers in the PRI (the ruling party) and generally in the PAN (the business-oriented opposition party). Not all of these people are wholehearted globalisers, but advancement in these parties appears to depend more and more on toeing the line on the central issues of economic policy and the political and cultural-ideological consequences of it. Similarly, capitalist-inspired professionals (lawyers, journalists, consultants, academics, etc.), in so far as they serve the global interests of capital, find for themselves places in the transnational capitalist class. Along the border, and increasingly in the last decade, the maquila industry has attracted such people, and continues to do so.

Finally, consumerist elites, by which I mean merchants and those involved in media promotion of consumerism, free market capitalism, 'the modernisation of Mexico' in the image of North American lifestyles and consumption patterns, play a key role in the transnational capitalist class. I shall return to this issue below.

These, then, are the component parts of the TCC along the border and, if my analysis is correct, the traditional ruling classes of Mexico are being transformed in these directions as a consequence of the changing nature of Mexico's gradual and growing insertion into the global capitalist system.

Every ruling class requires subordinate classes to rule. Along the border, the maquila industry has effectively replaced or supplemented the underclasses that were created by mines, land, and cattle, some of which were themselves created by US business interests, with an industrial proletariat. Whiteford (1986: 34) puts this in uncompromising terms: 'the assembly-

plant workers are thus the urban counterpart to [Mexicali's] landless rural laborers: both groups are non-unionized, poorly paid, and deprived of the social benefits of economic development in the Mexicali region'. The next sections will look in more detail at how this new transnational class imposed its project on the two largest centres of the maquila industry along the border.

THE TRANSNATIONAL CAPITALIST CLASS IN CIUDAD JUÁREZ/EL PASO

An Industrial Development Board was established in Juárez in the mid-1960s, with an office in El Paso. Its membership included business people, bankers, lawyers, educators and officials. The Juárez board made no bones about the specific attraction of the city in publicity material it distributed in El Paso. The fully burdened weekly wage based on the January 1968 minimum was just over \$20 for a 48-hour week. Even in 1968, this spoke for itself.

The competition between Mexican border cities for maquilas has always been intense, and in the mid to late 1960s it was not Juárez that attracted the bulk of the first wave of large maquilas, but cities like Mexicali and Nuevo Laredo. However, after 1970 the maquila industry in Juárez took off, and although it lagged behind Tijuana in terms of the numbers of plants, from that time on Juárez has had more maquila employees than any single city in Mexico. It also boasted the largest collection of Fortune 500 corporations (the world's largest TNCs), an achievement that the public and private facilitators never tired of publicising.

A feature of the Juárez maquila industry at this time was the apparent success of 'twin plants' in El Paso that serviced the maquilas in Juárez. This is of great interest both in relation to the early growth of the industry and in relation to the structure of the transnational class that was being created. The very fact that the city of El Paso devoted a section of its 1971 community renewal program to the maquila industry is itself significant.¹⁴

The leading force on the Mexican side of the border was the Bermúdez family, who had a construction company and saw the opportunity of building industrial parks for the maquilas. The Antonio J. Bermúdez Park, named for the patriarch of the family who had brought the Border Industrialization Program to Juárez, employed a US citizen, William Mitchell, to sell the 'maquila in the park' idea to US corporations. Mitchell saw very clearly that success lay with those who could attract the big players, and he aggressively went after some Fortune 500 companies. His first major success was RCA, which already had a joint venture in Mexico City, but was convinced by Grupo Bermúdez to turn it into a maquila in the new park they were building in Juárez. The first priority, consistent with the policy of attracting and retaining Fortune 500 companies, was to build a park to international standards with on-site facilities that would eliminate as much of the difficulty of operating in Mexico as possible.

The maquila activities of Grupo Bermúdez expanded considerably in the 1970s and 1980s. It established other maquila parks in Juárez, an industrial park in El Paso (the Pan American Center for Industry), and a series of parks outside Juárez, mainly in the State of Chihuahua. In addition, Grupo

Bermúdez is involved in maquila parks in Coahuila and the Yucatán and actively seeks fresh sites on a continuing basis.¹⁵

