



National Library
of Canada

Bibliothèque nationale
du Canada

Acquisitions and
Biographic Services Branch

Direction des acquisitions et
des services biographiques

395 Wellington Street
Ottawa, Ontario
K1A 0N4

395 rue Wellington
Ottawa, Ontario
K1A 0N4

1985-0000-0000-0000

1985-0000-0000-0000

NOTICE

AVIS

The quality of this microform is heavily dependent upon the quality of the original thesis submitted for microfilming. Every effort has been made to ensure the highest quality of reproduction possible.

La qualité de cette microforme dépend grandement de la qualité de la thèse soumise au microfilmage. Nous avons tout fait pour assurer une qualité supérieure de reproduction.

If pages are missing, contact the university which granted the degree.

S'il manque des pages, veuillez communiquer avec l'université qui a conféré le grade.

Some pages may have indistinct print especially if the original pages were typed with a poor typewriter ribbon or if the university sent us an inferior photocopy.

La qualité d'impression de certaines pages peut laisser à désirer, surtout si les pages originales ont été dactylographiées à l'aide d'un ruban usé ou si l'université nous a fait parvenir une photocopie de qualité inférieure.

Reproduction in full or in part of this microform is governed by the Canadian Copyright Act, R.S.C. 1970, c. C-30, and subsequent amendments.

La reproduction, même partielle, de cette microforme est soumise à la Loi canadienne sur le droit d'auteur, SRC 1970, c. C-30, et ses amendements subséquents.

Shrink, Cut...Dye?

NAFTA and Women's Work in the Canadian Clothing Industry

by

Leah F. Vosko

B.A., Trent University

Thesis Submitted In Partial Fulfillment Of
The Requirements For The Degree Of
Master Of Arts
in the Department of
Women's Studies

© Leah F. Vosko 1994

Simon Fraser University

March 21

All rights reserved. This work may not be reproduced in whole or in part, by photocopy or other means, without permission of the author.



National Library
of Canada

Bibliothèque nationale
du Canada

Acquisitions and
Bibliographic Services Branch

Direction des acquisitions et
des services bibliographiques

395 Wellington Street
Ottawa, Ontario
K1A 0N4

395 rue Wellington
Ottawa (Ontario)
K1A 0N4

0-612-01165-8

0-612-01165-8

THE AUTHOR HAS GRANTED AN
IRREVOCABLE NON-EXCLUSIVE
LICENCE ALLOWING THE NATIONAL
LIBRARY OF CANADA TO
REPRODUCE, LOAN, DISTRIBUTE OR
SELL COPIES OF HIS/HER THESIS BY
ANY MEANS AND IN ANY FORM OR
FORMAT, MAKING THIS THESIS
AVAILABLE TO INTERESTED
PERSONS.

L'AUTEUR A ACCORDE UNE LICENCE
IRREVOCABLE ET NON EXCLUSIVE
PERMETTANT A LA BIBLIOTHEQUE
NATIONALE DU CANADA DE
REPRODUIRE, PRETER, DISTRIBUER
OU VENDRE DES COPIES DE SA
THESE DE QUELQUE MANIERE ET
SOUS QUELQUE FORME QUE CE SOIT
POUR METTRE DES EXEMPLAIRES DE
CETTE THESE A LA DISPOSITION DES
PERSONNE INTERESSEES.

THE AUTHOR RETAINS OWNERSHIP
OF THE COPYRIGHT IN HIS/HER
THESIS. NEITHER THE THESIS NOR
SUBSTANTIAL EXTRACTS FROM IT
MAY BE PRINTED OR OTHERWISE
REPRODUCED WITHOUT HIS/HER
PERMISSION.

L'AUTEUR CONSERVE LA PROPRIETE
DU DROIT D'AUTEUR QUI PROTEGE
SA THESE. NI LA THESE NI DES
EXTRAITS SUBSTANTIELS DE CELLE-
CI NE DOIVENT ETRE IMPRIMES OU
AUTREMENT REPRODUITS SANS SON
AUTORISATION.

ISBN 0-612-01165-8

Canada

APPROVAL

Name: Leah F. Vosko

Degree: Master of Arts

Title of Thesis: Shrink, Cut...Dye? NAFTA and Women's
Work in the Canadian Clothing Industry

Examining Committee:

Chair: Susan Wendell

Marjorie Griffin Cohen
Senior Supervisor
Professor of Women's Studies
and Political Science

Theodore Cohn
Professor of Political Science

Stephen McBride
External Examiner
Professor of Political Science

Date Approved: 3/21/94

PARTIAL COPYRIGHT LICENSE

I hereby grant to Simon Fraser University the right to lend my thesis, project or extended essay (the title of which is shown below) to users of the Simon Fraser University Library, and to make partial or single copies only for such users or in response to a request from the library of any other university, or other educational institution, on its own behalf or for one of its users. I further agree that permission for multiple copying of this work for scholarly purposes may be granted by me or the Dean of Graduate Studies. It is understood that copying or publication of this work for financial gain shall not be allowed without my written permission.

Title of Thesis/Project/Extended Essay

"Spirit, Culture, and the Arts: W.A.G. The End
Women's Work in the Canadian
Industry"

Author:

(signature)

(name)

(date)

Abstract

Shrink, Cut...Dye? NAFTA and Women's Work in the Canadian Clothing Industry is an interdisciplinary examination of the effects of North American trade liberalization on women workers in Canada's clothing sector. This thesis takes a four-pronged approach to assess the decline of Canadian clothing manufacturing under the Canada-U.S. Free Trade Agreement (FTA) and the potential implications of the recently adopted North American Free Trade Agreement (NAFTA). First, I present a historical sketch of women's work in the Canadian clothing industry. Second, I examine employment trends in Canadian clothing manufacturing since 1980, demonstrating that this sector embarked on a downward trajectory after the introduction of the FTA. Third, I investigate how intra-sectoral and inter-sectoral relations in clothing and textiles industries throughout North America contribute to the vulnerable status of the Canadian clothing industry under free trade. Fourth, the thesis culminates with a detailed examination of the clothing and textile provisions contained in the NAFTA text. This final analysis reveals several tangible consequences of the agreement.

The findings of this study highlight the tenuous status of the Canadian clothing industry under the NAFTA. As an outgrowth of the FTA, the NAFTA is poised to intensify the recent erosion of this important manufacturing industry since it institutes highly restrictive rules governing North American clothing trade. As such, the NAFTA endangers the status of the clothing industry as a primary industrial employer of women in Canada.

In memory of Abraham Schwartz (1899-1992)

Acknowledgments

Numerous people supported me in the process of researching and writing this thesis. In particular, I would like to thank my senior supervisor Professor Marjorie Griffin Cohen for her critical comments on the many drafts of this study and her strong commitment to my project. As my second reader, Professor Theodore Cohn also provided me with many useful comments on this thesis. I thank him for his time and effort. Along with the assistance I received from my advisory committee, every member of the Women's Studies Graduate Caucus and the collective Women to Women Global Strategies supported me throughout the thesis writing process. As well, the support staff and the faculty in the Department of Women's Studies were extremely helpful. Finally, my family, especially my partner Gerald Kernerman, deserves special thanks. Their encouragement was invaluable throughout the duration of my M.A. I dedicate this thesis to my grandfather who worked as a tailor upon immigrating to North America.

Table Of Contents

<i>List of Acronyms</i>	xi
<i>Chapter 1. Introduction</i>	1
<i>Chapter 2. Shrink: A Premature Sunset In The Canadian Clothing Industry</i>	16
<i>Chapter 3. Cut: The Impact Of Intra-Sectoral And Inter-Sectoral Relations In North American Clothing And Textile Industries</i>	45
<i>Chapter 4. Dye?: Outcomes Of The NAFTA Text For The Canadian Clothing Industry</i>	73
<i>Chapter 5. Conclusion</i>	96
<i>Appendix 1. Tables 1-8</i>	103
<i>Appendix 2. The NAFTA And The MFA</i>	121
<i>Appendix 3. Glossary</i>	123
<i>Selected Bibliography</i>	126

List of Tables

<i>Table 1a. Employment Distribution: Major Manufacturing Groups, 1980.....</i>	<i>104</i>
<i>Table 1b. Employment Distribution: Major Manufacturing Groups, 1984.....</i>	<i>105</i>
<i>Table 1c. Employment Distribution: Major Manufacturing Groups, 1988.....</i>	<i>106</i>
<i>Table 1d. Employment Distribution: Major Manufacturing Groups, 1992.....</i>	<i>107</i>
<i>Table 2a. Average Hourly Wages in Major Manufacturing Groups, Canada.....</i>	<i>108</i>
<i>Table 2b. Average Hourly Wages in Major Manufacturing Groups As % of Average Hourly Wages in All Manufacturing, Canada.....</i>	<i>109</i>
<i>Table 3. Female Employment in Major Manufacturing Groups, by Age.....</i>	<i>110</i>
<i>Table 4a. Employment Distribution in Clothing Industry, 1981.....</i>	<i>111</i>
<i>Table 4b. Employment Distribution in Clothing Industry, 1986.....</i>	<i>112</i>
<i>Table 4c. Employment Distribution in Clothing Industry, 1991.....</i>	<i>113</i>
<i>Table 5. Full-Time vs. Part-Time Female Employment in the Clothing Industry.....</i>	<i>114</i>

<i>Table 6a. Decline of Female Employment in clothing vs. All Manufacturing, Canada.....</i>	<i>115</i>
<i>Table 6b. Decline of Female Employment in Clothing vs. All Manufacturing, Quebec.....</i>	<i>116</i>
<i>Table 6c. Decline of Female Employment in Clothing vs. All Manufacturing, Ontario.....</i>	<i>117</i>
<i>Table 7a. Female Employment in All Clothing Sectors, Canada.....</i>	<i>118</i>
<i>Table 7b. Male Employment in All Clothing Sectors, Canada.....</i>	<i>119</i>
<i>Table 8. Employment Distribution in Quebec Clothing Industry, 1991.....</i>	<i>120</i>

List of Figures

<i>Graph 1: Clothing Trends vs. All Manufacturing and All Industries.....</i>	<i>24</i>
<i>Graph 2: Female Employment in Clothing vs. All Manufacturing using 1980 as Datum.....</i>	<i>25</i>
<i>Graph 3: Clothing vs. other Large Manufacturing Employers of Women.....</i>	<i>27</i>
<i>Graph 4: Overall Growth in Female Employment (All Industries).....</i>	<i>28</i>
<i>Graph 5: Average Hourly Wages for Manufacturing Groups Employing Women.....</i>	<i>30</i>
<i>Graph 6: Average Hourly Wages As % Of All Manufacturing, Major Manufacturing Employers Of Women.....</i>	<i>31</i>
<i>Graph 7: Clothing Vs. Other Major Manufacturing Groups (15-24).....</i>	<i>33</i>
<i>Graph 8: Clothing vs. Other Major Manufacturing Groups (25+).....</i>	<i>34</i>
<i>Graph 9a: Clothing Employment In All Sectors (Both Sexes).....</i>	<i>37</i>
<i>Graph 9b: % of Clothing Employment In All Sectors (Both Sexes).....</i>	<i>38</i>

Graph 10: % of Female Clothing Employment, All Sectors... 40

*Graph 11: Female Manufacturing Workers in Clothing,
Ontario vs. Quebec vs. Canada..... 41*

*Graph 12: Quebec Women As % Of Total Women Employed
In Clothing, All Sectors (1991)..... 43*

List of Acronyms

- ACTWU- Amalgamated Clothing and Textile Workers Union
- ATMI- American Textile Manufacturing Institute
- BIP- Border Industrialization Plan
- CBI- Caribbean Basin Initiative
- CTMI- Canadian Textile Manufacturing Institute
- EPZ- Export Processing Zone
- FDI- Foreign Direct Investment
- FTA- Canada-U.S. Free Trade Agreement
- GATT- General Agreement on Tariffs and Trade
- ILGWU- International Ladies Garment Workers Union
- MFA- Multifibre Arrangement
- NAFTA- North American Free Trade Agreement
- NIDL- New International Division of Labour
- SIC- Standard Industrial Classification
- SME- Square Metre Equivalent
- TNC- Transnational Corporation
- TPL- Tariff Preference Level
- TRQ- Tariff Rate Quota
- USAIC- United States Apparel And Industry Council

Chapter 1.

Introduction

Many politicians and corporate leaders in North America, who subscribe to free market policies, advise that unfettered competition should be the true regulator of the global economy. In particular, liberal prescriptions suggest that eliminating all barriers to the exchange of goods and services will result in greater prosperity for all. Prior to 1988, open access to the American market was stated as the key motivation for Canadians advocating the impending Canada-U.S. Free Trade Agreement (FTA). For instance, prominent Canadian economist Richard Lipsey wrote:

The major concern of Canada as a small trading nation is its access to foreign markets and the FTA offers Canadian exporters enhanced access to their most important market. The U.S. offer of preferential access to their mass market has made Canada the envy of the trading world (Lipsey, 1989: 68,74).

Such pronouncements led Canadian trade negotiators to insist that the FTA merely served to eliminate barriers to trade in goods and services between Canada and the U.S. After a tentative deal was reached, former Trade Minister Michael Wilson asserted that, "there is nothing sacrificed, nothing surrendered in that agreement and nothing will be in the future," commending the FTA in this vein (Wilson, 1988). For the most part, the debate which ensued centred on the issue of whether or not trade liberalization was beneficial for Canada.

If the FTA and the recent North American Free Trade Agreement (NAFTA) met the goals and presumptions of free traders, critics could look to the heart of the theories they espouse--a candid debate could emerge over whether a comprehensive reduction of trade barriers is "good" or "bad" for Canada. However, to engage in debate over the FTA or the NAFTA at this level (ie. to examine historic theories advocating free trade) is misguided: It carries with it the assumption that these agreements are truly about trade liberalization. Political rhetoric aside, neither the FTA nor the NAFTA is a "free" trade agreement. Certainly, the FTA and the NAFTA augment trade liberalization in select sectors yet, in others, they institute rules which have protectionist outcomes. Consequently, both agreements establish trade rules which produce discriminatory effects.

Facilitated by harmonized rules governing foreign direct investment (FDI), the provision of national treatment and the right of establishment, capital mobility is one key outcome of both the FTA and the NAFTA which produces a diversity of discriminatory effects. Prior to the implementation of the FTA, critics of Canada-U.S. free trade warned Canadians that the agreement served to augment capital mobility (Cohen, 1988: 143-144; Clarkson, 1988: 27; Laxer, 1986: 11-12; Watkins, 1988: 83-84). In 1988, in an article devoted to analyzing the Investment Chapter of the FTA, Mel Watkins noted:

Under the Canada-U.S. agreement, capital has virtually complete mobility... Companies trade, and prefer to do so, with as little interference as possible from governments. They also invest abroad as well as at home, and they likewise prefer that governments not impede that process (Watkins: 84).

Opponents went on to observe that free trade initiatives can effectively give corporations "universal citizenship" by entrenching trade rules which sanction capital mobility. In both the FTA and the NAFTA, while labour must remain immobile, capital mobility is virtually unimpeded. In many sectors of the Canadian economy, this has considerable consequences.

For the Canadian clothing sector, the aftermath of the FTA and the terms agreed to in the NAFTA point to the accuracy of these assertions. After the introduction of the FTA, which first instituted controversial rules governing bi-lateral clothing trade, this female-dominated industry experienced considerable decline. Consequently, women clothing workers endured both changing conditions of work and employment decline in ensuing years. Between 1988 and 1992, the clothing industry embarked on a distinctly downward trajectory, fading from the largest to the second largest manufacturing employer of women in the country. Industrial relationships, involving clothing and textile manufacturing in Canada, the U.S. and Mexico, contributed to the vulnerability of the Canadian clothing industry under the FTA. With the implementation of the NAFTA, prevailing industrial relationships also threaten to promote further instability in this industry. As an outgrowth of the FTA, the NAFTA is poised to intensify the recent erosion of clothing manufacturing in Canada. This tri-lateral

agreement institutes a set of rules governing North American clothing trade which penalize surviving Canadian clothing firms. Effectively, it endangers the status of the clothing industry as a primary manufacturing employer of women in Canada.

I. Insights from the New International Division of Labour

The analytical framework employed in this study emanates from a body of literature which contends that capitalism is entering a new stage of development marked by a new international division of labour (NIDL). In this NIDL, transnational enterprises and investors have unprecedented control over waged labourers on a global scale. Due to the increasingly transparent nature of national borders, technological innovations and institutional arrangements (such as bi-lateral and multi-lateral trade agreements), all of which foster the free flow of capital, these actors demonstrate few allegiances to countries or workers and have few remaining region-specific obligations. German Development Studies scholars, Folker Frobel, Friedrich Heinrichs and Otto Kreye were the first western scholars to begin to articulate these ideas. They coined the phrase "new international division of labour" in 1978 (Frobel, Heinrichs and Kreye, 1978: 123).

