Two Workers, Worlds Apart, Share Uncertain Future

By Andrea Gurwitt
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She's an interchangeable part. A pair of hands, a pair of eyes, a straight back.

From the lofty heights of policy discussions about globalization, free trade and comparative advantage, she's barely a speck toiling miles below.

But if you strap on a parachute and take the leap, if you drift down through clouds of economic and job data, float along currents of satisfaction and discontent, glide past the ragged skylines of multinational corporations and labor rights organizations and plunk down on Avenida Miguel Alemán in Monterrey, Mexico, across the street from a Quaker State mural and a taco stand, you will see her. Josefina De León. Satisfied Kraft employee. Ten-dollar-a-day worker on the Fig Newton production line. Global cog.

You will see her just before 6:30 a.m., when her shift begins, or just after 2:30 p.m., when her shift ends. A tiny, put-together woman with long, long hair and small, delicate hands, dodging the speeding cars and trucks on the six-lane highway of the industrial area in which Kraft is located, on her way to or from the bus stop.

Say you drop in at 2:45 p.m. on Sept. 16. It's Mexican Independence Day. Josefina De León emerges into the bright, hot light from her job checking the quality of just-baked Fig Newtons. Workers in Mexico are supposed to get the day off, it's their July 4, but she's glad to work because it means she'll have a two-day weekend - one of two all year.

North and east about 1,800 miles, Hector Suero gets off work two-and-a-half hours before Josefina's shift ends. He has already gone food shopping at Pathmark in Fair Lawn and is in the midst of preparing steak, fried plantains and salad for dinner.

Before Kraft packed up the Fig Newton equipment at its Fair Lawn plant and shipped it to Monterrey in July of last year, Hector loaded blocks of fig paste onto a conveyor belt that led to a hopper that mixed together fig filling ingredients. When Fig Newtons were made there, Hector and the 150 or so other employees hired a decade ago worked a steady eight to 12 months a year. But since Josefina took her place on the Newton line, Hector's job has all but dried up - 15, 20 weeks for the year, if he's lucky.

On Mexican Independence Day, however, Hector gets to work, too, making $160 a day. In the assembly area of the Oreo cookie line, he loads buckets of dry blend onto a truck and deposits them at the back of the mixing department. Hector does not begrudge his Mexican counterparts the work, but he can't help feeling snubbed by the factory that called him to work in April 1994, the factory that said, he remembers, "We need your skills," and now doesn't seem to want them.

Ten years after the North American Free Trade Agreement went into effect, this is a typical day in the life of global industry. Two factory workers, same company, different countries. From on high, for businesses, economists and politicians in Canada, the U.S. and Mexico, NAFTA has been a moderate-to-great success. For manufacturing workers, labor activists and some labor economists, the picture is far less bright.

One notion, however, is universally accepted: One of the most common routes to a comfortable, middle-class life in America is disappearing.

It used to be that you got a job on the line, earned a decent wage, fed your family, bought a modest home and sent your kids to college. You were an immigrant or you were born here. You might work your way up to foreman - or even an office with a door - or you might not. But the plant was the plant and you could work there for life. That was blue-collar America, union America, "Made in America" America. That was then. These days, the factory down the road where your grandfather and your father worked is as likely to be shuttered as not. Borders have become almost irrelevant. Goods are bought in one country, assembled in another and shipped to a third.

The traditional blue-collar American dream hasn't vanished, exactly, but it is morphing into something else.

"The American dream was so much about making things you could touch," said Lori Kletzer, an economist and professor at the University of California at Santa Cruz who studies job displacement. That route to success is being elbowed out. Now, she says, America is about services - retail sales, hospital orderlies - not goods.

With that change, as with any economic shakeup, there are winners and losers. Trade theory says the winners - corporations, for example - win by so much they could compensate the losers if they wanted to, with government programs, lower prices for goods or greater choice.