Also active in building industrial parks for the maquila industry from the 1970s was a group of Mexican entrepreneurs who, like Bermúdez, expanded from purely domestic enterprise. The Grupo Omega, directed by Oscar Cantu Murguia, and the Grupo Juárez of Francisco Villareal, both established industrial parks for the maquila industry, offering a variety of services. Several other individuals and groups in Juárez also began to lease out factory space (see Salas-Porras, 1987: 55–56). These were joined by a substantial core of professional and commercial personnel who were able to service the growing maquila industry. The Juárez law firm, González Vargas *et al.*, were the first legal experts in the city to take an active interest in the maquilas and they built up a thriving business in advising and representing US and Mexican companies.¹⁶ Other law firms followed suit. It would be incorrect, however, to suggest that the Mexican element from Juárez totally dominated the maquila industry in the early years, much less today. Then as now the public facilitators in El Paso, those attached to the Chamber of Commerce and the Industrial Development Corporation, and various other non-profit but profit-oriented organisations, were quick to see the significance of the maquilas for the prosperity of El Paso and for the creation of economic opportunities for the new transnational class that was forming all along the border. Likewise, groups of private facilitators were active in the establishment and growth of the industry. These private facilitators were often men, and more recently some women, who began by working for the larger maquilas in Juárez and elsewhere. By dint of their vision for the industry as a whole, they became activists for the maquilas in the local and wider community. Some circulated between executive roles in industrial parks and specific maquilas and independent consultancy and quasi-official state positions (though this was much more characteristic of the Mexican side), and back again.

The physical growth of the maquila industry in Juárez was matched by the growth in numbers and levels of activity of the public and private facilitators on both sides of the border. In 1980 the state of Chihuahua set up its own industrial promotion agency, *Promotora de la Industria Chihuahuense*, which has been instrumental since then in establishing at least six industrial parks for the maquila industry. In these parks the state government offers a variety of industrial facilities and services. The state has also actively encouraged the growth of the maquila associations which, while not formally part of the state apparatus, clearly enjoy a special relationship with it. In Juárez, the *Asociación de Maquiladoras* (AMAC) is active both politically on behalf of the industry, and in a research and information gathering capacity. AMAC, which is legally a private non-profit organisation, is funded by the maquilas themselves, through the affiliation that all registered maquilas must maintain with CANACINTRA (National Chamber of Manufacturers).

The major public facilitators at work in the Juárez maquila industry are usually either straightforward arms of local government or non-profit bodies that are at least partly supported from public funds, and they express the

official ideology of the ruling strata on both sides of the border that the maquila industry is essential for the well being of both the border communities and the national interest. The borderlands socio-economic systems both permit and encourage people in such 'public' organisations to flit back and forth between the public and the private sectors, and in this they are in no way unique. Indeed, this is very typical of all the TCCs that are emerging around the world today.

THE TRANSNATIONAL CAPITALIST CLASS IN TIJUANA/ SAN DIEGO

The first 'maquila type' plants were established in Tijuana years before the official programme got under way (see Mungaray, 1983: 26). From the mid-1960s, private facilitators in California, principally the Cal Pacifico company, began to develop the shelter plan concept, a variation on subcontracting. Many of those who were to become influential members of the maquila transnational class, such as Richard Campbell who founded a successful maquila park in Nogales, Richard Bolín, a prominent international production-sharing consultant and founder of the World Export Processing Zones Associations, and Enrique Esparza, whose firm eventually became the leading facilitator in Tijuana, had worked for Cal Pacifico.

In the mid-1960s some larger corporations began to look seriously at the prospects for maquilas in Tijuana. The electronics industry was well represented in this early inflow. Litton Industries, operating under the name Triad de Mexico, opened two plants and Fairchild, one of the pioneers of the global electronics industry, also opened a component assembly plant in Tijuana in 1966.

Tijuana did, in fact, have a small industrial park at this time, the *Centro Industrial Barranquita*, established in the mid-1960s by a Mexican developer. This was not an industrial park in the accepted sense of the term, certainly nothing like the parks being created in Nogales or in Ciudad Juárez. It was more like a zoning device to encourage factories to locate near each other, and few services were provided beyond the provision of industrial space. The lack of proper industrial parks meant that certain types of US firms (particularly Fortune 500 corporations) were less likely to establish maquilas in Tijuana and, conversely, others (garment 'sweatshops', for example) were more likely to do so. The importance of industrial parks for the maquila industry has been insufficiently appreciated [but see Salas-Porrás, 1987; and Ochoa in Lee (ed.), 1988]. The concentration effects of these parks also give the transnational capitalist class a particular character that a more dispersed industry will not provide.¹⁷

The most important private maquila facilitator in the Californias in recent years has been Henry Esparza's company, Assemble in Mexico, which aggressively created a market for its shelter and subcontracting services all over the Californias and beyond. It brought a large variety of industries and processes to Tijuana, and has actively involved itself in the training of the local workforce. Its main competitor is IMEC, a company that has specialised mainly in the electronics field. Howard Boysen, who built it up to its present position, worked for Fairchild, the first US electronics corporation

to go into offshore assembly in the 1960s. Boysen opened the Fairchild factory in Tijuana in the late 1960s, and he saw clearly the great potential of the maquila program for the electronics industry. He eventually bought out his bosses and established IMEC (International Manufacturing, Engineering, and Consulting). IMEC, like most facilitators, strives to maintain a balance between a US head and a Mexican managerial and technical team in each of its plants. To this end it has trained and brought along many Mexican managers and technicians which is no doubt good for Mexico and tends to be cheaper and more convenient than hiring US citizens.