As a contemporary theoretical perspective, the NIDL has multi-disciplinary links. In International Relations, global security issues shape debate surrounding the NIDL. Concepts such as "the new world order" or "the new international economic order" emerge from this dialogue (Gilpin, 1987: 60, 275). In Political Economy and Development Studies, the focus has been the fundamental inequality of interstate relations (Sanderson, 1985: 4). In Feminist Studies, scholars look to the emergence of a NIDL in dialectical terms, as both a "gendered process" and a stage of capitalist development that has serious implications for the future of women's work (Nash, 1983; Fernandez-Kelly, 1989). Although these disciplines have different emphases, scholars who believe that we are entering a new stage of capitalist development share a common objective: The desire to combine theories of global inequality, be they gender-based, arms related or linked to class or race, with models hinging on the

nation as a single unit of analysis. They also agree that three features, which primarily benefit transnational corporations, mark the NIDL, namely, capital mobility, fragmented production and centralized decision-making.

First, in emphasizing that capital is increasingly mobile, the NIDL points to the emergence of transnationalization, which refers to the international organization of production fueled by capital investment and technological transfers. For example, in *Common Fate, Common Bond*, Swasti Mitter traces transnational capital mobility in the NIDL in three stages: (1) "Initial Capital Flight" (2) "Dispersal Of Production" (3) "The Capital Comes Home" (Mitter, 1986: 80-81). This conceptual framework illustrates how capital may be simultaneously active in Export Processing Zones (EPZs) in poor regions throughout the globe, while it establishes intermediate processing in middle income regions and maintains administrative structures in the country of origin. The consequences of capital mobility, reflected by such transfers, are spread along class lines throughout various sites of production where manufacturing, assembly, marketing and research take place. As June Nash and M. Patricia Fernandez-Kelly note, "the loss of a tax base from intra-firm transfers of technology or components affects industrially advanced countries as well as developing nations" (Nash and Fernandez-Kelly, 1983: 14). The present level of international capital mobility, particularly among large conglomerates, illustrates that de-industrialization in western nations and persistent labour exploitation in poorer nations evolve out of one process reliant on capital mobility, transnationalization.

Second, production is spatially dispersed in the NIDL. This permits the fragmentation of the production process to take place. For instance, in the clothing sector, fabrics may be woven in one country, dyed and cut in another and assembled in a third nation merely to be shipped back to primary markets. Notably, the lowest stratum of clothing manufacturing, where small licensed or unlicensed shops exist, is expanding internationally due to declining production standards throughout the industry and the growth of informal

economies (Fernandez-Kelly, 1989: 160).¹ In the clothing sector, like many other goods-producing industries, production is characterized by a complex web of subcontracting chains. Hence, management is separated from direct assembly, which takes place in both the formal factory setting or in the informal sector of a country or countries.

Third, co-existing alongside the fragmentation of production is the centralization of corporate decision-making. Highly prevalent among TNCs, this type of decision-making enables high level managers, who operate out of company headquarters, to directly control the activities of branch plant facilities. Critics of the NIDL argue that the centralization of corporate decision-making serves to separate those who control the means of production from workers. This makes high-level management unaccountable to workers due to geographical distance (Mitter: 13).

Both the fragmentation of production and the centralization of corporate decision-making reinforce the power of capital. Together, these two features of the NIDL enable what economists often term "harmonization" and what development theorists call "transculturation" to take place. Each of these terms refers to a process whereby countries or regions adopt similar or identical public policies and legal standards to achieve greater economic conformity. Proponents of trade liberalization view the regional harmonization of economic standards and norms in a positive light since this facilitates both the free flow of capital and the removal of barriers to the exchange of goods and services (See for example: Lipsey and Smith, 1986).² However, critics warn that harmonization, via free trade arrangements, universally imposes a western cultural model of development which serves to eradicate norms and standards unique to a particular nation, region, gender or ethnic group (Nash, 1983: 29).

¹ For a thorough discussion of the emergence of informal economies see: Portes, Castells and Benton, 1989.

² In the Canadian context, Lipsey and Smith interpret harmonization quite succinctly: "We understand harmonization to mean to 'force Canadian policies to become more similar to, or in the limit become identical with, U.S. policies in the same area'" (Lipsey and Smith, 1986: 1).

II. Women and the NIDL

Distinct from eased capital mobility, fragmented production and centralized corporate decision-making, gender³ is also a key variable in the reallocation of production on an international scale. Frobel, Heinrichs and Kreye established this when they observed that women in industrializing nations,

have to sell their labour power at the lowest possible price because under the conditions of underdevelopment women have even less possibility than men to change their living conditions: or, to put it more bluntly, they have fewer possibilities of guaranteeing their day to day physical survival (Frobel, Heinrichs and Kreye: 347).

The availability of vast numbers of women seeking waged work in industrializing nations, as well as eased capital mobility and the provision of centralized decision-making, initially led TNCs to locate various stages of production in these regions.

With the success of TNCs in industrializing nations, over a decade after Frobel, Heinrichs and Kreye first examined the situation of women workers in branch plant factories, the variable of gender also influences conditions of work in industrialized countries. In acknowledging similarities between the gendered nature of de-industrialization in the north and labour exploitation in the south, Swasti Mitter notes:

The pattern of this restructuring [of the north] is showing itself to be very similar to that seen in many Third World countries in the last decades; and, once more, as in the Third World, the pattern involves a vital role for women (Mitter: 80).

M. Patricia Fernandez-Kelly takes this point further to emphasize that manufacturers have a tendency to draw on the most marginalized groups of workers in society. In referring to immigrant⁴ women, she notes: "Investors choose to move operations to less developed regions

³I intentionally use the term gender to reflect upon the socially imposed division of the sexes. In governing our social realities as women, "social controls limit our choices from the moment of birth and affect the range of our individual autonomy and self-expression" (Hunter College Women's Studies Collective, 1983: 178). For the purposes of this study I work from the knowledge that gender is not an isolated category. Rather, it interacts with constructions of race, nationality and region.

⁴In this study, I draw on the definition the ILGWU assigns to the term immigrant. They indicate that "the notion of immigrant mainly refers to the common experience of attempting to enter the labour force at

for strategic reasons similar to those that lead them to employ immigrants in their home countries; the two are countervailing options" (Fernandez-Kelly, 1989: 152). The accuracy of her claim is highlighted by trends in clothing production in North America. For example, in Mexico, women clothing workers in export processing zones (EPZs) tend to be migrant workers, many of whom are young single mothers (Fernandez-Kelly, 1983: 107; Tiano, 1987: 92). And, in Canada, the majority of women workers in this industry are first generation Canadians (Gannage, 1988: 396; Ochrán et al, 1993: 8). Under the NIDL, large corporations operate production facilities, or engage contractors, in disparate parts along similar principles. The growing availability of unemployed and under-employed women in the north, as well as the south, makes fragmented production a viable option for most firms.

Canadian Women and the NIDL: The Impact of Free Trade

Depending upon the region or nation in question, a variety of public policy mechanisms arise out of the NIDL. Among public policies designed to facilitate a shift in international production are bi-lateral and multi-lateral trade agreements. In Canada, the first initiative of this sort was the FTA. As a result of this agreement, a growing number of Canadian women joined the global ranks of unemployed and underemployed women workers. Rather than attempting to present an exhaustive list of the impacts of free trade for Canadian women, for the purpose of this study, I will describe two phenomena which illustrate that Canadian women's experiences under the FTA reflect the gendered nature of global restructuring.

First, trade-sensitive Canadian manufacturing industries where women workers are concentrated declined after the implementation of the FTA. Canadian clothing and textiles industries were among the most devastated manufacturing industries between 1988 and 1992, largely due to plant relocation and the reallocation of production. This outcome is not surprising given that *The Royal Commission On The Economic Union And Development*

one time as an immigrant, and being treated as 'marginal' or 'foreign' on an ongoing basis" (ILGWU and Women and Work Research and Education Society, 1993: iv).

Prospects For Canada, as well as vocal proponents of the FTA, acknowledged that some trade sensitive industries would suffer as a result of free trade (Royal Commission on the Economic Union and Development Prospects for Canada, 1985: 345; Economic Council of Canada, 1983: 122). However, advocates of the FTA view this as a minor trade-off, claiming these trade sensitive sectors were "sunset industries" prior to the introduction of the FTA. For instance, economist Katie MacMillan states that: "An argument can be made that Canada is ill-suited to certain types of industrial endeavours, specifically those that depend on poorly paid, low skilled workers" (Macmillan, 1987: 18). Lipsey and Smith add that "at worst, trade liberalization with the United States might accelerate the decline of these industries," displaying little regret over the potential loss of industries which contribute to the diversity of Canada's industrial base (Lipsey and Smith, 1985: 110-111). While such assertions permeate pro-free trade scholarship, rarely do authors acknowledge that women workers are concentrated in these industries or question the gender-related factors contributing to why workers in these sectors are classified "unskilled" and earn low wages.

Second, large numbers of Canadian women workers turned to "flexible" forms of work under the FTA due to rising competition in industries with declining labour standards. With fewer occupational opportunities in unionized factories and a burgeoning Canadian service sector, women are engaging in a variety of non-standard forms of work ranging from formal part-time work to various forms of contract work, many of which operate on the margins of the informal economy. Among the growing number of women workers in non-standard occupations are homeworkers, live-in domestic workers, farm workers and home-based data processors and telecommunications workers. In most instances, these workers are unable to unionize since they are classified as independent contractors. Also, no provincial Employment Standards Act fully covers them. In the British Columbian Employment Standards Act, for example, non-standard workers are exempt from provisions dealing with maximum hours of work, vacation pay, sick leave, bereavement leave and political leave despite the continued lobbying efforts of community groups and organized

labour (Arat-Koc, 1992; South Island Women for Economic Survival, September 1993; Women For Better Wages, August 1993).

Age is also a key variable in determining the degree to which Canadian women are turning to "flexible" forms of work under the FTA. In a recent study of the implications of economic restructuring for Canadian women, Marjorie Griffin Cohen found that women aged fifteen to twenty-four are increasingly likely to engage in part-time work. In assessing declining full-time employment opportunities for women in this age category, she notes that, "[t]he growth of non-standard work for young women has been fairly dramatic, so that in 1991 over 43% of all young women in the labour force did not have full-time jobs" (Cohen, 1992: 16). In part, this statistic reflects the tenuous status of major manufacturing employers of women who normally engaged workers on a full-time basis. Between 1988 and 1992, women aged fifteen to twenty-four employed in the clothing, food and beverage, printing and publishing and textile industries experienced severe employment decline. In 1992, the printing and publishing industry employed the highest percentage of young women among these four manufacturing industries (14.2%), while the textile industry employed the lowest percentage of women in this age group (6.8%). The decline of employment in these four manufacturing industries under the FTA is one crucial factor contributing to the growing percentage of young Canadian women engaged in part-time work. This issue will be dealt with thoroughly in subsequent chapters.

The FTA represents a typical regional response to growing international competition provoked by global restructuring. Its effects on women emphasize the gendered nature of public policies designed to strengthen the NIDL. From a domestic perspective, the decline of industries where women workers predominate and the proliferation of "flexible" forms of work for women illustrate that the FTA has distinct implications for women workers in Canada. Among these implications are reductions in labour standards and benefits for women engaged in contract work and fewer full-time job opportunities for young women. Contrary to assertions made by Macmillan, Lipsey and Smith, the FTA did not eliminate low wage, low

skilled Canadian jobs. Rather, it induced greater export competition under which non-standard forms of work arose in Canada. From a global perspective, the experience of Canadian women workers under free trade conforms with the pattern of restructuring initiated by TNCs in industrializing nations. The dispersal of production worldwide, as well as the fragmentation of production within nations, forces women workers to endure changing conditions of work in traditional vocations and to increasingly engage in less desirable forms of work.

III. The NAFTA and the NIDL

As an extension of the FTA, the NAFTA is an outgrowth of the new stage of capitalist development ushered in by the NIDL. It is a macroeconomic initiative designed to facilitate capital mobility, the fragmentation of production and the centralization of corporate decision-making on a North American scale. By adjusting tariff barriers, the NAFTA will improve upon current conditions for intra-firm transfers between branch plant facilities and headquarters of TNCs. International conglomerates will no longer be forced, via binding trade legislation, to engage in a minimal amount of production in the national market which they target. Instead, a significant amount of North American production will be required if goods are to be exported duty-free throughout the Canadian, American and Mexican markets (North American Free Trade Agreement, Chapter 4: Rules of Origin). Thus, with the implementation of the agreement, in sectors where it is profitable, the fragmentation of North American production will ensue without undermining centralized corporate decision-making.

Clothing Production under the NAFTA

As an industry in which women workers predominate and one where the fragmentation of production is increasingly marked, the North American clothing industry is an important sector to examine, in the context of NIDL, within the NAFTA. The NAFTA initiates new regulations governing clothing trade in Canada, the U.S. and Mexico, many of which reflect the NIDL. These rules respond to corporate pressure for eased capital mobility

and sectoral priorities such as the centralization of decision-making and the fragmentation of production. Their scope also illustrates that, in regard to North American clothing trade, these three features of the NIDL are inextricably linked.

Although the Canadian clothing industry is the focus of this study, rules governing tri-lateral textile trade frequently have an impact on clothing trade in North America. Consequently, it is important to explore the interests of both sectors in evaluating various elements of the NAFTA. Corporate pressure for eased capital mobility in the NAFTA arises primarily from transnational textile and clothing enterprises with both branch plant facilities and headquarters in the free trade area. In particular, large textile corporations demand a significant degree of capital mobility to reinforce intra-firm trade. With the NAFTA, eased capital mobility will enable these TNCs to distribute different stages and varieties of production throughout the free trade area. As a result, a Canadian textile branch plant may specialize in textile products derived from chemical and synthetic fibres, while an American textile firm operated by the same TNC produces primary textiles, and the Mexican subsidiary focuses on textiles derived from petrochemical inputs.

For the Canadian clothing industry, the consequences of eased capital mobility within and between textile firms under the NAFTA are far-reaching. The dispersal of production, made possible through heightened capital mobility, curtails where buyers in the Canadian clothing industry may source inputs in North America. The industry, which consists of relatively small independent firms, must increasingly rely on non-domestic sources for fabric and a wide range of other clothing inputs. However, it must compete with a larger American clothing industry, which has strong ties to American-based textile firms, which can readily obtain a diverse range of inputs locally. Despite these implications, the NAFTA text meets demands for relatively unfettered capital mobility in the region.

In regard to the centralization of corporate decision-making, with the NIDL, North American textile TNCs and many American-based clothing TNCs have considerable power in establishing where and when to contract-out production. The NAFTA strengthens this

principle for large corporations. For instance, it gives weight to a limited group of clothing TNCs, over smaller independent clothing firms, by improving conditions for subcontracting through encouraging intra-firm trade in the region. This leaves independent Canadian clothing firms with few options. They must either opt to close facilities, bid for a place on a transnational subcontracting chain, or move a sizable portion of production into the informal economy in order to survive in the domestic market.

With respect to future employment prospects and conditions of work for Canadian women clothing workers, outcomes of the FTA foreshadow imminent consequences of the NAFTA. High rates of unemployment and under-employment among women clothing workers currently exist in Canada. Under the NIDL, such factors force women clothing workers to either enter the informal economy to perform homework or make them vulnerable to exploitation within the factory setting. Simultaneous to the decline of the Canadian clothing industry under free trade, several studies documented the growth of unstandardized work in the Canadian economy as a whole, and homework, in the clothing industry in specific (See for example: Cameron and Mak, 1992; Ocbiran, 1993). The prevalence of homework is growing in the industry as factories are either closing or downsizing by contracting-out various stages of production. With a large reserve of women clothing workers in North America, the NAFTA provides leverage for manufacturers to pressure federal and provincial legislators to alter wages, hours of work and health and safety regulations to conform with American⁵ and Mexican standards.⁶

⁵In the American case, wages, rates of unionization and labour standards in most northern states are quite similar to provincial standards in Canada. However, in right-to-work states, wages, rates of unionization and labour standards tend to be significantly lower and/or ill-enforced. In the context of this study, conditions in these regions are of particular concern (Neilswaldomy, Slotje and Hayes, 1991: 192)

⁶For example, the government of British Columbia recently held public hearings to revise The Employment Standards Act. These hearings received an overwhelming number of submissions from employers, from a range of sectors where women represent a sizable percentage of the workforce, advocating a lower minimum wage in the province. A common justification for this proposal was that employment standards must be lowered in British Columbia to facilitate competition under the NAFTA. Furthermore, in the hearings, many employers lauded the recent growth of home-based industrial and clerical work in the province (Personal Observations, Public Hearings on the Employment Standards Act, October 7, 1993; Personal Communication with Commissioner Anita Braha, October 7, 1993)

IV. Scope of Analysis

To reveal how the NAFTA, as a macroeconomic policy initiative reflective of the NIDL, will impact the Canadian clothing industry, this study takes a three-pronged approach. Chapter two addresses employment trends in the Canadian clothing industry, drawing on labour force surveys and census data from Statistics Canada. A quantitative investigation of this sort is invaluable in assessing how conditions of work for women changed in this industry after the implementation of the FTA. To differentiate between comparing gross employment statistics in the clothing industry versus other industries and comparing recent trends within its subsectors, this chapter is divided into two parts. The first section examines the status of employment in the clothing industry versus other large manufacturing employers of women in Canada using wage data and sex and age-based employment statistics. It establishes that the clothing industry experienced staggering decline between 1988 and 1992 relative to the other selected industries. The second section explores internal dynamics in Canada's clothing industry by both depicting regional employment disparities in manufacturing and levels of prosperity in various clothing subsectors. Prior to 1988, the Canadian clothing sector was a relatively stable industry. However, with the introduction of the FTA, women's and children's clothing industries declined significantly. Severe decline in the clothing industry erupted with the inclusion of highly contentious rules governing clothing trade in the FTA.