But if you're the worker whose job vanishes, that's of little comfort. If you're over 45 with a mortgage, taxes, a couple of kids and a couple years of high school under your belt, then you can take your economic theory and stuff it because it isn't putting a paycheck in your hand. What it is doing is taking away your sense of self-worth and ability to provide for your family.

When Fig Newtons, the soft, comforting, quintessentially American biscuits, skipped town for Mexico, they followed the well-trod path of auto parts, textiles and electrical appliances. The government keeps no hard numbers on how many manufacturing jobs were lost to American workers because of NAFTA, but some estimates exist.

Last year, economist Robert Scott, who works for the Economic Policy Institute, a think tank in Washington, D.C., partially funded by the labor movement, estimated that 879,280 U.S. manufacturing jobs were lost nationwide since 1993 - 25,044 of them in New Jersey.

NAFTA is not the only tornado blowing through the manufacturing sector. The recession and wan recovery also bore down hard. Between 2001 and 2003, nearly one in every 10 manufacturing workers were laid off from jobs they had held for three or more years, according to economist John Schmitt of the nonprofit Center for Economic and Policy Research in Washington, D.C. Since

2000, the U.S. economy has lost 2.8 million manufacturing jobs altogether. New Jersey lost an estimated 39,000 factory jobs between November 2001 and August 2004.

Even so, it's NAFTA that sticks in the craw. It's NAFTA and off-shoring and out-sourcing that workers blame for their unemployment woes. It's NAFTA that promised to open borders, create jobs for workers in three countries, and expand the middle class in Mexico, thus creating a bigger market for American goods. More demand for U.S. products, more jobs.

And so a short explanation of NAFTA and economic theory is necessary, short enough, hopefully, to keep eyes from glazing over.

NAFTA erased the majority of tariffs between the U.S., Canada and Mexico. It set up protections for investors, it created an expanded market for goods and it lowered the cost of manufacturing. In other words, it got rid of trade barriers.

More trade produces more profits, and more profits turn into more jobs and more money flowing back into the economy. Another way to see it is that free trade allows the market to locate and set up shop in the best places for it to reach its goal of maximum productivity at minimum cost. So if Mexico offers cheaper labor, electricity or sugar, then U.S. companies like Kraft benefit by setting up factories there to assemble the goods sold to U.S. consumers. It makes more sense to pay Josefina $1.27 an hour than her U.S. counterpart $20 for the same work.

Getting the best return on the dollar helps keep companies financially healthy and shareholders happy. In return, countries get jobs for their citizens and an influx of capital from foreign investments, which means an increase in people's incomes and more exports that spur economic growth.

That's the idea of global trade in general. NAFTA is just one example of it.

Mexico got jobs. In 1994, about 600,000 people were employed by maquiladoras - factories near the U.S. border making goods sold in the U.S. In July 2004, those factories employed about 1.1 million workers. In the state of Nuevo Leon, where Josefina lives, employment in the maquiladoras rose by about 7,500 from last year to 59,731 in June.

Mexico got manufacturing. Manufacturing for export made up 11 percent of the country's gross domestic product in 1994. By 2003, it had doubled to 22 percent of the GDP, or just over one-fifth of the overall economy.

And Mexico got Kraft. Well, Mexico got Nabisco in 1981, when it produced food for the Mexican market. Kraft inherited the factory when it bought the biscuit company in 2000.

Kraft officials decline to say how much money was saved by moving Fig Newton operations to Mexico.

When Josefina leaves work on Independence Day, she heads for her two-room house perched on the rocky side of Saddle Mountain, a peak in the Sierra Madre range that rings the city, and a symbol of Monterrey. Monterrey, in turn, is a symbol of Mexican industry and business, a kind of Milan of Mexico. Huge Mexican multinational companies such as Cemex, a cement producer, are headquartered there. The city's signature park, with the Coca-Cola arena and an exhibition center, occupies the former grounds of one of Mexico's oldest factories, an iron and steel works called Compañía Fundidora de Fierro y Acero de Monterrey.