The Mexican input to the maquila industry in Tijuana has been considerable, but until quite recently in a rather less visible fashion than in other cities along the border. This is mostly due to the absence of proper industrial parks, and to the prominence of other commercial opportunities, for example in tourism and real estate (see Herzog, 1990). Since the early 1980s several of the leading business families in the city have taken more interest in the maquila industry. The Grupo Bustamante added the provision of maquila sites to its involvement in utilities and hotels; the Lutherot group runs three maquila parks as well as various tourist ventures; and the Consorcio Tijuana under the direction of Jaime Bonilla has also added maquila site provision to its newspaper, construction and tourist interests (see Salas-Porrás, 1987: 57).

Another influential maquila facilitator in Tijuana is Jorge Salmán Hadad, a long-time apparel maquila operator. He is particularly important because he is a past president of the National Maquila Association and during his term of office he spoke up clearly and loudly for the importance of the maquilas in Mexico's effort to achieve economic progress.

Therefore, in these centres of maquila development a recognisably transnational class has emerged over the past 20 years. Though on the surface this class is 'bi-national' (a term in frequent use among policy-makers) it is, in my sense, 'transnational' in so far as it directs the maquila industry in terms of global strategies and interests and not simply in terms of Mexican-US relations. This has brought together Mexican, US and other capitalists, professionals, and officials, who see their own interests and the interests of their respective countries best served by promoting the global interests of the maquila industry. On occasion, US facilitators directly cause the loss of some US jobs, and Mexicans forego some other economic opportunities to make a success of the maquilas. This transnational capitalist class genuinely conceives its own interests in terms of the global capitalist project and above narrower national interests. My argument is that the transnational capitalist class along the border, like similar classes all over the world, is furthering the interests of global capitalism.

THE CULTURE-IDEOLOGY OF CONSUMERISM

There has been a good deal of systematic research on what might be termed the culture-ideology of consumerism in the Third World (see Sklair, 1991: especially ch. 5), and this is a central theme in much Latin American research on 'cultural imperialism' (see Atwood and McAnany, 1984). While the maquila industry did not create a culture-ideology of consumerism along the

US–Mexican border, it certainly broadened the reach and intensified the scope of the pre-existing culture-ideology of consumerism.

Histories of the border region are quite explicit on the impact of the USA on Mexican consumer behaviour. Fernández (1977: 120), quoting from research carried out in the late 1960s, indicates that Mexicans on the *frontera norte* typically bought services and staples in Mexico, but tended to cross the border to purchase manufactured goods (clothing, cars and car parts, appliances, canned goods) and American [*sic*] liquor and cigarettes.¹⁸ The taste for ‘American’ consumer goods is not, of course, unique to Mexicans, and indeed explaining this and exploring its ramifications are central research questions for the thesis of the ‘culture-ideology of consumerism’. So, changes in Mexican consumption patterns consequent on the rise of the maquila industry would be a useful test for the thesis.

In the absence of specific studies, the indirect evidence is supportive. In the first place, there is little doubt that maquila workers, at least up until the economic crisis of 1982, did tend to shop regularly on the US side of the border, as indicated above. The Border Trade Alliance, a transnational lobbying group active in the promotion of the maquila industry and transborder economic relations in general, mobilised US border towns in the 1980s to find out exactly how much Mexicans were spending in their shops. This information was widely used to demonstrate that the maquila industry brought tangible benefits to the USA against the arguments of the labour movement (specifically the AFL–CIO) that the maquilas meant only job destruction for US workers.¹⁹

The culture-ideology of consumerism can only be effective if there is a material infrastructure and a political will to support it. The infrastructure that the maquila industry helped to create also served to spread consumerist practices and values. The roads that linked the factories and the border also connected the maquila workers with retail outlets, particularly the US-style shopping malls that sprung up all over the *frontera norte* in the 1970s and 1980s. The banks and credit agencies that facilitated business also financed consumer outlets and spending. The services for the maquila industry and those who did business with it, like hotels, car rental, communications systems, office suppliers, also helped create a more general ‘buying atmosphere’. And along with all this hard and soft infrastructural change, tourism also made its substantial contribution to the intensification of a culture-ideology of consumerism along the border (Herzog, 1990).