To complement a statistical analysis of trends in the Canadian clothing industry, a more qualitative inquiry into sectoral relations in the Canadian, American and Mexican clothing and textile sectors is warranted. Chapter three investigates ties within and between these North American industries which develop in an environment conducive to capital mobility and fragmented production where there are growing numbers of unemployed and under-employed women workers. Pointing to industrial relationships which produce intra-sectoral and inter-sectoral coalitions, it establishes that the Canadian clothing industry is in an extraordinarily vulnerable position in a continental industrial context. Key to its tenuous

status is the limited political power of clothing firms operating in Canada and the scarcity of inputs, required for Canadian clothing manufacturing, in the free trade area. As an industry comprised of relatively small independent firms, as opposed to large conglomerates, the Canadian clothing industry clearly exerted limited influence in constructing the NAFTA.

A textual analysis of the NAFTA chapter devoted to clothing and textile trade in North America constitutes the fourth part of this study. Two strands of analysis co-exist in this chapter. First, in examining provisions specific to clothing trade, it illustrates tangible costs of this tri-lateral trade agreement for the Canadian clothing industry. Concurrently, it links the outcomes of the NAFTA to industrial relationships depicted in chapter three and characteristic features of Canadian clothing production explored in chapter two. Both modes of investigation exhibit that, although capital mobility is eased under the agreement, the NAFTA heightens barriers to export for the Canadian clothing industry and undermines the historic strength of domestically-oriented producers.

These three chapters highlight threats which the NAFTA poses to the survival of the Canadian clothing industry by examining trends in clothing employment for women since the introduction of the FTA, sectoral industrial relationships tied to domestic clothing production and rules governing clothing trade in the NAFTA text. After the FTA came into force, this industry experienced unprecedented employment decline as well as a sharp decline in the goods it shipped. In part, this was a consequence of highly restrictive rules governing bi-lateral clothing trade contained in the agreement. As opposed to altering barriers to clothing trade between Canada and the U.S. in a just fashion, the FTA established new rules governing trade in clothing which implicitly targeted the Canadian clothing sector. Modeled on this agreement, the NAFTA extends regulations for clothing trade first devised in the FTA to Mexico. It also compounds the consequences of the FTA by intensifying specific terms of the agreement. As a result, the NAFTA has devastating repercussions for women who constitute the core group of workers in this primary Canadian industry.

Chapter 2.

*Shrink: A Premature Sunset In The Canadian Clothing
Industry*

In recent years, employment dramatically declined in the Canadian clothing industry and significant internal restructuring took place within its subsectors. To determine the extent to which the NAFTA may contribute to further instability in this sector, the status of the industry prior to and following the implementation of the FTA demands investigation. A common claim made by proponents of free trade is that the Canadian clothing industry was a "sunset" industry prior to 1988. However, this assertion is quite contentious since total shipments and employment trends indicate that it was relatively stable until the late eighties. This chapter will demonstrate that severe instability in the clothing industry coincided with the introduction of the FTA. Although the Canadian clothing industry traditionally endured a mixture of brief downturns and prolonged upswings after the adoption of the FTA it embarked on a distinct trajectory-- one characterized by unprecedented job losses and the decline of prominent clothing subsectors. Consequently, the Canadian clothing sector currently exhibits signs of a troubled industry. This must be taken into consideration when studying the potential impacts of the NAFTA.

Historic Features Of Canadian Clothing Production

The clothing industry is among the oldest manufacturing industries in the country. Factories producing ready-made clothing appeared in Upper and Lower Canada as early as 1830 and mass production became widespread by the 1890s. Initiated as a result of demands for long production runs, clothing factories first emerged in the men's suit industry and, subsequently, in the women's cloak industry. Relative to other clothing industries, the women's dress industry became factory-oriented at a slower pace since production-runs are typically short in this subsector (Steedman, 1986: 153). Along with the incremental emergence of factory production in clothing, tied to the length of production-runs in its subsectors, the industry endured several stages of union organizing in its early history. Unionization commenced with craft unions created by and for tailors in the late 1890s. Unions operating on behalf of all clothing workers, regardless of their location in the

industry, only began to form with the introduction of ready-made clothing. Despite the existence of large, more inclusive unions in the Canadian clothing industry as early as 1894, women clothing workers had a limited role in union organizing, politics and lobbying until the 1930s (ILGWU, 1993: 1). It was at this juncture that union locals were first established in the women's dress sector, where the majority of women clothing workers were situated at the time (Frager, 1992: 24-30).

The evolution of the Canadian clothing factory and the uneven spread of unionization across clothing subsectors influenced the shape of production in the industry. To this day, the unique industrial status of this sector rests upon three interconnected features of production and their historical roots. First, the clothing industry is one of the few labour-intensive intermediate manufacturing industries in the country which is not dependent upon raw domestic resources. Second, it is characterized by relatively small independent producers. Third, unlike many other Canadian manufacturing industries, the clothing industry has a long history of attracting women as its primary production workers¹

The labour-intensive nature of Canadian clothing production reflects the absence of highly integrated, technologically-advanced machinery in the industry. In most clothing subsectors, sewing machines, cutting machines, folding machines, basting machines and tracking machines were only incorporated into production relatively recently and hand finishing remains prevalent in many subsectors (Gamage, 1988: 397). The limited adoption of high-technology equipment in clothing production may be attributed to a variety of factors, two of which are central to this investigation. First, since the Canadian clothing industry is primarily composed of highly competitive, small, autonomous firms, manufacturers rarely have sufficient disposable capital to invest in either research and development or in high-technology machinery. Second, due to the ample supply of women

¹For example, in 1992, approximately 76% of all workers in this industry were women (Statistics Canada, 1992: Ref K93022).

seeking work in Canadian clothing manufacturing, there is limited impetus for firms to adopt labour-saving machinery. Canadian women were initially drawn to needle trades since sewing was viewed as an acceptable craft for women and since there were virtually no other factory jobs accessible to women in the early twentieth century (Creese, 1988: 123; Frager, 1992: 18). The ghettoization of women workers in clothing production enabled employers to institute low wage rates,² which further devalued the tasks that women perform in the industry (Lipsig-Mumme, 1987: 49-51). To this day, low wages remain characteristic of Canadian clothing production. This, in turn, permits employers to slow the pace of mechanization by relying on low labour costs and the speed of workers to increase profit margins.

Various facets of the decline of the Canadian clothing industry since 1988 will be examined throughout this chapter. Emphasis will be placed on when the clothing industry began its sharp decline as well as on a number of factors which contribute to its present instability, such as wage trends, the average age of women in the industry and internal restructuring in clothing subsectors. In the context of this study, specific trends require special attention. For instance, the percentage of women aged fifteen to twenty-four employed in the clothing industry dramatically decreased in the mid to late eighties. Also, the erosion of employment in this industry, although not unique to one region, is geographically concentrated. Due to a high concentration of clothing employment in Quebec, women workers are disproportionately affected by the decline of the clothing industry and its subsectors in this province.

To illustrate these and other developments in the Canadian clothing industry, this chapter is divided into two sections. First, employment trends in the industry are compared and contrasted with trends in All Industries and All Manufacturing as well as

²In her discussion of the nature of women's paid employment prior to World War II Gillian Creese notes: "The low level of remuneration for women's work and the difficulty of monopolizing skills to raise wages was at least partly related to the fact that women's paid labour often involved skills related to domestic labour" (Creese, 1988: 124). This assertion directly relates to the devaluation of women's work in the Canadian clothing sector.

food and beverage, textiles and printing and publishing industries. In this section, the clothing industry is examined at a macro-level taking into account trends in other manufacturing industries sharing similar labour force characteristics. Second, the changing internal employment dynamics of the industry are described. The purpose of this section is to develop a micro-analysis, taking into consideration the situation of women workers in the industry as a whole as well as in its subsectors.

METHODOLOGY

The data employed in this analysis are derived from recent Statistics Canada labour force surveys as well as census data. The years chosen for labour force analysis are 1980, 1984, 1988 and 1992 in order to focus on the time periods preceding and following the implementation of the FTA. Notably, during the twelve year period investigated, two recessions occurred. One commenced in 1982 and ended late in 1984 while the other began after the implementation of the FTA and is just ending. Since the years surveyed include two recessionary periods, employment trends specific to the post-FTA recession may be established.

Drawing on labour force data, the food and beverage, textiles and printing and publishing industries are selected for comparison with the clothing industry. The food and beverage industry and the printing and publishing industries are chosen since they currently represent the first and third largest manufacturing employers of women in Canada.³ Data pertaining to the textile industry are included for two reasons. First, taken together, the clothing and textiles industries are the largest manufacturing employer of women in Canada⁴. Second, the NAFTA chapter analyzed in this study is dedicated to both clothing and textiles industries due to the important relationship between these two sectors.

³Statistics Canada (Unpublished Data). Ref. K93022. Also, see Table 1d.

⁴Ibid.

Census data from 1981, 1986 and 1991 are analyzed in section two since they include pertinent statistical information regarding trends in clothing subsectors. These subsectors include men's clothing, women's clothing, children's clothing⁵ and "other" clothing industries (which primarily refers to sweaters, occupational clothing, gloves, hosiery, fur goods and foundation garments). The census represents a larger sample of households than the labour force data. However, it does not accurately reflect seasonal employment variations since the survey is taken only once during the census year. There is no attempt to compare statistics from the two surveys as their sample sizes, questions and years differ. Rather, the two sets of data are highly complementary. Together, they are used to explore trends reflective of the changing conditions of work for this female-dominated manufacturing industry. Graphs which are derived from tables contained in Appendix 1 are used to display trends in the clothing industry throughout this chapter.

I. THE CLOTHING SECTOR IN A LARGER INDUSTRIAL CONTEXT

Canadians witnessed severe erosion in domestic manufacturing employment between 1988 and 1992. In this period, decreasing employment was broad-based in that it affected a wide variety of industries employing both women and men workers. Nevertheless, the implications for manufacturing sectors employing high percentages of women are quite striking. The clothing industry is a case in point. Despite its frequent characterization as a sunset industry since the late sixties, a comparison of employment trends in All Industries, All Manufacturing and clothing reveal that the Canadian clothing sector did not exhibit the characteristics of a sunset industry before 1988. Between 1988 and 1992 employment decline in clothing was three times larger than in the previous four years. Moreover, the industry grew between 1980 and 1984, during a recession of similar

⁵It should be noted here that data specific to children's clothing only became available in the 1986 census. Consequently, the category which reads "other" in the 1981 data includes children's clothing.

proportions to the recession spanning the late eighties and early nineties. Statistics exhibiting the value of goods shipped by the clothing industry in this period disprove one likely counter-argument: namely, that decreasing employment in the clothing industry may be attributed to worker redundancy due to improved productivity. Every year between 1980 and 1988, the value of manufactured goods shipped by the clothing industry increased. This changed after 1988. In 1988, the clothing industry shipped \$6,656,700,000.00 worth of goods while, in 1992, \$5,993,000,000 worth of goods was shipped by the industry. Therefore, the value of manufactured goods shipped by the clothing industry dropped by approximately 10% over these four years (Statistics Canada, Canada Yearbook 1985: Table 18.2; Canada Yearbook 1992: Table 18.2; Monthly Survey of Manufacturing, June 1992: Table 4). Even in comparison to All Manufacturing, where there were significant job losses between 1988 and 1992, employment decline in clothing appears quite sharp.

Indicative of the recent employment trends, the clothing industry went from being the largest manufacturing employer of women in Canada, prior to 1988, to second largest manufacturing employer of women between 1988 and 1992. This development is significant since the clothing industry has a long and rich history as the largest manufacturing employer of women in the country. In addition, wage data indicate that the clothing industry remains the lowest wage industry of the three largest manufacturing employers of women. The wage situation in this industry worsened between 1988 and 1992, as the average hourly wage in clothing dipped to 58.2% of the average hourly wage in manufacturing by 1992. With respect to the age of women workers in the clothing industry, the proportion of women aged fifteen to twenty-four is steadily decreasing. Among the industries selected, between 1984 and 1992, clothing moved from the second largest major manufacturing employer of women aged fifteen to twenty-four to the smallest major manufacturing employer of women in this age category. This, too, represents a

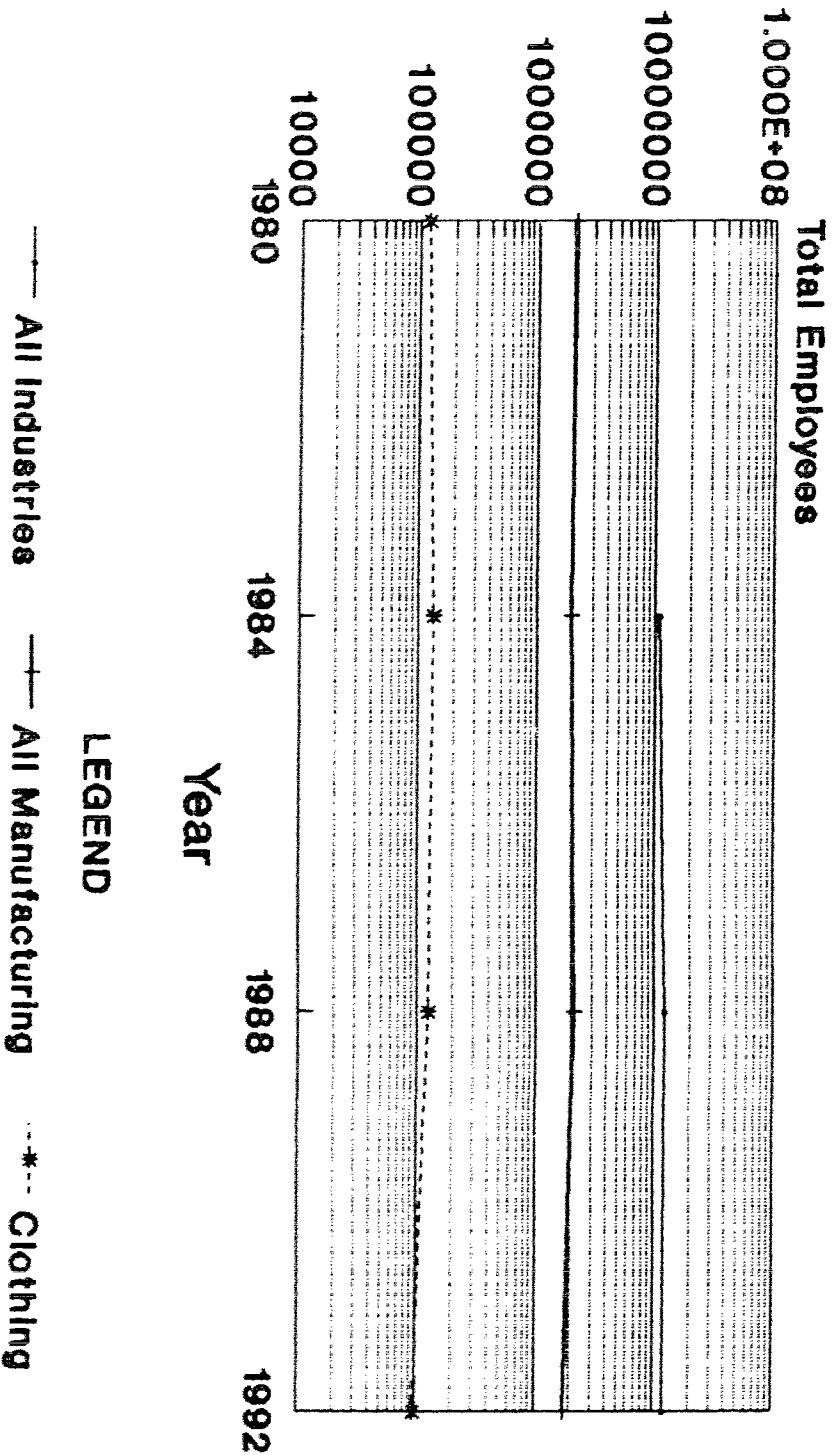
troubling development for the future vitality of the industry. The subsequent analysis illustrates the extent to which the clothing industry has suffered since 1988.

A. Changes In Total Employment In Clothing Vs. All Manufacturing And All Industries

Between 1980 and 1984 employment in the clothing industry increased by 14,900 or 12.5% (Tables 1a, b). This growth took place during the recession of the early eighties at a time when employment in All Manufacturing dropped by 7.4%. However, during the next recession, after the implementation of the FTA in 1988, employment in the clothing industry decreased significantly. While All industries and All Manufacturing also experienced reductions in employment over this period, the decline of the clothing industry was particularly sharp dropping by 29,700 between 1988 and 1992 (Tables 1.a,b,c,d). These employment trends are illustrated in the following logarithmic graph (Graph 1). Here, employment in All Industries remains at a relatively constant level (-0.03%) between 1988 and 1992, while employment in All Manufacturing falls by 15.5% and clothing employment drops by 28.3%. Employment reductions in clothing are particularly excessive in light of trends in All Industries and All Manufacturing over these four years.