The third largest city in the country and just a three-hour drive from Laredo, Texas, Monterrey hosts more than 260 U.S. companies, including a Mattel factory. A quick drive around town and you begin to wonder if you have left the U.S. at all. Bally's Total Fitness centers, Home Depots, Burger Kings, McDonalds, Sam's Clubs, Wal-Marts, and Coldwell Banker offices nestle into the cityscape alongside Pemex gas stations and Bancomer branches. Down the road from the Kraft factory, which is located in a flat, characterless industrial area, is the Whirlpool plant, a Holiday Inn and a Coca-Cola billboard ("Un oasis. Un oasis!!!")

On her way home, Josefina passes a 7-Eleven and a KFC. When she walks over the concrete footbridge to the unpaved path leading to her house, she passes castoff Clorox, Pepsi and Coca-Cola bottles, Lipton Cup-a-Soup boxes and Yoplait yogurt containers. For her supper, Josefina will eat a bowl of Post Honey Bunches of Oats, while her husband, Aureliano Ojeda, retired now, keeps her company.

Where she will not be, and where she has not gone, even though tens of thousands of fellow residents of the state of Nuevo Leon have made the trip, is the Esplanade of the Heroes in downtown Monterrey. There, the annual two-day celebration marking Mexico's independence from Spain is held. Her work begins too early in the morning, and besides, she doesn't have the money to spend on noisemakers, food and bus fare.

Josefina, 44, has been working at the plant for 10 years, since the start of NAFTA. When the Fig Newton line moved to Monterrey, she left the Ritz crackers line and joined Figs. The Monterrey plant makes fat-free Fig Newtons, Raspberry Newtons, Strawberry Newtons and small packages of regular Fig Newtons you can buy at a newsstand or lunch counter. All the Newtons are made to export back to the United States. Boxes of regular Fig Newtons are still made at the company's Chicago plant.

Fig Newtons are just one of many American biscuit and food products with duel citizenship. But for some reason, the cookie's new home seems particularly at odds with what it is. Fig Newtons are a kids' cookie. An old New England dessert that seems at once sensible and satisfying.

Fig Newtons first hit the shelves in 1892, produced by the Kennedy Biscuit Works of Cambridgeport, Mass., and named for Newton, Mass. The company merged with other bakeries and became Nabisco. Kraft bought Nabisco in 2000. For her eight hours a day, six days a week, with no breaks and a half-hour off for lunch (in the cafeteria, 71 cents is deducted from her paycheck for the meal), Josefina earns 114.90 pesos a day, or about $10.25. That's about $307 a month. In the world of the Mexican factory worker, that pay puts her above average ($8 to $9 a day, or $270 a month), and way above minimum wage, which is set at about $3.80 a day, or $114 a month.

So she is lucky. Luckier than the 18 percent of Nuevo Leon workers who earn less than $240 a month but by no means lucky enough to sit within the comfortable borders of the middle class, those earning from $1,151 to $2,303 a month.

Still, hers is a fortunate poverty. The company provides health insurance, about $23 a month in food coupons, 14 days of vacation after 10 years on the job, most Sundays off, and enough work to have seen her through a decade. She and Aureliano have raised two daughters, now 22 and 24, first on his construction worker salary, then on her salary.

But Aureliano is 66 now, and because of an injury, he cannot work. So her $10.25 a day and his $54 a month pension is about all they make.

Monterrey is one of the most expensive Mexican cities in which to live. Middle- to upper-class families spend from $3,200 to $7,300 a month in expenses. Workers would need to spend $600 a month to maintain a modest lifestyle.

It is easier, in the accounting of their life, to list what Josefina and Aureliano do not have rather than what they have: There is no indoor toilet or shower, no hot water, no heat and no meat except on Sundays. They do not buy many fruits or vegetables because they are too expensive and they do not have a separate bedroom for their unmarried daughter, so she sleeps in their room. They do not have money to build two walls that would make a second bedroom possible. They do not have a savings account because there's no money. They do not have a car. They do not buy books, even though Josefina loves to read. Sometimes, when they do not have extra money, Josefina walks one stretch of her two-bus ride to work.