There are other indications of this in a variety of cultural spheres. As Iglesias (1985) and Maciel (1990) both argue, albeit in rather different ways, the US–Mexico border area has held a peculiar fascination for USA and Mexican film-makers. While the genre covers a large variety of topics in a multitude of ways, the consumerist images of the ‘good life’ on the other side of the border—‘Across the Río Grande lies Paradise’ (Maciel, 1990: 30)—is clearly a dominant theme.²⁰ A sub-theme of the debate around the maquilas, not coincidentally, is the argument that maquila employment may cause fewer Mexicans to cross the border illegally.

There is, thus, plentiful anecdotal evidence that the culture-ideology of consumerism has been spilling over the border for decades and continues to

do so. Direct observation of the towns and cities of the *frontera norte* provides ample evidence of the transformation of recently sleepy and uncommercialised border communities into burgeoning consumerist sites. Nevertheless, as Oliveira (1988: 24) argues convincingly in a study of media use and consumption in Brazil, the 'strong intervening variable' of *income* intrudes between the desire to own a product and actual consumption. The effect of the 'culture-ideology of consumerism', therefore, is to increase the range of consumption expectations and aspirations without necessarily ensuring the income to buy. The maquila industry, like similar initiatives all over the world, was built on promises that a more direct integration with the capitalist global system would lead to a better life for all (as is the case for the current revolutionary transformations in Eastern Europe). This has not yet been decisively demonstrated for those working in the maquila industry, let alone the rest of Mexico.

CONCLUSION

The advent of the TNC-dominated maquila industry along Mexico's northern border has brought with it hundreds of thousands of jobs, some involving considerable transfer of skills if not technology, and many managerial and technical opportunities for the local population. The price that has had to be paid is the almost total integration of the *frontera norte* into a new type of system. This new system, a re-formation of capitalism, has replaced a previous regional capitalism based on US and Mexican mining and agricultural interests with a truly global capitalist system that operates through the dominating influence of the 'Fortune 500' corporations, who make their key decisions on the basis of global strategies and on whom hundreds of maquilas in Mexico and countless thousands of smaller firms all over the world, are dependent.

The focus here has been on the forces of globalisation, and one consequence of the thesis is that these forces increasingly marginalise the forces of regionalism or localism. Along the border, the transnational corporations clearly dominate the maquila industry, either through direct ownership of the maquilas or through more indirect sub-contracting or marketing arrangements. Slowly but surely, they are also beginning to dominate the local economies, to incorporate or destroy direct competitors, and to confine the rest of the local economies to the margins.

The same can be argued for those aspirants to dominant class status who refuse to join the transnational capitalist class and any culture-ideology that refuses capitalist consumerism. As long as such forces do not openly challenge the forces of globalisation they will be tolerated on the margins. Religion, folk culture, alternative lifestyle, the marginal economy, for example, might all be usefully conceptualised in this fashion.

In this paper I have tried to show how the 'maquilisation of Mexico' along the border operates through the TNCs, an emerging transnational capitalist class and a culture-ideology of consumerism that solidifies the system. The debates in Mexico over the proposed 'Free Trade Agreement' with the USA and Canada are beginning to acknowledge that, as with the original entry of

the maquilas in the mid-1960s, this new globalising force offers not only promises of economic change, but a hidden agenda of a new way of life.