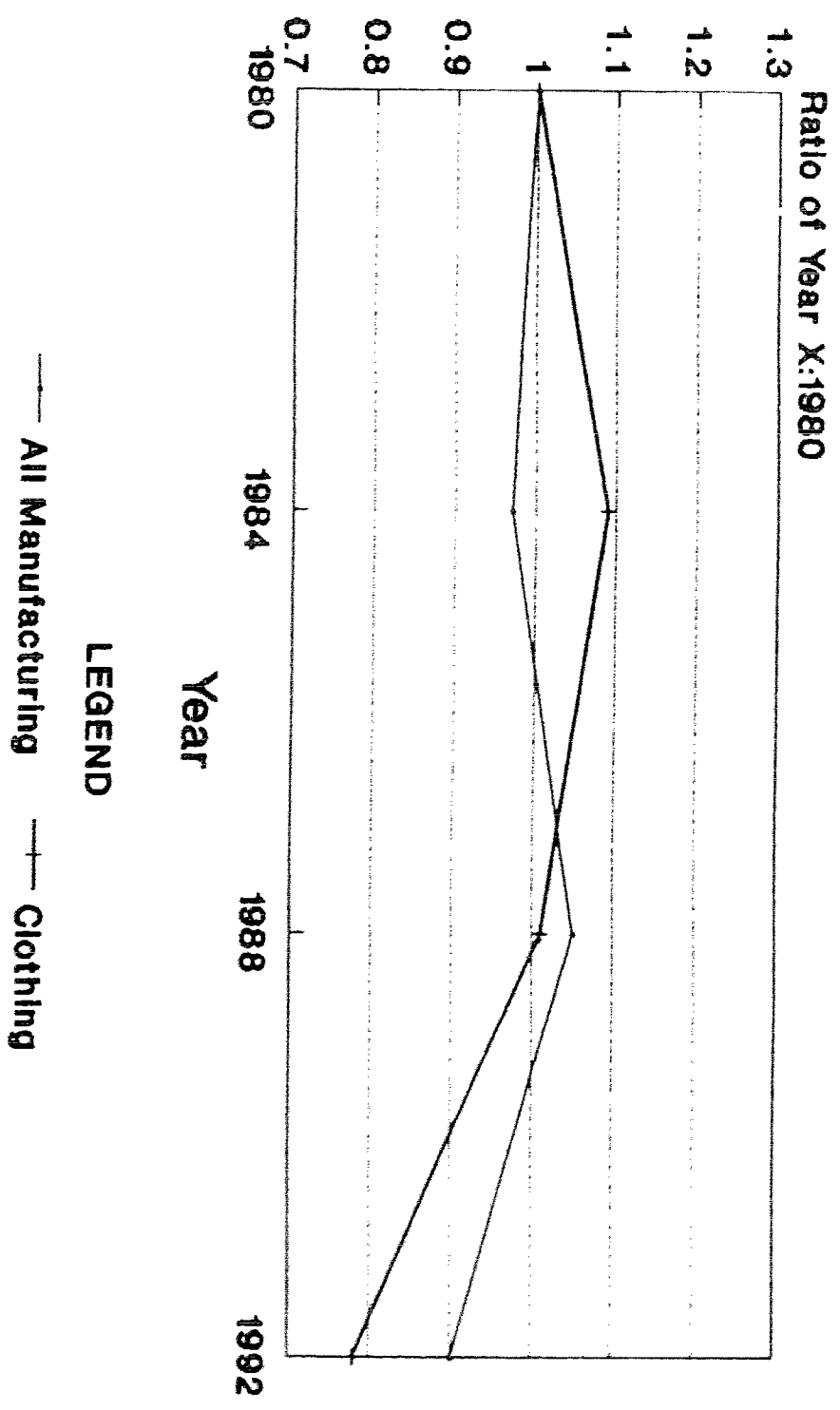
In the late eighties female employment in clothing industry declined more dramatically than in other manufacturing industries. This is indicative of larger trends in the industry since female employment in clothing increased by 9.3% between 1980 and 1984, during the recession of the early eighties, while female employment declined by 2.9% in All Manufacturing over the same period. Following this, between 1984 and 1988, female employment in All Manufacturing grew at a moderate rate (+9%) while, in clothing, it declined at a moderate rate (-7.7%). Finally, between 1988 and 1992, reductions in female employment in the clothing industry (-22.8%) were both significantly more severe than in All Manufacturing (-14.7%) and almost three times the decline which took place in the previous four year period (Graph 2, Tables 1c,d). Clearly, prior to 1988, the clothing industry endured a mixture of brief downturns and prolonged upswings yet it was

Graph 1: Clothing Trends vs. All Manufacturing and All Industries



Sources: StatsCan MR92010, 72-220, K93002

Graph 2: Female Employment in Clothing vs All Manufacturing using 1980 as Datum



Sources StatsCan MR92010, K93022

relatively healthy. After 1988, as job losses accelerated in clothing manufacturing, it began to display characteristics of an industry in serious trouble (Graphs 1, 2).

B. Female Employment Trends In Clothing Vs. Selected Manufacturing Industries

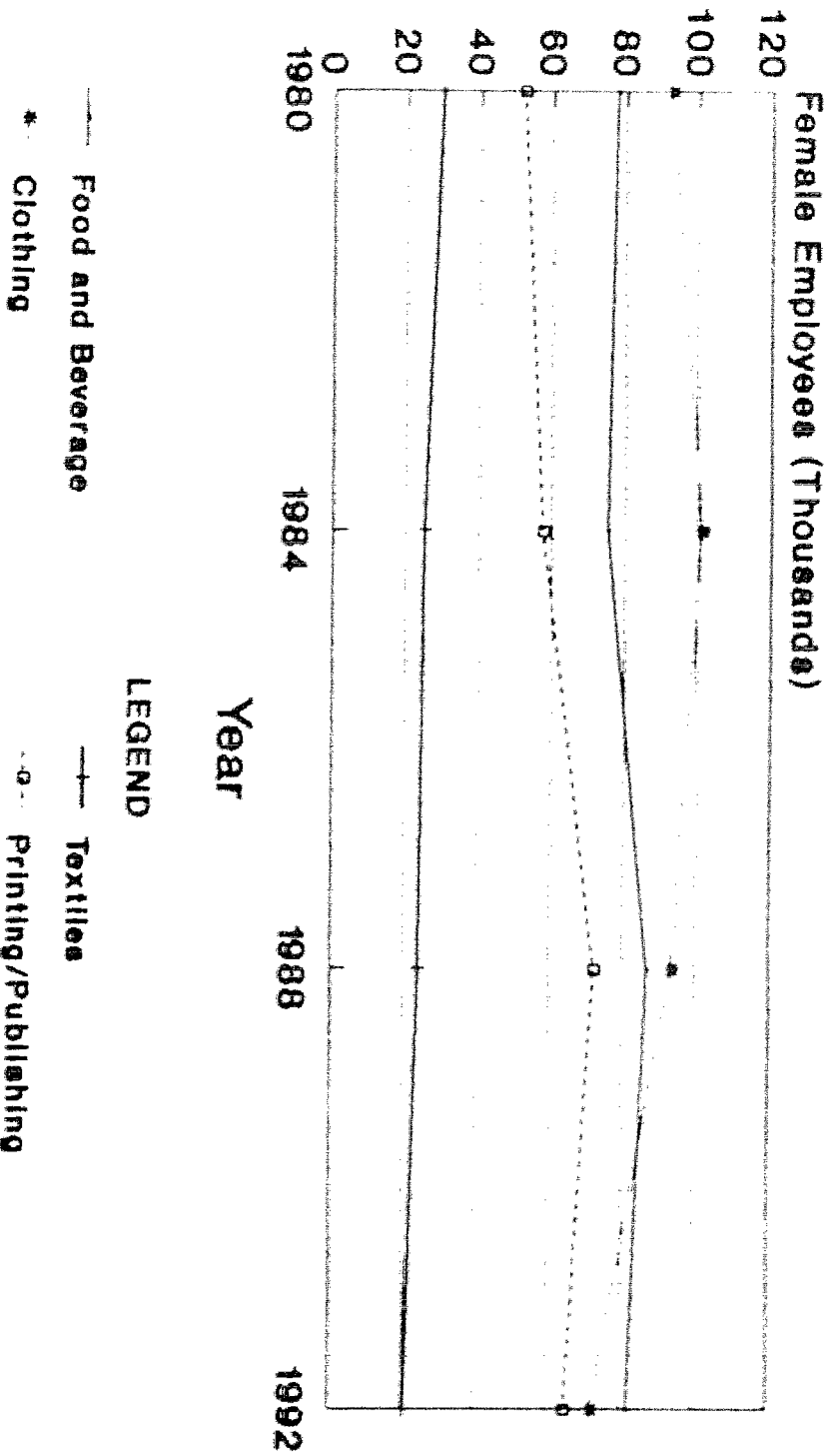
In contrast to other industries where women's manufacturing employment is concentrated, the clothing industry experienced excessive job losses after the implementation of the FTA. Strikingly, between 1988 and 1992, the food and beverage industry overtook the clothing industry as the largest manufacturing employer of women in Canada, despite the fact that both industries employed fewer people in this period (Tables 1.c, d). In 1988, the food and beverage and clothing industries employed approximately 86,500 and 93,400 women workers respectively and, in 1992, they employed 81,800 and 72,100 women workers respectively (Tables 1c, d). Female employment in the clothing industry dropped by 21,300 over these four years, a reduction which was nearly five times larger than that in the food and beverage industry, approximately six times larger than that in the textile industry and nearly three times larger than in the printing and publishing industry (Tables 1.c, d). Although Canadians witnessed fading female employment in all four sectors after 1988, the clothing industry clearly stands out as the industry experiencing the greatest employment reductions for women workers (Graph 3). This glimpse at female employment trends is a clear indication of the severity of employment decline in the Canadian clothing sector relative to other manufacturing industries with similar labour force characteristics.⁶

C. Wage Trends: Clothing Vs. Selected Manufacturing Industries

Another relevant factor in assessing the status of employment in an industry is the average hourly wage earned by its employees. The clothing industry has historically been a low wage industry yet, in recent years, its hourly wages have fallen in relation to the

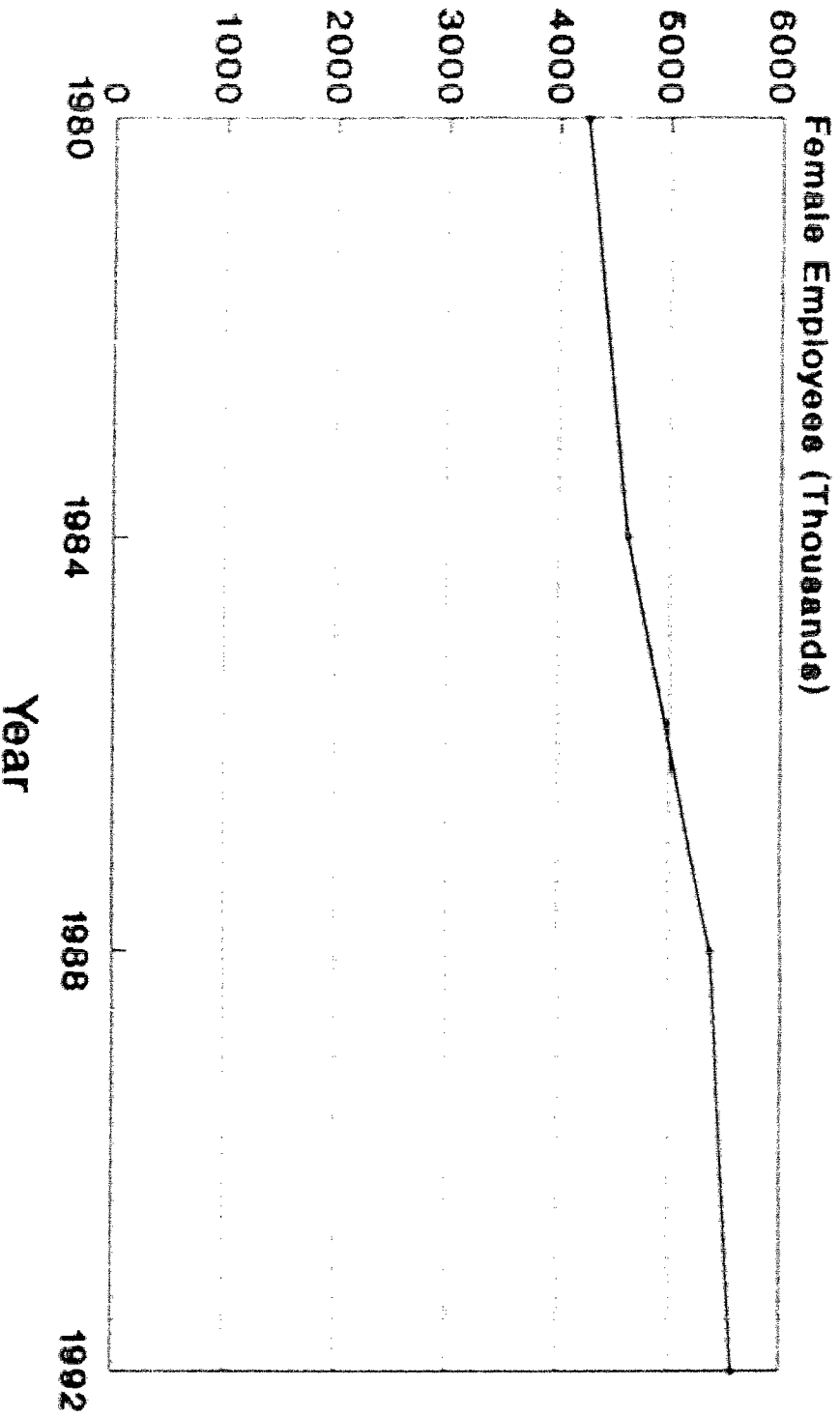
⁶This is further verified when the overall growth of female employment in All Industries is compared to the statistics illustrating recent female employment trends in the clothing industry. See graph 4

Graph 3: Clothing vs. Other Large Manufacturing Employers of Women



Source: StatCan MR92010, K93022

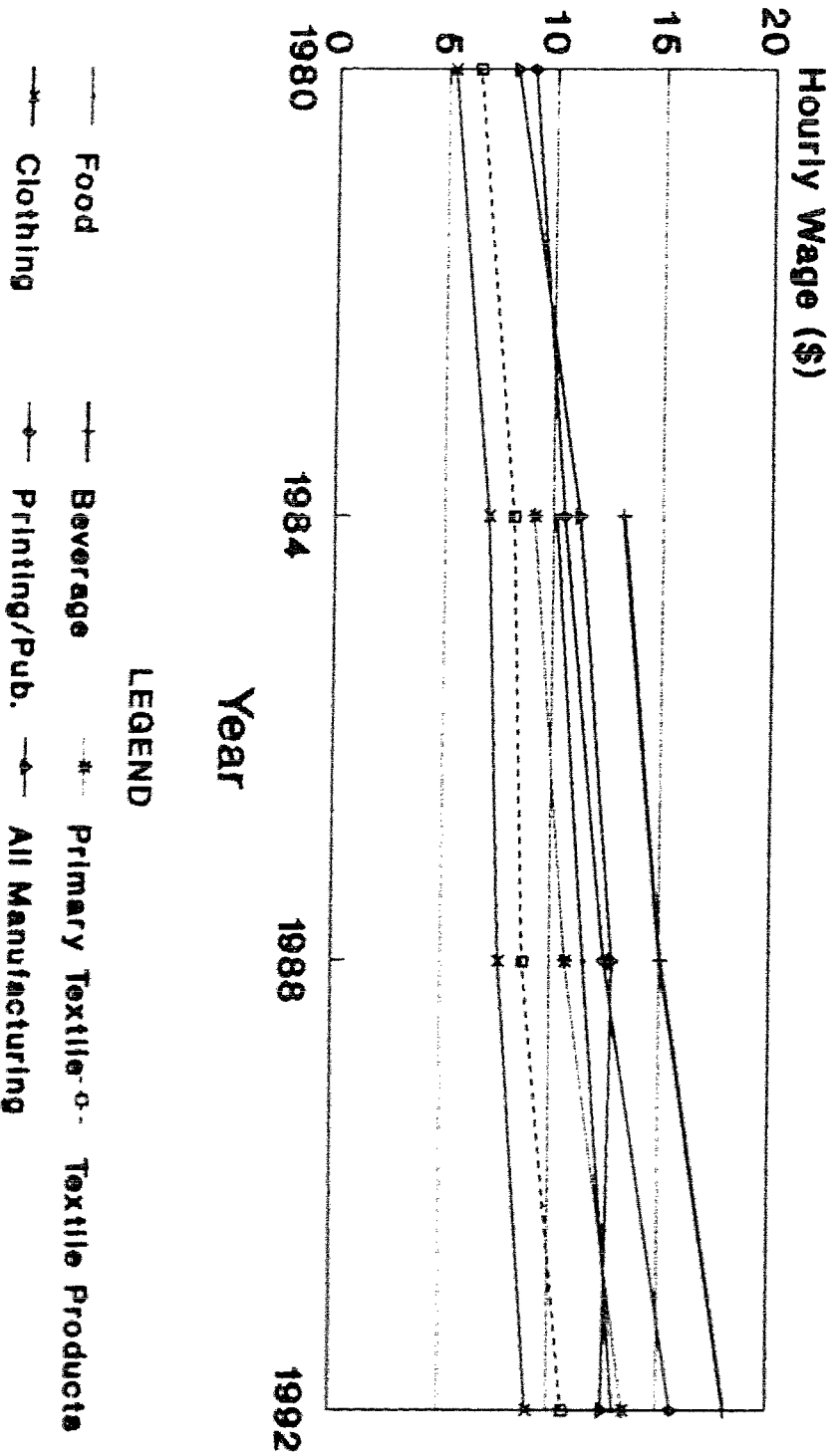
Graph 4: Overall Growth in Female Employment (All Industries)