Here's what they do have. They do have a television. They do have a radio. They do have electricity. They do have a sister who lends them Reader's Digests so Josefina can have something to read. They do have a kitchen faucet that drains out from the back of their house and erodes the land on which they want to build the two walls. They do have beds on which to sleep (three in the bedroom with an extra bunk bed for guests). And they do have a large metal pot in which to boil the two buckets of water that serves as a shower - which Josefina takes now after she gets home from her job at an American company on the day her country celebrates its freedom from colonialist Spain.

Five trips up and down the narrow concrete path from house to outhouse dealing with buckets and a garden hose and a blue metal pot before she can bathe. Afterward, she brushes out her long hair, three strokes per side. Then she asks her husband for $5 so she can go across the dirt road to buy milk at the tiny shop perched high on the steep slope. She steps carefully around the yawning puddle that sprang up with the sudden rain shower and ignores the homeless dog, teats dragging on the ground, who comes up to her. She prefers to buy her food from the Wal-Mart at the bottom of the mountain because it's cheaper, but she has guests and wants to give them cereal to eat, too.

Until last year, Hector and his co-workers hired a decade ago earned anywhere from $42,000 a year to $50,000 or $60,000 with overtime. They also received health care and pension benefits.

Hector and his wife live in a modest one-bedroom house in Wayne. They bought the house six years ago. They have indoor plumbing, of course; heat, electricity and hot water. They have a Crock-Pot, in which Hector makes savory meat stews, and a basement, where Hector spins his beloved 1970s records for his friends. They own a truck. They plant flowers in their front yard and have plenty of green grass in their back yard. They were never swimming in money, but before his job at the factory dwindled to almost nothing, they could pay their bills and buy whatever food they wanted at the grocery store and have some cash left over to put in the bank.

During his days, weeks and months of free time, Hector watches television news and tries to figure out ways to save more money and earn more money.

"No matter how positive I want to be, the negativity is still there. You might be a few paychecks away from poverty," he says. "It gets to the point where you don't want to sleep at night."

Sometimes, during those wakeful nights, Hector heads down to the basement and plays his '70s records because, with the music going, he can't stay depressed for long, he says.

Back in Monterrey, the talk around the table turns to how Josefina earns a living. Sometimes her back hurts, she admits, from the standing, but the job is much better than cleaning houses, which is what she did for three months before she was hired at the plant. She can't remember how much she earned as a cleaning woman, but it didn't pay as well as factory work, and there were no benefits.

Still, it's those two walls she wants, so simple and yet so elusive. She and Aureliano have been building their house for 20 years and they would like to finish it, finally. Sometimes, she dreams of coming to the U.S. to work in a factory. The pay is a lot higher, she hears, so maybe she could send home enough money to build the walls. But it is only a dream because she won't leave her family.

So, yes, Josefina has a job. A job she is grateful for, a job she likes. But it isn't jetting her into the middle class. It's not the job it was when it lived in Fair Lawn, when it paid enough money to meet a mortgage, make car payments and buy school clothes and food, if you watched your pennies. It wasn't like the job Hector had, before his job caught a ride south, too.

Look at Josefina and you can see the contradictions that beset Mexico 10 years into NAFTA. Josefina and Mexico are ahead, yet they're not. They have work, yet it's not enough. They've been helped by NAFTA, yet they haven't been.

Since NAFTA, the share of Mexico's GDP contributed by manufacturing has shot up. Its exports to the United States and Canada more than doubled between 1993 and 2002. And its employment rate rose significantly in NAFTA's first five years.

But whether these successes stem from the treaty is not so easily figured.