NOTES

1. Versions of this paper have been given at the Annual Conference of the Society of Latin American Studies in Glasgow in April 1991 and at the Contemporary Mexico Seminar at the Institute for Latin American Studies of the University of London in May 1991. I would like to thank all those who attended for making them lively and instructive sessions. Thanks are also due to the referees of the *Bulletin of Latin American Research* for many helpful criticisms of the first draft of the paper.
2. On the GATT issue in the context of the maquilas, see González-Aréchiga and Barajas Escamilla (eds) (1989: Part IV, and especially the essays by Gustavo del Castillo and Noé Arón Fuentes). The negotiations over the Free Trade Agreement with the USA and Canada have generated a large volume of scholarly and periodical literature, for example, Bernal Sahagún *et al.* (1990); recent issues of *Comercio exterior* (for example, the issue of July 1991) and *Review of the Economic Situation of Mexico* (for example, No. 785, April 1991). In the USA it has even made the columns of *The New York Times* (26 April 1991) in an interesting pair of letters by Ralph Nader and the chairman of the Border Trade Alliance, the leading maquila lobby organisation. See also Sklair (1991a).
3. As reported in *La Jornada* (8 June 1985). Foreign investment in Mexico, according to official figures, increased from US \$20.9 billion in 1987 to US \$30.3 billion in 1990. Much of this increase was due to foreign investment in the recently liberalised Mexican stock exchange. Amendments to the Law to Promote Mexican Investment and Regulate Foreign Investment in 1989 has opened up about 80 per cent of Mexico's economy to potential foreign majority ownership. Fixed investment in the maquila industry is said to be over US \$5 billion.
4. The maquila (or maquiladora) industry is the Mexican version of the export-oriented in-bond industry found now all over the world. For an historical account of the maquila industry, see Sklair (1989: ch. 3–7), from which this paper borrows and updates some material. Current data on the maquila industry are published regularly by *Instituto Nacional de Estadística Geográfica e Informática* (INEGI), which has also published historical data for the industry since its establishment. Substantial selections from these data are reproduced and interpreted in Sklair (1989). See also González-Aréchiga and Barajas Escamilla (1989).
5. What follows is an extremely abbreviated summary of the framework put forward in Sklair (1991). I make no claims that this framework is at most much more than an embryonic stage of development.
6. So-called after the listings of the largest TNCs published annually by *Fortune* magazine. While most maquilas are run by and/or for small to medium-sized companies, in terms of jobs and investment and, in particular, influence in the political and culture-ideology spheres, the Fortune 500 corporations dominate the industry. This is also the case for foreign investment in most countries.
7. For recent research that more fully indicates the complexity of this question, see Brown and Domínguez (1989), González-Aréchiga and Ramírez (1989), and Jorge Carrillo (1990) and his colleagues on the maquilas in the automotive industries. In general, these Mexican researchers are moderately optimistic about the possibilities of technology transfer through the maquilas. Shaiken (1990), in his study of five US-owned high tech plants in Mexico (two auto plants and three electronics maquilas), critically discusses the 'reverse comparative advantage' thesis (that new technology will draw offshore jobs back home).
8. I discuss this more fully in Sklair (1989: 206–213) where particular attention is paid to the original research of *El Centro de Orientación de la Mujer Obrera* (COMO) in Ciudad Juárez. Another small but growing form of technology transfer is where Mexican maquila managers and/or technicians leave the TNC and set up their own sub-contracting or supplier firms.
9. Evans (1979), writing on Brazil, developed the interesting idea of a 'triple alliance' between multinational, state and local capital. The utility of the concept is, in my view, limited by its state-centrism.

10. Hale (1965) reports that by 1965 there were about 200 local industrial development corporations in Texas, and Jamail (1981: 84) points out that 'in almost every [US border] community there is a group concerned with the maquila industry'.
11. The sexism in this statement conceals the fact that the maquila industry employs mostly women, including a relatively large number of women in management and administrative positions (see Sklair, 1989: *passim*.).
12. For an excellent study of the impact of foreign investment on the Chihuahua ruling class in the half-century before the Revolution, see Wasserman (1984).
13. See the useful review article by Cleaves and Stephens (1991) which discusses a variety of recent contributions to this debate.
14. A salutary reminder that the 'dependence' created by the maquila industry is not all in the one direction is provided by Prock's (1983) demonstration of the devastating effects of peso devaluations for the Texas side of the border.
15. In the late 1980s, Grupo Bermúdez handled around 40 per cent of Juárez maquila employment and over 10 per cent of the national total.
16. Under the name of Bryan, González Vargas, González Baz, Delgado y Rogers, it was said to be the largest law firm in Mexico outside Mexico City.
17. In 1988, 44 per cent of maquilas but 75 per cent of maquila jobs were located in specialised maquila parks [Ochoa in Lee (ed.), 1988: 90].
18. In one of the rare attempts to come to grips directly with the issue of 'consumerism' along the border, Martínez (1990) briefly discusses this in the context of what he terms *transnational fronterizos*.
19. Some of the evidence for this is evaluated in Sklair (1989: 204–206, and ch. 2, *passim*.). The Border Trade Alliance is discussed on p. 180. For the specific effects of the crisis on the commerce of one US border town, see Bilbao (1986) and on the consumption patterns of the *frontera norte* population as a whole, see González-Aréchiga (1985).
20. Iglesias (1985) reports that in the years 1984 and 1985 there were 172 films made with border locations!

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