Sources: StatScan Refs MR92010, JN93010, Catalogue 71-201/81

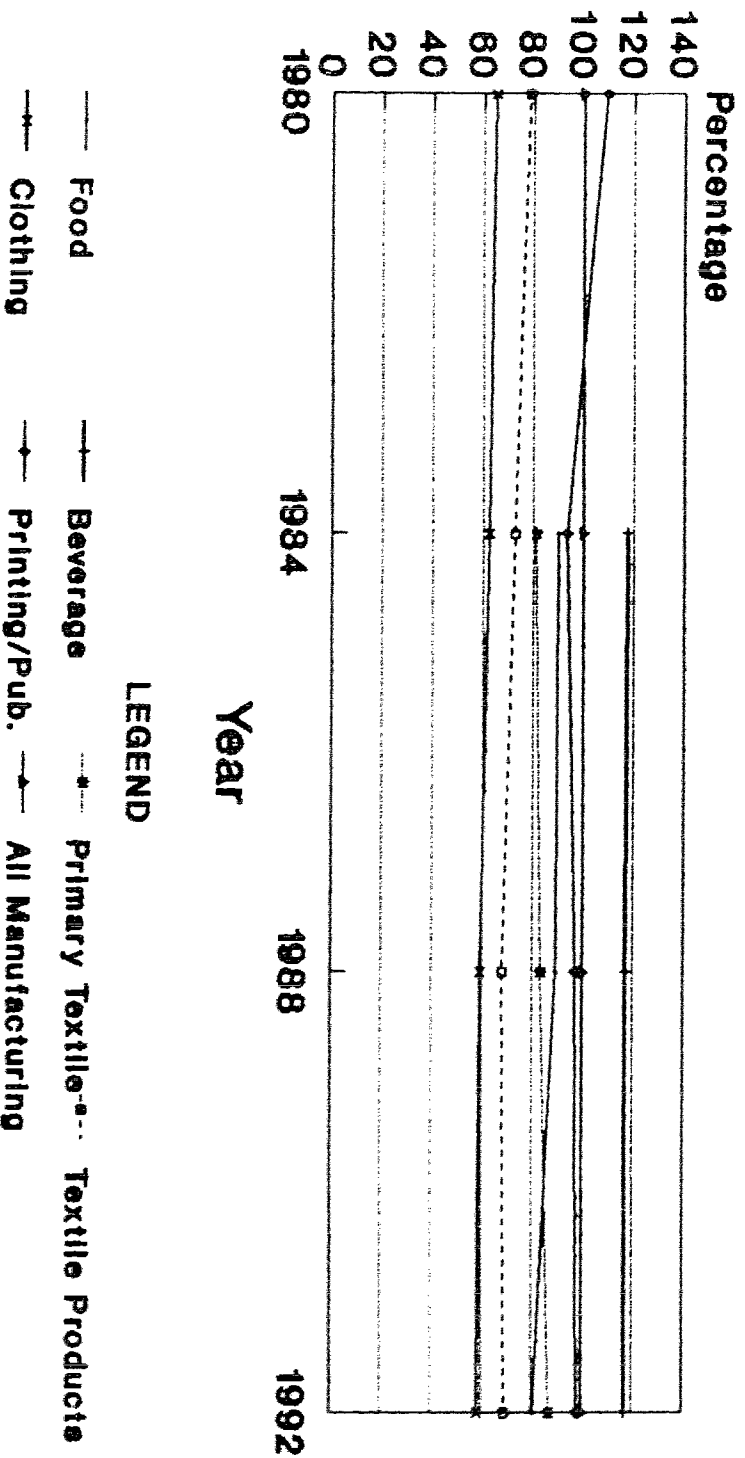
average manufacturing wage. In 1980, the average hourly wage in the clothing industry was lower than the food, textile products, primary textiles and printing and publishing industries and it remained the industry with lowest average hourly wage in 1992 (Graph 5, Table 2a). In 1984, a year when wage data is broken down most extensively by Statistics Canada, the primary textile industry followed the clothing industry with the second lowest average hourly wage and it remained in this position until 1992. In this eight year period, the industry with the highest average hourly wage in the group was the beverage industry which both employs the largest percentage of male workers of the industries surveyed and has very high rates of unionization. Notably, this industry had a higher than the average manufacturing wage throughout the duration of this survey. When the average hourly wage for each of these industries is taken as a percentage of the average hourly manufacturing wage, the outcomes are even more revealing. Wages in the clothing industry went from 64.7% of the average manufacturing wage in 1980 to 58.2% of the average manufacturing wage in 1992 (Table 2b, Graph 6). In contrast, during the same period, the average hourly wages for the beverage industry were consistently 17% higher than the average hourly wage for All Manufacturing. Simultaneously, average hourly wages for workers in primary textile industries improved as a percentage of the average hourly manufacturing wage between 1988 and 1992 (Graph 6). When the food industry overtook the clothing industry as the largest manufacturing employer of women, its average hourly wages went down from 89.6% of the average manufacturing wage in 1988 to 80.6% in 1992 (Table 2b). Despite its decline, the average hourly wage for food industry workers as a percentage of the average hourly wage in All Manufacturing remained over 20% higher than the comparable figure for the clothing industry in 1992. These figures go beyond demonstrating that clothing is typically a low wage manufacturing industry to illustrate that its average hourly wage, as a percentage of the average manufacturing hourly wage, declined considerably in the late eighties. For the clothing industry the recession which commenced after 1988 was quite distinct from the recession of the early eighties.

Graph 5: Average Hourly Wages for Manufacturing Groups Employing Women



Source: StateCan Employment Earnings Hrs

Graph 6: Average Hourly Wages As % Of All Manufacturing, Major Manufacturing Employers Of Women



Source StateCan Employment Earnings Hrs

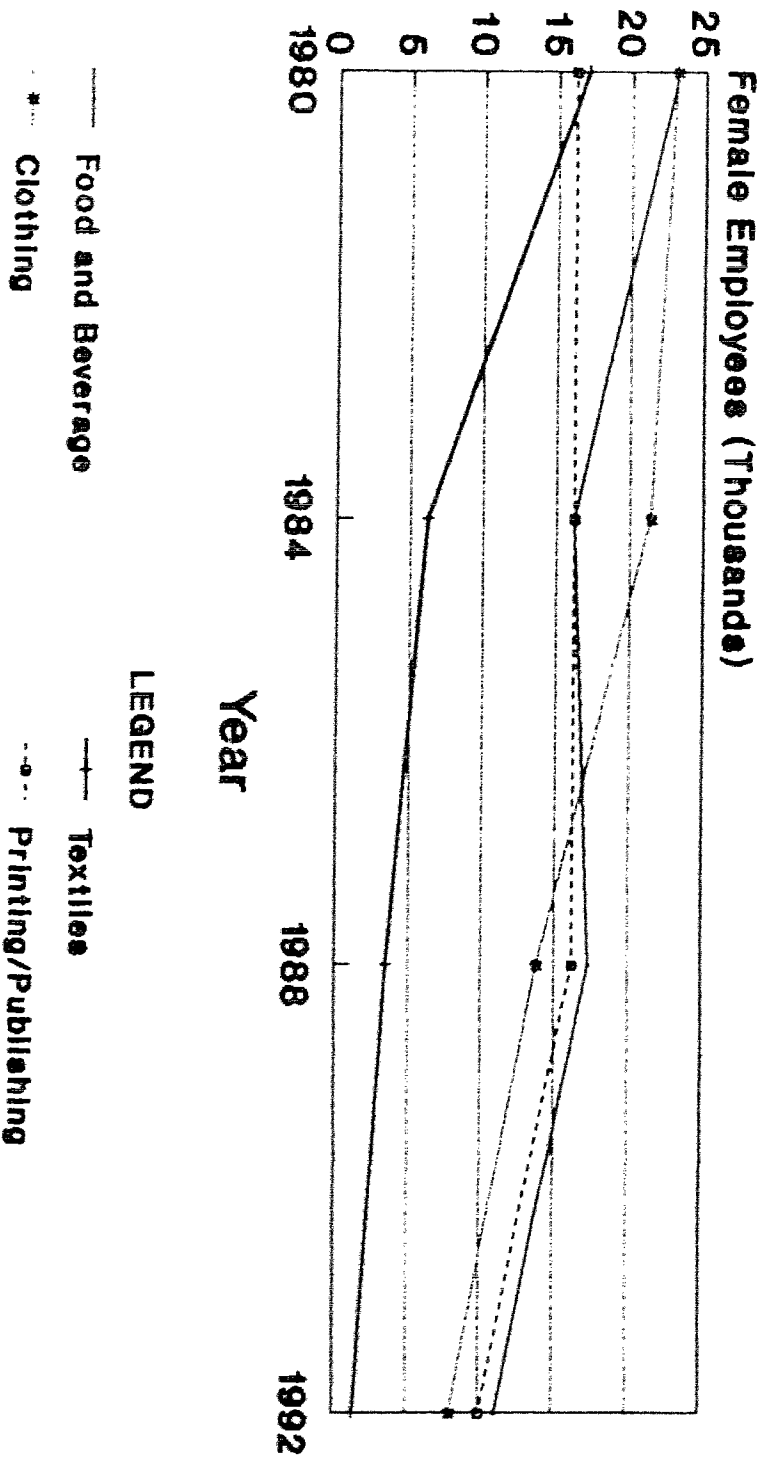
Admittedly, before 1988, the clothing industry was a low wage industry yet wages in this industry remained consistent as a percentage of the average manufacturing wage.

D. Changing Conditions of Work in the Clothing Industry: Female Age Distribution in Clothing Industry Vs. Selected Manufacturing Industries

Another important factor in investigating instability in the Canadian clothing industry is the recent change in female employment distribution by age. Statistical trends indicating the changing age distribution of women workers in the clothing industry are of considerable concern. They demonstrate that employment opportunities for young women in this industry are rapidly diminishing.

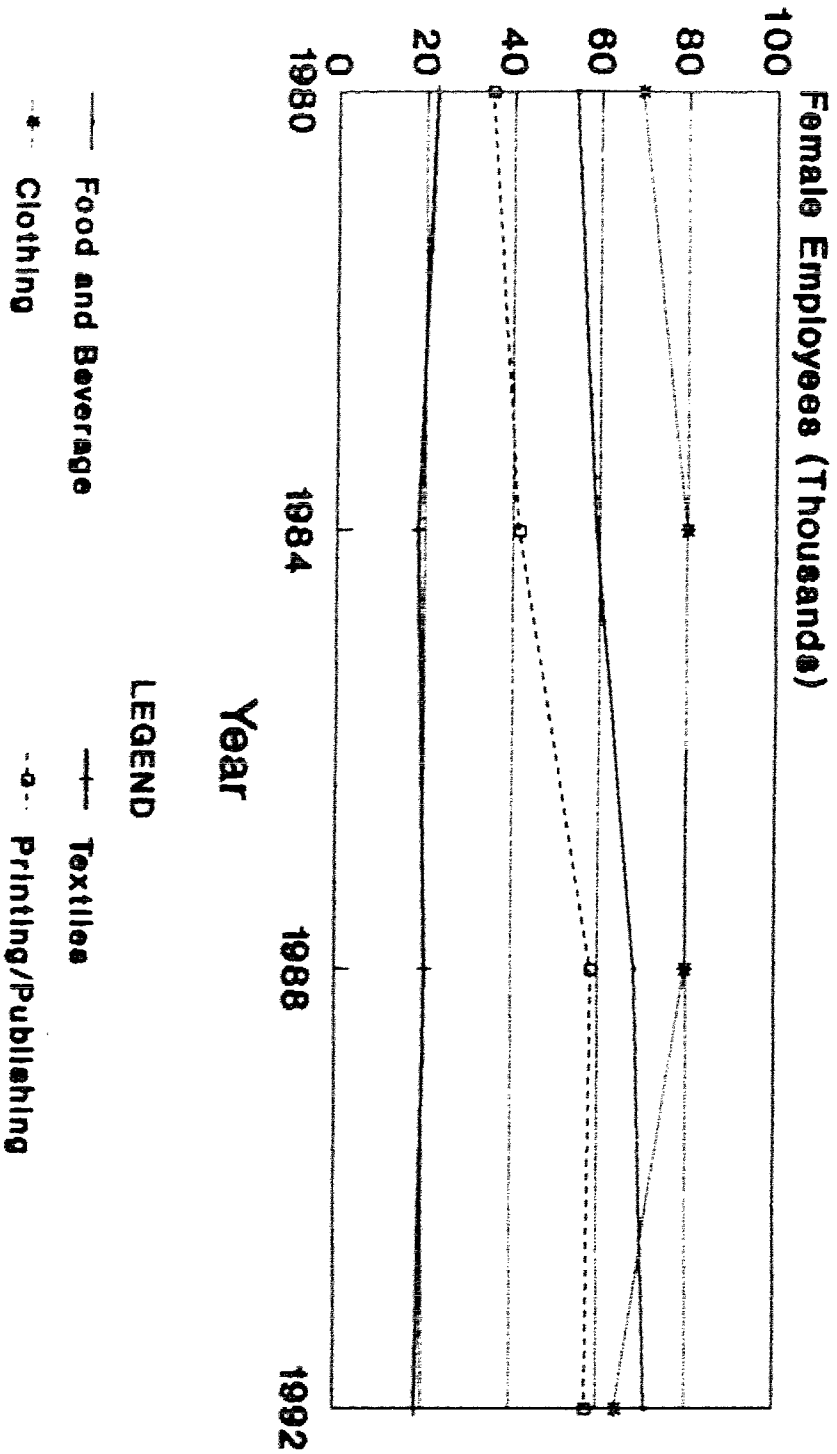
In 1980, the clothing industry was the second largest employer of women aged fifteen to twenty-four of all manufacturing industries in Canada, employing 23,100 women in this age group. By 1992, among the industries selected, it became the second smallest manufacturing employer of women aged fifteen to twenty-four, employing merely 7,600 women in this age group (Table 3, Graph 7). A similar investigation of changing employment patterns of women aged twenty-five and over indicates that, between 1988 and 1992, rates of employment fell for women in this age category as well. However, the clothing industry merely dropped to the second largest manufacturing employer of women aged twenty-five and over in this period, a minor decline in contrast to the latter age group. In comparing the trends for women in these two age groups, women aged twenty-five and over clearly constitute an overwhelming majority of workers in the clothing industry. Furthermore, data indicate that the percentage of women in this age group is growing (Table 3, Graph 8). For women aged fifteen to twenty-four, employment began to decline in 1984 yet, after the implementation of the FTA, it intensified in percentage terms. Between 1980 and 1984, the percentage of women aged fifteen to twenty-four dropped by 7.4%, between 1984 and 1988, it fell by 35.5% and between 1988 and 1992, it declined by 45.5% (Graph 8). Current employment trends for women in this age category may be attributed to recent layoffs in the industry which tend to

Graph 7: Clothing vs. Other Major Manufacturing Groups (15-24)



Sources: StatScan MR92010
**TEXTILE FIGURES ARE AVAILABLE ONLY UNTIL 1984.

Graph 8: Clothing vs. Other Major Manufacturing Groups (25+)



Sources: StatsCan MR92010, K93022

be based on seniority. Recent reductions in the proportion of young women in clothing employment are a poor signal for its future and the future of women's work in Canadian manufacturing.

II. INTERNAL DYNAMICS IN CANADA'S CLOTHING INDUSTRY

This section explores trends in the Canadian clothing sector and in its subsectors to provide a sketch of the industry. It consists of four parts. First, the status of the women's, men's, children's and "other" clothing sectors are examined both to provide an overview of Canada's strengths and weakness in clothing manufacturing and to demonstrate that recent employment trends in the industry influenced each clothing subsector differently. Second, the concentration of women's employment in the various subsectors, between 1986 and 1991, is assessed in comparison to fluctuations in the concentration of men's employment. Third, the regional concentration of clothing employment in Quebec is investigated since women's clothing employment is concentrated in this province and since Quebec clothing firms were hardest hit after the FTA. Fourth, and finally, the distribution of workers employed in the Quebec clothing industry is outlined, with a special emphasis on where (in which sectors) the majority of women workers are located in this province.