Economists writing for the International Monetary Fund suggest the jump in Mexico's employment was cyclical rather than tied to the trade agreement. Deducing just how much Mexican employment rose overall because of NAFTA is also tricky, because so many jobs go unreported. Mexico had already opened itself to foreign trade and investment 18 years ago when it joined the General Agreement on Tariffs and Trade (GATT). And knowing whether NAFTA or the 1995 peso crisis is responsible for the jump in manufacturing exports is also hard to determine, economists say.

One thing is certain. Opening the trade door to the United States meant sharing the fate of its northern neighbor. Between 1995 and 2000, Mexico's economy grew faster than any other Latin American economy, according to Erwan Quintin, senior economist for the Federal Reserve Bank of Dallas. But when the recession swept through American manufacturing in 2000, no Latin American country was hit harder than Mexico.

Nor is Mexico richer today than it was 20 years ago if you look at its real per capita GDP (the quantity of goods produced by a person, on average). Its education system needs to be upgraded, its institutions need to work better and it has to buckle down on tax collection before it can run neck and neck with the U.S. and Canada, Quintin says.

And then there's what the international companies are doing in Mexico. Some have instituted month-to-month contracts for workers, which is illegal according to Mexican labor law. Rather than a 30-day trial period for a worker and then tenure, by law, some companies keep workers worried that they could be laid off at the end of each month. A worried employee is a productive employee.

A Fig Newton worker hired this year said privately that Kraft keeps her on this month-to-month contract. Sonia Bozzi of Kraft Mexico responds, "We are confident we are in compliance with all labor laws." The worker also said that during her job interview, she was asked whether she was pregnant and if she had recently had sex.

Companies may avoid hiring pregnant workers or try to make pregnant workers quit in an effort to keep from paying maternity leave. Also, they may not want a pregnant worker because the law requires companies to remove a pregnant woman from heavy or dangerous work, according to the American Center for International Labor Solidarity, a workers' rights organization funded by the AFL-CIO. "It is Kraft policy worldwide to treat all employees with dignity and respect," Bozzi wrote in an e-mail. Sometimes, international companies close a factory in one city and move it to another without paying newly laid-off employees federally mandated compensation. And some companies create a kind of blacklist, keeping a tally of which workers try to unionize. They then share such information with other companies so workers don't get hired.

Mexico does not have unemployment insurance, so when someone is laid off or fired, that's the end of any income until his or her next job. Well, not the end. People sell off their furniture, television or clothes to get by until they find work.

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"I've worked very hard for the things that I have, and I refuse to let them slip through my fingers." That's Hector talking, at home in Wayne.

In those moments when his determinedly positive attitude teeters and dark thoughts creep in, Hector ticks off the possessions he could sell: his stereo equipment, his record collection, his house. But then he catches himself. He's 48. Now's the time he should be enjoying his stuff, not auctioning it off.

So he clings to the worn-out hope that Kraft will call him back to work for a steady period of time, not the herky-jerky week-here, two-weeks-there that have made up this year so far.

Hector worked on Sept. 16, Mexican Independence Day, and in his turned-around world, that day was an exception. His group, those hired in 1994, have worked a total of 15 weeks this year. Hector worked about half that, because he was out on disability for a back injury.

He knows he should find a job somewhere else but he's put in 10 years, earns $20.36 an hour, and knows he'll never be able to make that amount flipping burgers or selling office supplies. If he gets retrained for another kind of job, who would hire him at 48, 49, with six or 10 years left before he retires? And what if Kraft calls him back to work? He'd quit his new job and work at the Fair Lawn plant until he was laid off again, because of the superior pay. And then he'd be in the same position. He knows there are people with 40 years at the factory who will retire soon. He's hoping he can take one of their slots.

So he walks the line between optimism and despair. To hold himself together he chops wood. Not just the occasional branch or even a cord, but every piece of worthwhile wood he can find.

"I guess that's my only happiness," he says with a shrug.

As Josefina staves off sleep on Sept. 16 to entertain her guests, Hector chops wood for two hours after dinner.