The central aim of this section is to describe how employment in the clothing industry is distributed regionally and across its subsectors. Of particular significance is the extensive reorganization in the clothing industry which began in the mid eighties as a consequence of instability in the men's and women's clothing subsectors. The second objective is to establish the degree to which specific regions and subsectors were damaged by the changing dynamics of clothing production between 1988 and 1992. On a methodological note, the majority of statistics referred to in this section are derived from Census data, with the exception of one section; part C draws on labour force data to expose employment trends in the Quebec clothing industry between 1980 and 1992 (Ref: Tables 6a,b; Graph 11)

A. Subsectors Of Canadian Clothing Production: A Brief Overview

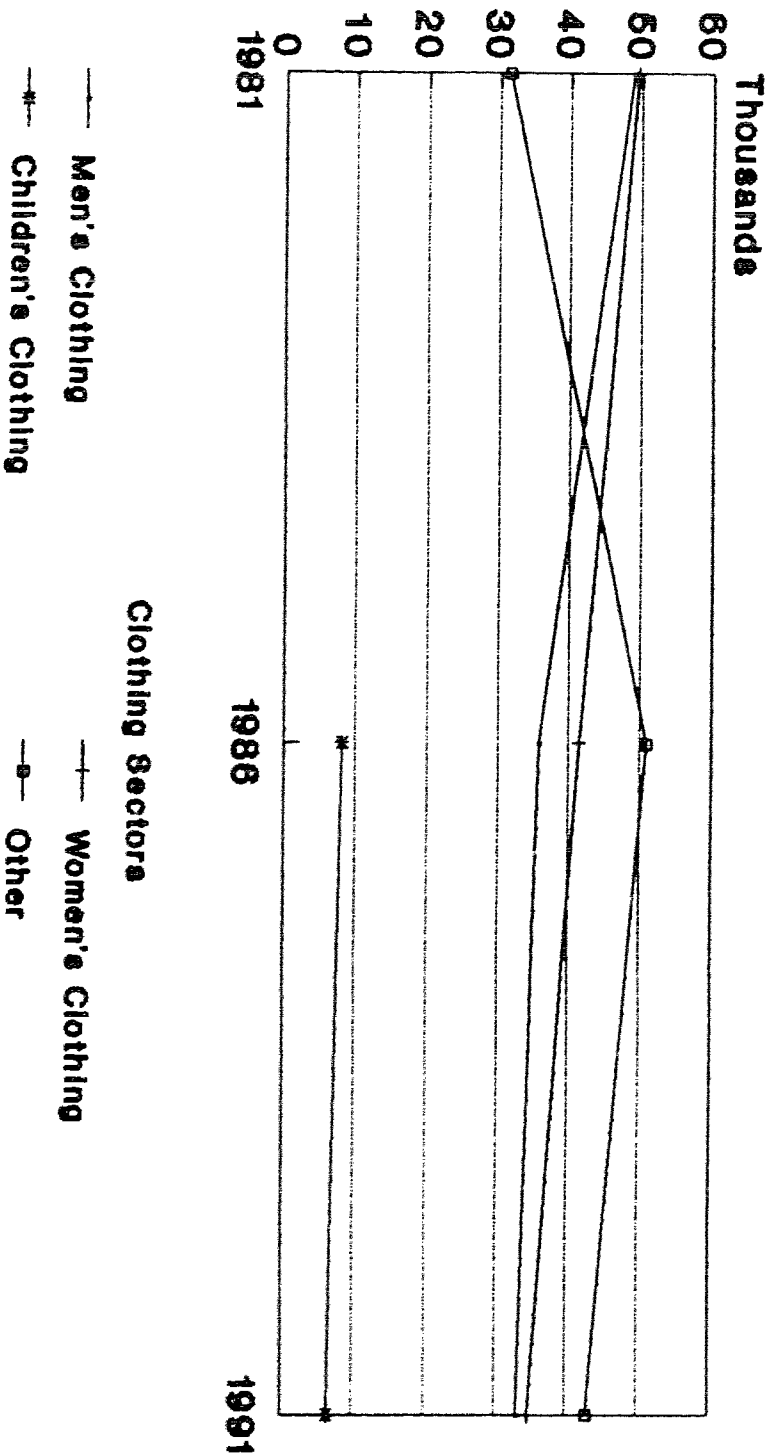
Over the last decade Canada's clothing industry underwent a transition from focusing primarily on women's and men's clothing to placing a greater emphasis on "other"⁷ clothing industries (Graphs 9. a,b). However, the proportional growth of "other" clothing industries, particularly in the eighties, did not reflect shifts in Canadian demand. Rather, in part, it was a consequence of the adoption of economic policy initiatives which will be discussed in Chapter 4. In 1981, "other" clothing industries employed a mere 24.2% of Canada's clothing work force, while they accounted for over 42% of total employment in clothing in 1991. This change was mainly a result of decreasing employment in men's, women's and children's clothing subsectors (Tables 4a,c). In 1981, women's and men's clothing producers employed 38.2% and 37.6% of the clothing work force, respectively (Table 4a). In 1991, they employed 28% and 30% of the industry's workers, respectively (Table 4c, Graph 9b). Although employment in the women's clothing industry began to drop in 1981, provisions in the FTA, which impose strict quotas and/or high rates of duty on Canadian exports containing foreign inputs, severely exacerbated this employment trend. The present situation in the men's clothing industry is marginally more favourable than that in the women's clothing industry. A select group of men's wool suit manufacturers managed to capture a niche in the American suit market via a loophole in the FTA which allowed them to export suits containing foreign fibres duty-free (Ferguson: A18). However, the NAFTA will prevent these manufacturers from maintaining this niche. This, too, will be examined in subsequent chapters.

B. The Future Of Women's Work In Key Clothing Subsectors

In the late eighties, falling employment in the women's clothing industry affected women workers most severely. Female employment in the women's clothing industry declined by 6,210 between 1986 and 1991. This represents 35.2% of the drop in female

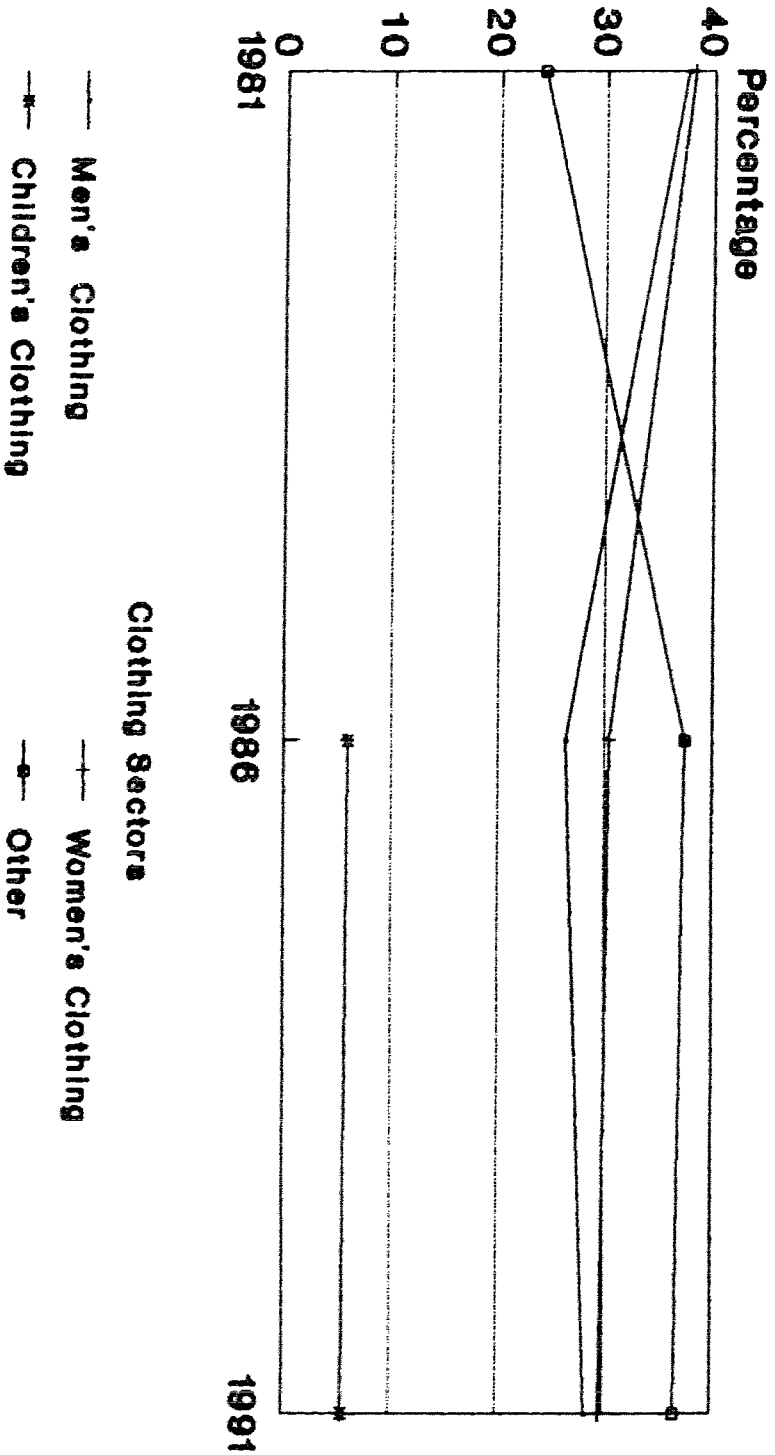
⁷Other clothing industries refer to foundation garments, occupational clothing, hosiery, gloves, sweaters and fur goods.

Graph 9a: Clothing Employment In All Sectors (Both Sexes)



Sources: StateCan 92-923, 93-113, 93--328
(Other Inc. Children's Clothing in 1981)

Graph 9b: % of Clothing Employment All Sectors (Both Sexes)



Sources: StateCan 92-923, 93-113, 93-326
 (Other Incl. Children's In 1981)

employment in the clothing industry over this time period (Tables 4 b,c). In contrast, female employment reductions in the men's clothing industry accounted for only 12.3% of the total decline in female employment in this period. Over the same time span, male employment distribution in these industries remained relatively even. In the men's and women's clothing industries, reductions in male employment represented 22.2% and 22.0% of total male employment decline, respectively (Table 4 b,c). Also, despite the fact that "other" clothing industries employed the largest number of clothing workers in 1991, only 35.1% of women's employment was concentrated in this sector in that year whereas 41.4% of men's employment was concentrated in "other" clothing industries in the same period (Tables 5a,b, Graph 10).

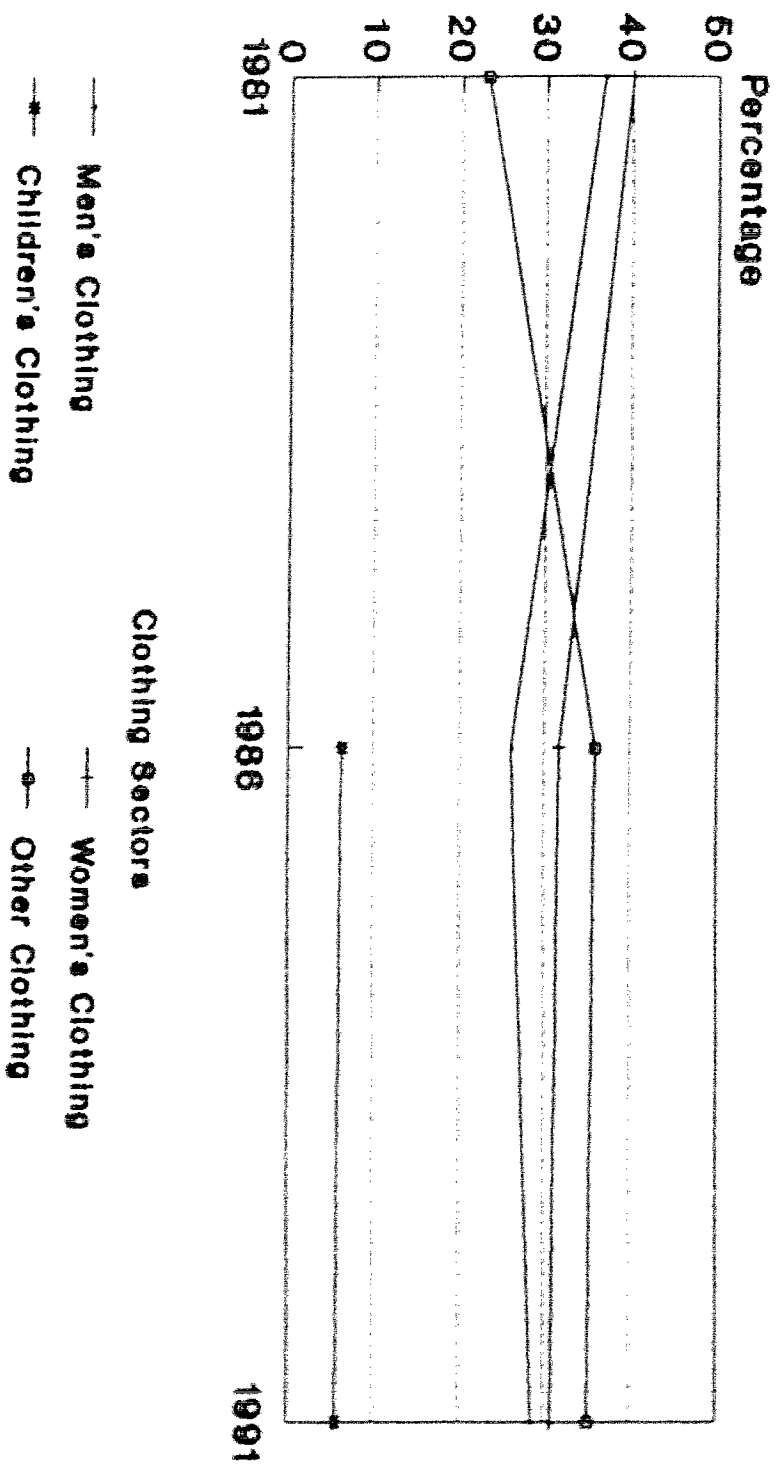
C. The Clothing Industry in Quebec

When investigating the changing conditions of work in a female dominated manufacturing industry, it is important to consider the employment trends for women in regions where the industry is most concentrated. Although the Canadian clothing industry lost a disproportionate number of women workers nationally, between 1988 and 1992, this employment trend had its greatest impact in Quebec.

To establish the impact of employment decline for women clothing workers in Quebec, it is useful to compare figures depicting female employment trends in clothing versus All Manufacturing in both Canada and Quebec. In Canada, the reduction of women's employment in clothing manufacturing represented 24.1% of the total decline in women's employment in manufacturing between 1988 and 1992, while the total percentages of women employed in clothing in 1988 and 1992 were 15.6% and 14.1% respectively (Table 6a). Therefore, the percent decline of female employment in clothing was over one-and-a-half times as large as its percentage of total women's manufacturing employment in Canada (Graph 11).

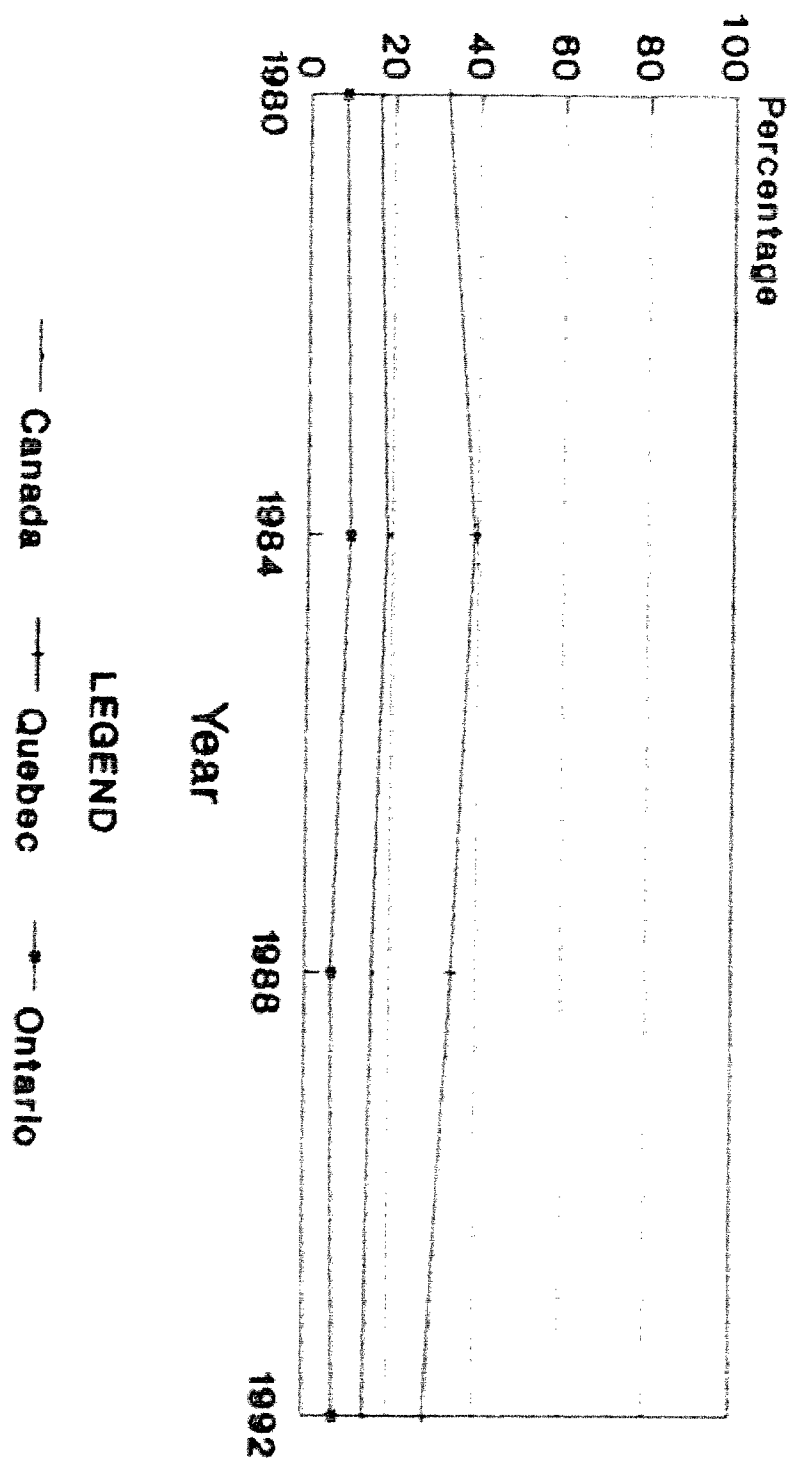
In Quebec's case, the drop in women's employment in clothing was 73.1% of the total reduction in female manufacturing employment in the province between 1988 and

Graph 10: % Of Female Clothing Employment, All Sectors



Sources: StateCan 92-923, 93-113, 93-326
 (Other Incl. Children's in 1981)

Graph 11: Female Manufacturing Workers Employed in Clothing, Ontario vs. Quebec vs. Canada



Sources: StatCan MR92010, K93022

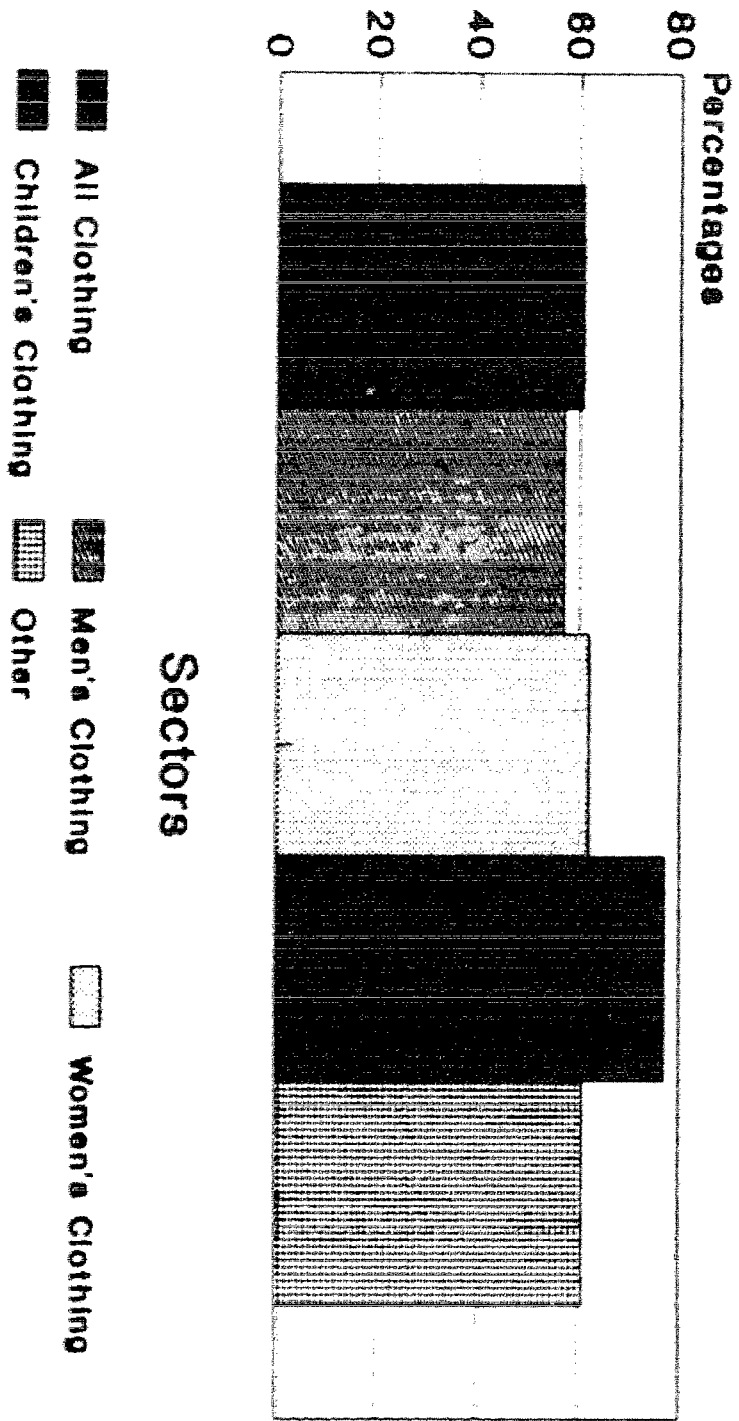
1992, while the total percentages of women employed in clothing in 1988 and 1992 were 34.2% and 28.3%, respectively (Table 6b). Therefore, the percent decline of female employment in clothing was over two-and-a-half times larger than its percentage of total women's manufacturing employment in the province (Graph 11).

A comparison of trends in the Canadian clothing industry as a whole with trends in Quebec indicates female employment in Quebec is disproportionately unstable. Between 1988 and 1992, women's employment in the Quebec clothing industry decreased by 17,100 while, in a former recessionary period (1980-1984), it grew by 5,000 (Table 6a). This decline of 17,100 accounts for over 80% of the total reduction in female clothing employment in Canada in this time span (Tables 6a, b). Hence, current employment trends for women in Quebec cannot be attributed to an inter-provincial shift in clothing production. It did not result in greater job opportunities for women in other provinces. For instance, in Ontario, the second largest clothing manufacturing centre in Canada, female employment declined by 8.1% over the same four year period (Graph 11, Table 6c). Without a doubt, statistics indicate that women in the Quebec clothing industry were hardest hit after 1988.

D. Women In Quebec's Clothing Subsectors

Women's employment in Canadian clothing manufacturing is overwhelmingly concentrated in Quebec. With the exception of the men's clothing industry, women in Quebec represent over 60% of all Canadian women employed in every subsector of the Canadian clothing industry. In 1991, nearly 77.2% of women employed in the children's clothing industry and 62.1% of women employed in the women's clothing industry were employed in Quebec (Graph 12). These are the two subsectors which appear to be eroding most rapidly in the Canadian clothing industry. In the case of the children's clothing industry, there were 1,690 fewer people employed in this subsector nationally in 1991 than in 1986. In Quebec, total employment in this clothing subsector dropped by 1,180 in the same period, while women's employment in this sector decreased by 1,125 (Table 8, 9).

Graph 12: Quebec Women As % Of Total Women Employed In Clothing, All Sectors (1991)



Source: StatsCan 93-326

This is merely one illustration of the disproportionate effects of declining national clothing employment on women workers in Quebec. Clearly, employment in the clothing industry accounts for a substantial proportion of women's jobs in manufacturing in this province. Furthermore, the subsectors of this industry that are experiencing the most drastic reductions in employment are concentrated in Quebec.

CONCLUSION: A PREMATURE SUNSET FOR THE CLOTHING INDUSTRY?

The source of recent manufacturing losses in the Canadian clothing industry is still a matter of debate. Supporters of free trade will inevitably argue that current trends in this sector are a direct result of the last recession. Despite considerable evidence, it is impossible to draw a cause and effect relationship between recent downturns in the clothing industry and the FTA. Nevertheless, the preceding analysis demonstrates that, at a minimum, severe instability in this manufacturing sector *coincided* with the introduction of the FTA. In comparison to other large manufacturing employers of women, this industry experienced an extraordinary level of instability after the inception of this trade agreement. Given these observations, potential outcomes of the NAFTA for the Canadian clothing industry deserve significant attention.

After the implementation of the FTA, which instituted controversial rules governing bi-lateral clothing trade, the Canadian clothing industry went from a stable industry characterized by brief downswings and prolonged upturns to showing signs of a seriously troubled industry. Since the NAFTA intensifies terms for clothing trade devised in the FTA, it may contribute to an untimely sunset for the clothing sector. If employment trends continue along the same path as they have since the late eighties, much of women's employment in Canadian manufacturing will set alongside this industry. Upcoming chapters deal with the industrial relationships contributing to current instability in the Canadian clothing industry as well as concrete provisions in the FTA and the NAFTA. Together, they highlight discriminatory effects arising from both agreements that give greater credence to the observations made in this chapter.

Chapter 3.

*Cut: The Impact Of Inter-Sectoral And Intra-Sectoral
Relations In North American Clothing and Textile Industries*

In manufacturing, favourable sectoral relations often contribute to the stability of a given industry. In the case of the Canadian clothing industry, sectoral ties with related North American clothing and textile industries are either non-existent, due to the absence of converging interests, or conflictual, as a result of fierce competition. To aggravate problems for this industry, complementary relationships prevail between other North American clothing and textile industries. Thus, while a number of key industries solidify intra-sectoral and inter-sectoral ties, Canadian clothing producers are left isolated. In addition, the composition of the Canadian clothing industry exacerbates its isolation. While small independent firms currently predominate in the Canadian clothing industry, TNCs dominate in North American textile production and exercise significant influence in the Mexican and American clothing industries.

This chapter is devoted to examining industrial relationships that contribute to the vulnerability of the Canadian clothing industry. It is divided into four parts. Part I describes clothing and textile production to illustrate their distinctiveness while recognizing the possibility for some degree of interdependence between the two sectors. Part II explores the structure and composition of the Canadian, American and Mexican clothing industries. It illustrates that labour force characteristics in the three industries are very similar and each industry caters to virtually identical end markets. These factors promote intense competition in North American clothing production. Part III examines the scope and character of textile production in the three nations revealing that the Canadian, American and Mexican textile industries specialize in different textile subsectors. Thus, there is little competition between these industries.

Part IV discusses four sets of industrial relationships that emerge from the previous three sections. First, American and Canadian textile industries tend to have complementary interests since their product lines rarely overlap and a number of the same textile TNCs operate in both nations. However, American and Canadian clothing industries have a competitive relationship as they target similar markets. Second, since the U.S. has a

strong primary textile industry that produces fabric suited to domestic clothing manufacturers, American clothing and textile industries have important shared interests. Conversely, Canadian clothing and textile industries share few interests since domestic textile firms do not cater to local clothing producers. Third, under the Special Regime trade agreement, the U.S. and Mexico cultivated a favourable clothing trading relationship and ties between the two industries remain strong. Fourth, interactions between Canadian and Mexican clothing and textile industries are minimal, even though the shape of clothing production in both countries is similar, and textile industries in each nation specialize in related subsectors. As well, both countries cater to the American market. Together, these four relationships serve to isolate the Canadian clothing industry. And, as I will demonstrate in chapter four, they influence the terms of the NAFTA.

I. Key Features Of Clothing And Textile Production

Before discussing sectoral relations among the clothing and textile industries in Canada, the U.S. and Mexico, it is important to differentiate between clothing and textile production. In trade agreements, the term "textiles" is often used broadly to refer to the textile manufacturing industry and the clothing manufacturing industry. However, the structures of these two industries are different and their interdependence varies from country to country.¹

The textile production cycle passes through three stages, involving fibre suppliers, textile mill producers, and wholesale buyers, before goods reach end markets. The cycle begins with synthetic and natural fibre inputs which may be produced or purchased domestically or abroad. Second, textile mills process and transform fibres through

¹It should also be noted that rates of female employment are rarely as high in textile production as in clothing production. In Canada, the textile industry employs an "above average" percentage of women workers. Women comprise 40% of employees in this industry, a substantially lower figure than in clothing production (Canadian Textile Institute, February 1992: 1).

carding, spinning, weaving, knitting and finishing products. Third, buyers purchase fabrics to produce specialty goods. Among the buyers are clothing manufacturers, home furnishing manufacturers and other manufacturers producing goods for industrial use (Toyne, 1984: 9). Therefore, the textile industry serves a diverse group of end markets ranging from clothing manufacturers to automotive goods producers. In some nations, a textile industry may gear production to local clothing manufacturers. In others, due to the presence of a large petrochemical industry, textile producers may service wholesale buyers in industry by producing chemically-based industrial goods.

Although it may be argued that clothing manufacturing represents a subsector of textile manufacturing, the two industries often operate independently in a particular nation, as is the case in Canada. With respect to its structure, in contrast to textile production, clothing production is relatively specialized. It involves cutting, sewing and finishing items of clothing using a wide range of fabrics. Unlike the textile industry, the end market for clothing production consists of consumers and retailers rather than industrial buyers. Furthermore, although the tasks of designing and cutting are often performed in a large factory setting, subcontracting is also prevalent in this industry². In sum, production in the clothing industry may be performed either on a small or medium-scale basis. In either case, subcontractors are routinely relied upon. Conversely, textile production is usually geared to large-scale, high technology production (Canadian Textile Manufacturing Institute, December 7, 1992: 5).

II. Clothing Production In Canada, The United States And Mexico

Clothing production is among the most labour-intensive manufacturing industries worldwide. In most nations, it is a low-wage industry where women workers predominate. Clothing workers in Canada, the United States and Mexico all encounter

²Subcontracting involves contracting-out sewing and finishing tasks to firms that may manage small shops, employ homeworkers or rely on a combination of homeworkers and factory workers for production.

similar formal employment structures. In each country, large domestically-run factories are becoming obsolete since the availability of subcontractors and homeworkers facilitate the fragmentation of production processes. Although some identifiable characteristics within clothing industries in the three nations differ, with the growth of subcontracting, many stages of clothing production are moving into the informal economy in each country.³

A. Clothing Manufacturing In Canada

Structurally, clothing production processes in Canada are remarkably similar to those in the U.S. and Mexico. Nevertheless, there are important differences between these industries, including product specialization and the average size of firms. In preparation for a comparison of North American clothing sectors and an assessment of the industrial relationships in the region, this section outlines key features of the Canadian clothing industry as well as employment dynamics in this sector.

Concentrated in Ontario and Quebec, the female-dominated⁴ Canadian clothing industry is internationally recognized for quality wool clothing production (Statistics Canada, 1993: Ref K93022). Among its most competitive exports are reasonably priced men's and women's suits derived from European fabrics (Ferguson, 1992: A18). In recent years, wool suit production has grown most rapidly in Quebec, where a group of men's suit manufacturers have found a lucrative niche in the American market. As a result, Canadian men's suit exports to the U.S. increased eight fold between 1988 and 1991, yielding a six percent share of the American men's suit market (Toomey, 1992: B2).

The renewed prominence of Canadian suit manufacturers may be attributed, in part, to internal restructuring in the clothing industry which is causing small,

³For the purpose of this study, I will draw on the definition Portes, Castells and Benton assign to the informal economy. They indicate that it is, "a process of income generation characterized by one central feature: it is unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated." (Portes, Castells and Benton: 12)

⁴The majority of women in this industry are first generation Canadians (Gannage, 1988: 396, ILGWU, 1993: 2; Ochrán et al, 1993: 8).

specialized, independent firms to proliferate. For decades, Canadian firms used the "conventional method" of clothing production, whereby goods were fully produced by skilled crafts people (Gamage: 397; Steedman: 161). However, due to international competition, the traditional method of clothing production was recently abandoned in Canada. Currently, most domestic clothing firms run on a highly fragmented basis. Subcontractors either supply larger manufacturers or retailers with specialty items or perform select tasks in the expanding chain of production. Also, many old firms are downsizing and newer clothing shops tend to be small-scale operations. As the International Ladies Garment Workers' Union (ILGWU) reports:

Canadian apparel companies have attempted to compete with a low wage strategy. This has shown itself with a rapidly restructuring sector, moving away from larger manufacturing plants to a large network of informal contracting to small precarious contracting shops (Fair Wages and Working Conditions for Homeworkers, 1991: 7).

The present shape of the Canadian clothing industry is best described as a pyramid designed to lower labour costs. A small group of manufacturers reside at the top of this pyramid. In Canada, the number of manufacturers who control the entire clothing production process,⁵ employing workers on a permanent basis, is steadily decreasing since it is easier to cut costs when a limited degree of production is performed on the premises of one firm. To fill the gap left by manufacturers, jobbers who do little production are beginning to dominate the top rung of the pyramid. The primary role of jobbers is to design clothing and buy textiles for production carried out by contractors, subcontractors and homeworkers.

⁵Under some circumstances, manufacturers may contract-out a portion of production to registered homeworkers to supplement production in busy periods. However, in exceptional cases, jobbers may also employ workers to cut clothing.

The trend is towards pure jobbing and the creation of what has been described as the 'hollow corporation'⁶, where no actual production is done on the premises of the manufacturer (Fair Wages and Working Conditions For Homeworkers Coalition: 6).

In the Canadian clothing industry, the equivalent of the "hollow corporation" is the firm which runs purely by jobbing. In this type of operation, decision-making regarding design and the selection of contractors is highly centralized.

The second rung of the clothing production pyramid is occupied by contractors who act as middle people. The firms they run tend to employ fewer than thirty workers to cut and assemble clothing. In some cases, a contractor may employ as few as two workers to cut fabric, and may contract-out the remainder of production to subcontractors or homeworkers (Fair Wages and Working Conditions for Homeworkers, 1991:7).

The base of the pyramid is occupied by homeworkers. Homeworkers may be engaged by either manufacturers, jobbers, large contractors or subcontractors yet, to obscure the connection between established manufacturers and homeworkers, it is less common to find homeworkers directly employed by large contractors. These workers rarely receive benefits, nor are they completely covered by provincial Employment Standards Acts, yet they are generally responsible for providing their own machinery, paying overhead and delivering finished goods (Galt, 1992: A1; Leach, 1993: 68,76). Most homeworkers work at piece rates⁷, that is they are paid by the number of goods they produce rather than by an hourly rate. As a result, they rarely receive the minimum wage (ILGWU 1993: 5; Cameron and Mak, 1992: 5). Since it is virtually impossible to trace

⁶ Swasti Mitter recently coined the term 'hollow corporation' to depict firms in goods producing industries that contract-out production to small operations and homeworkers (Mitter, 1988: 112).