Stacked wood for his fireplace lines two of the three sides of his back yard. Eleven neatly tarped piles dot the lawn. It's an assembly line of wood, a factory floor writ small. It's Hector Suero, working out the stress of unemployment while cutting his heating bills by $50 a month.

Nabisco hired Hector in 1994 along with about 150 others because the Fig Newton line came to Fair Lawn.

"They made it seem as though you had a future then," Hector says. "As though you were getting a job you can retire from."

The line required about 50 workers per shift, and depending on demand, the line ran two or three shifts. Before it moved to Monterrey last year, Josefina's cookie-checking job paid $19.50, and included health, dental, prescription and eyeglasses benefits, as well as a pension.

In the plant's heyday, about a decade ago, 1,000 workers might punch in for work, says Al Achtau, business agent and financial secretary treasurer of Local 719 of the Bakery, Confectionery, Tobacco and Grain Millers International Union, which represents the Fair Lawn workers. These days, the number has shrunk to as few as 270. First the regular Fig Newton line moved to Chicago, then the Premium cracker line left, and then the rest of the Fig Newtons went to Monterrey.

When workers are laid off in Fair Lawn, they are not fired so much as suspended. They don't work and are not paid until they are called back to do a job, which may last for weeks or months. This leaves them in the limbo Hector faces: look for a new job paying substantially less or wait to be called back.

Problem is, even when you don't buy anything, you have to spend money each month. There's the mortgage payment of $1,287; the $402 truck payment; the $50 cell phone bill; the $77 cable bill; the $99 PSE&G bill; the $243 in personal loans; the $727 a year in car insurance; and the $110 Wayne water-sewer bill three times a year. There's food, of course.

And there's medicine for Francisca Gonzalez, Hector's wife, who retired from the Fair Lawn plant in 1994 after 26 years. She's had several strokes recently and is diabetic.

Hector collected unemployment but it ran out. The family health insurance ran out in June. He says he has $200 left in his bank account. Francisca's $1,721 in monthly disability and Social Security benefits pay the mortgage first and any other bill second.

"We're like the cockroach," he says. "He survives, no matter if there's a nuclear holocaust, he survives. He finds a little corner to crawl into. But it's tough because the noose around my neck gets a little tighter every day."

In January, Kraft said it would close 20 factories around the world and lay off 6,000 of its 100,000 workers. So far, it has only announced the closing of 12 plants. Cathy Pernu, senior manager of corporate affairs, wrote in an e-mail that she cannot speculate about the future of the Fair Lawn and Monterrey plants.

Free trade is inevitable and stanching the outflow of jobs is not realistic, some economists say. Change must come in the form of separating health care and pension security from the workplace so laid-off workers aren't left with absolutely nothing.

"We ask our workers to absorb all the risk of trade and they're not the ones who see the benefits," says Josh Bivens of the Economic Policy Institute, and points to Europe. Smaller economies, open to trade, and yet workers are guaranteed portable pensions and universal healthcare.

Hector is gradually coming to the conclusion that he needs to look elsewhere for work. He visited several tree services recently, asking if they need any help. They didn't. He has also started to hand out his card advertising D.J. Saint, who will play "music for all occasions." He's gotten one gig.

Back to the two-room house in the skirts of Saddle Mountain on that September Thursday. Josefina turns on her favorite soap opera, "Rubi," just as Hector puts down his ax in Wayne and comes in from chopping wood. Rubi is beautiful but poor, and the series follows her unscrupulous search for a rich husband. When the show ends at 9 p.m., Josefina takes out the family's green Bible, turns on the light next to the couch near her daughter's bed, and reads. Every night she reads the Bible and when she comes to the end, she starts over.

Tonight she opens to Numbers, chapter nine: God orders the people of Israel to observe Passover, the holiday that celebrates the Israelites' escape from slavery.

Reporter Carolina Bolado and photographer Ellie Markovitch assisted with translation for this article.