⁷ Both factory-based and home-based clothing production are organized on a piece-work basis. With respect to factory-based production, there are industry wide standards for measuring piece-work. Specifically, the type of clothing, materials, design and weight factor into piece-rate equations. Generally, clothing workers' unions negotiate programmed piece-rates into their contracts. Although piece-work is also the dominant mode of production for homeworkers, industry wide standards rarely apply to these workers. However, there are a few exceptions to this rule. Piece-rates for registered homeworkers, who obtain work directly from an established firm, are often identical to those established by their co-workers in the factory setting. The problem is that few homeworkers are registered (Personal Communication, Effrie Giacobbo ACTWU, December 17, 1992).

which designers engage homeworkers, it is difficult to estimate how many homeworkers exist in this industry. Also, since there are no official records accounting for homeworkers in Canada, the state effectively deems homeworkers "de facto unemployed" (Leach: 76).

Indeed, the emergence of this pyramid of jobbing, contracting, factory assembly and homework in the Canadian clothing industry has numerous consequences. For independent contractors, these include the fragmentation of production and the centralization of decision-making in larger firms or among jobbers. This situation limits the control small firms have over design and manufacturing. For workers, the repercussions of the expansion of the production pyramid are also serious. To avoid the creation of unions and to avert provincial labour standards, which are often based on the number of workers in a firm, independent contracting firms are decreasing in size. The case of Ontario is particularly striking. In this province, 77% of the clothing industry consists of factories with fewer than 20 workers and 43% of the industry is made up of factories employing fewer than four workers (ILGWU, 1993:7). Rates of unionization inside clothing factories are also dropping. Since the implementation of the FTA, forty-two unionized factories have closed in Canada (ILGWU, 1993: 7). The closure of unionized factories exemplifies the trend towards informalization, be it the creation of non-standard forms of work such as homework, and the emergence of small independent contracting firms in this industry.

B. Clothing Manufacturing In The U.S.

Structurally, American clothing production is very similar to Canadian clothing production.⁸ Still, important differences exist, such as the geographic dispersal of clothing production in the U.S., which exhibits the degree to which American clothing

⁸As well, the composition of workers in this industry mirrors the Canadian case. In the U.S., seventy-six percent of all clothing workers are women the majority of whom are first generation Americans (The National Labour Committee, 1992: 38).

firms rely on domestic textile firms, and the significant presence of TNCs in the industry. Consequently, it is useful to examine characteristics which distinguish American clothing production from Canadian clothing production.

In the U.S., the clothing industry was initially concentrated in the northern states. However, geographic features of American clothing production are transforming as formal clothing employment declines in fashion centres like Massachusetts, New Jersey, New York, and Pennsylvania.⁹ The four states in which clothing employment grew in the last decade are Kentucky, Wisconsin, Iowa and California. In 1991, California overtook New York as the largest American centre for clothing employment (Mazur, 1992: 3). This is especially significant since almost the entire Californian clothing industry is confined to the Los Angeles area rather than dispersed throughout the state (Starobin and Mankoff, 1992: 12). This geographical restructuring may be attributed to lower rates of unionization and the absence of a minimum wage in many right-to-work states or simply to the fact that, "contractors tend to cluster in areas where there is a plentiful labor supply, particularly among women and minorities," who are the backbone of the clothing industry (Starobin and Mankoff: 16).

While small clothing firms are prevalent in the American clothing industry, as they are in Canada, a number of clothing TNCs are also based in the U.S. Distinct from the Canadian case, the most significant trend in the U.S. clothing pyramid is a "vanishing middle". A group of American-based clothing TNCs are maintaining their strength, and operations which were once medium-sized are transforming into highly specialized

⁹Employment data on fashion centres like New York, however, may be somewhat misleading because of the inability of statisticians to account for the work performed by homeworkers engaged by contractors. Statistics illustrating the decline of employment in the clothing industry in New York may be more of an indication of the growth of its informal economy than a transfer of employment to the south. Nevertheless, both the growth of the informal clothing sector in New York and the growth of clothing employment in states with lax labour standards point to two sides of the same trend. Clothing manufacturing in the U.S. is becoming an increasingly low-wage industry with lower rates of unionization.

contracting firms in order to survive. Also, clothing TNCs are now urged to take advantage of outward processing zones in the Caribbean Basin and Central America¹⁰ by state officials. For example, past American Presidents Ronald Reagan and George Bush both publicly endorsed the creation of outward processing zones in these regions. In a speech delivered by George Bush when he was Vice-President, he stated:

The U.S. is willing to put its commitment to free trade in action through the one-way Free Trade area proposal of CBI. The success of our Free Trade Area proposal will dramatically prove the following truth: that free trade is indispensable to world prosperity" (George Bush, 1982).

This type of political pressure is also prompting medium-sized American contracting firms to downsize (The National Labour Committee: 40).

C. Clothing Manufacturing In Mexico

The Mexican clothing industry shares many structural features with its Canadian and American counterparts. It is a labour-intensive and low wage industry which primarily engages women workers. Production in this sector resembles the structure of the Canadian and American clothing production pyramids, yet homework is more prevalent in Mexico (La Botz, 1992: 29; Nadeau, 1992: 154; Alonso, 1983: 163). In addition, the Mexican clothing industry is shaped by unique domestic political and economic realities. Its development reflects a two-tiered process centering on the industrialization of regions in close proximity to the U.S. border and the growth of a large informal clothing industry in the Mexican interior.

Prior to 1965, the Mexican clothing industry was inward-oriented. It primarily aimed to meet the needs of the domestic market. In 1965, many Mexican manufacturers began to embark on joint export ventures with American-based TNCs, building factories in

¹⁰For visual evidence of the appeal of Caribbean Basin and Central American countries as outward processing zones suitable for U.S. clothing manufacturing, please refer to the samples of industry advertisements in Appendix 2.

border zones called Maquiladoras. These ventures emerged from an influx of foreign direct investment (FDI) which grew out of the Mexican governments' Border Industrialization Plan (BIP) (Dillman, 1983: 31; Sklair, 1989: 9). To this day, Maquiladora zones continue to serve as key locations for Mexican export processing in clothing, which primarily involves assembling items of clothing from foreign produced¹¹ and pre-cut clothing fabrics.¹² In metropolises like Mexico City, maquila work rarely occurs in export-processing activities (Beneria, 1989: 175). Rather, women clothing workers in these regions primarily gear production to domestic consumption.¹³ With the commencement of industrialization in border regions and with small-scale domestic production prevalent in Mexico City and its suburbs, two different centres of clothing production began to co-exist in Mexico. One focused on the production of clothing for export and the other geared production to the domestic market. However, they both relied on a somewhat similar labour pool. The existence of these two centres of production affect the structure and composition of the Mexican clothing industry. As well, they influence its intra-sectoral relations with the American clothing industry under the Special Regime, which will be discussed below.

D. Similarities and Differences in Canadian, American and Mexican Clothing Sectors

The Canadian, American and Mexican clothing industries are all labour-intensive, low prestige industries with low standards relative to other manufacturing sectors in each country. Each industry is intricately tied into the web of international clothing

¹¹The majority of foreign produced inputs used in Mexican export processing originate in the U.S. due to the favourable export provisions set out in the Special Regime.

¹²Most women workers in these regions are migrants (Tiano, 1987: 92).

¹³Many clothing workshops in the Mexican interior are home-based and workers are unregistered. The smallest home-based clothing workshop is run by one seamstress, with occasional help from her children. In the largest type of home-based workshop, a woman acts as the manager of several permanent seamstresses and apprentices (Alonso: 163-164; La Botz, 1992: 29).

subcontracting. Women workers predominate in all three clothing industries. Similarly, in Canada and the U.S., immigrant women constitute a sizable percentage of clothing workers and, in the Mexican Maquiladoras, a high percentage of women clothing workers are migrants. In all three cases, workers engaged in clothing production are among the most marginalized groups of women in each society. Another striking similarity is the lax means by which existing labour standards are applied to their respective clothing industries. In Canada and the U.S., small firms can minimize state-imposed factory standards by employing fewer than fifty people. In Mexico, standards are unenforceable due to the large numbers of unregistered homeworkers in the informal economy. These similarities ensure that clothing production remains highly competitive throughout North America.

Despite the striking similarities in the structure and composition of these three industries, two key features distinguish Mexican clothing production from Canadian and American clothing production. First, clothing produced in Mexico for domestic consumption takes place in large metropolises and their suburbs where home-based workshops are the norm, while export-oriented clothing manufacturing primarily takes place in factories in the Maquiladoras. Second, although the shape of the Mexican industry is pyramid-like, several varieties of homework exist in Mexico which are not yet common in Canada and the U.S. Other structural differences also exist among the three industries. For instance, American-based clothing TNCs are a formidable presence in the Maquiladoras and in some U.S. states yet small independent contracting firms dominate Canadian production. As well, while Canadian firms are recognized for high quality wool clothing derived from European inputs, this is less the case in both the U.S. and Mexico.

III. Textile Manufacturing In Canada, The United States And Mexico

Unlike in clothing production, the foci of the Canadian, American and Mexican textile industries differ in many respects. Several issues regarding these differences are relevant to an investigation of the relations within and between clothing and textile industries in the three countries. They revolve around ownership, the degree of specialization in each industry and the ability of firms to operate in an environment where production is decentralized. Since these issues will affect the future of production in the three industries and their relationships with domestic clothing manufacturers, they require investigation.

A. Textile Manufacturing In Canada

The textile industry is one of the oldest manufacturing industries in Canada. Concentrated in Ontario and Quebec, it consists of over one thousand establishments, many of which modernized between 1975 and 1985 (Ministry of Industry Science and Technology, 1991: 113). As alluded to previously, textile and clothing production may be interdependent in a given nation yet this is not universally the case. Historically, the Canadian textile and clothing industries were highly interdependent. However, with the development of petroleum-based and other chemically-based textile products and increasing demands for specialization under the FTA, the interdependence of these two Canadian industries is fading.

The present strategy in the Canadian textile industry is to consolidate production in textile products industries where chemically-based inputs and synthetic fibres are utilized and where the industry may rely on North American inputs. Although the standard industrial classification index (SIC) indicates that Canadian textile production is now

concentrated in textile products industries,¹⁴ transportation equipment industries and primary textiles industries, the proportion of production devoted to buyers in the domestic clothing industry is rapidly declining (Ministry of Industry, Science and Technology: 111). Larger textile firms, be they Canadian-based or foreign-owned TNCs, are shutting down or relocating operations which once served the domestic clothing industry. For example, C.H. Hantho, the president of Dominion Textile, justified the recent closure of a subsidiary, Dominion Fabrics Company, in Canada in his annual report as "a hard decision based on market pressures for consolidation" (Hantho, October 1992: 5). As well, many small and medium-scale independent Canadian textile firms geared to yarn or fabric production are also closing.¹⁵ These firms do not directly benefit from capital mobility or fragmented production processes since they employ small numbers of workers and since production-runs are generally short.

There are two additional reasons why the Canadian textile industry is consolidating production in textile products industries. First, foreign ownership dominates these industries. This is reflected by "the significant presence of foreign-based multi-national enterprises in the Canadian petrochemical complex" (Ministry of Industry, Science and Technology: 112). Textile TNCs, with operations in Canada, favour concentration in this subsector since Canada has a comparative advantage in textile products industries, due to its raw resources. More generally, consolidation is highly advantageous for TNCs since it promotes geographically dispersed production as well as specialization and it prevents duplication.

Second, while textile subsectors, such as the primary textile industries geared toward clothing production, are not vertically integrated, vertical integration exists in

¹⁴Textile products industries include felt product industries, fibre processing industries, carpet, mat and rug industries, canvas and related products industries, narrow fabrics industries, contract textile dying industries, household products industries, hygiene products industries and tire cord fabric industries.

¹⁵Effie Giacobbo, of the Canadian branch of the ACTWU, indicates that in the last four years the majority of small and medium-sized textile firms which closed Canadian operations formerly produced fabric and yarns geared to Canadian clothing production (Personal communication, December 17, 1992).

textile products industries: "The latter group of producers tend to have larger, more integrated operations with a high degree of linkage vertically from fibres through to retail" (Ministry Of Industry Science and Technology: 114; CTMI, 1992a). Vertical integration is highly advantageous to textile TNCs since it facilitates ties between branch plant operations in related industries. Along with the availability of North American inputs for production in this subsector, these two factors inevitably make textile products industries strategically important to the Canadian textile sector. Conversely, opportunities for growth in primary textiles industries are finite (Textile and Clothing Board, 1989: 4). Therefore, future prospects for interdependence between the Canadian clothing and textile industries are minimal.

B. Textile Manufacturing In The U.S.

The American textile industry is quite distinct from Canadian and Mexican textile industries in its size,¹⁶ level of technological innovation and scope of production. While the Canadian textile industry began to modernize earlier than its American counterpart, in the late eighties and early nineties, the U.S. overtook the Canadian industry with regard to innovation (Ministry of Industry, Science and Technology: 113).¹⁷ As a result, the American textile industry is the most sophisticated in North America.

American textile manufacturing is also more diversified than Canadian and Mexican textile manufacturing, although a significant degree of attention is devoted to fabric production for buyers in domestic and foreign clothing industries. Beginning in 1963, primary textile operations geared to fabric production for the domestic clothing

¹⁶The American textile industry is ten times the size of its Canadian counterpart (Barry and Siwnski, 1993: 132). In 1993, 4,787 textile companies operated out of the U.S. and 6,412 plants existed within its borders (American Textile Institute, April 1993: 1).

¹⁷Plant and equipment spending and weaving machine productivity corroborate this assertion. In the U.S., in 1992, \$2.25 billion were spent on equipment in the industry and weaving productivity increased to 17.7 sq. yards per loom hour, an increase of 25.9% over the previous year (American Textile Institute, 1992: 1).

industry experienced considerable concentration, enabling them to remain a vibrant part of the American textile industry. Consequently, the American clothing industry is the largest single consumer of American textiles (Truchil: 120). Textile enterprises which produce fabric for the clothing industry include cotton, human-made fibre and silk knitting and weaving mills as well as finishing plants for human-made fibres, silk and women's hosiery products (Toyne, 1984: 74). The majority of these mills have low rates of unionization and the sexual division of labour is especially marked within firms where fabric is produced for clothing firms (Truchil: 4).

Another important feature of the American textile industry, which affects both the structure and strength of the primary textile subsector, is its recent geographic shift from the north to the south. Prior to World War II, textile mills were highly concentrated in the northern states. However, lax labour standards in many southern states, increasing international competition, southern cotton production and the growing popularity of fabric blends induced industrial migration among primary textile producers in the seventies. Initially, this relocation did not improve profits since buyers of primary textiles, particularly clothing firms, were located in the north. An increase in transportation costs became the trade-off for lower labour costs. However, transportation costs are dropping since clothing manufacturing is burgeoning in California and Florida (Mazur, 1992: 3; Fernandez-Kelly and Garcia, 1989).

The American textile industry will continue to produce a more diverse range of textile goods than the Canadian or Mexican textile industries. However, with the adoption of multi-lateral free trade initiatives, the primary textile subsector will likely grow even stronger since production geared to its domestic clothing industry is stable and since Canadian and Mexican firms will increasingly rely on American-made fabrics. In addition, American primary textile industries appear to be exploring new export markets. In its brief to the Congressional hearings on the NAFTA, the American Textile Manufacturing Institute (ATMI) indicates that there is a growing demand for American

clothing fabrics, especially denim, in the Mexican market (ATMI, 1992: 1). International demand for American made primary textiles will undoubtedly strengthen this subsector. Thus the American textile industry is in an excellent position compared to Canada and Mexico in its domestic fabric production.

C. Textile Manufacturing In Mexico

The evolution of the Mexican textile industry was significantly shaped by the exploration of Mexico's raw-resource base and an influential state-led economic development strategy initiated by the de la Madrid administration. Over the last three decades, the Mexican textile industry experienced highly asymmetrical growth. It is characterized by the existence of a rapidly expanding textile products subsector, which consumes numerous inputs from the national petrochemical industry, and by the relative weakness of the fabric producing textile subsector. Hence, in examining the possibilities for expansion in the textile industry, particular attention must be devoted to Mexico's petrochemical industry since the fate of the textile products subsector is so closely tied to it.

Aside from examining the present trends in Mexican petrochemical production, factors contributing to the frailty of the primary textiles industries also require some investigation. The central reason for the apparent weakness of this subsector relates to the structure of the clothing industry in Mexico. As previously noted, Mexican clothing production geared for export is based in EPZs. Bi-lateral tariff reduction arrangements, like the Special Regime between the U.S. and Mexico, are chiefly designed to take advantage of low Mexican wage rates and the availability of young women workers to perform assembly tasks. These agreements do not create a demand for locally produced fabrics since Mexican factory workers are primarily hired to assemble clothing from American-made fabrics. Hence, tariff-reduction agreements prevent a consolidated

export-oriented primary textiles subsector, one which could serve both the needs of clothing export assembly plants and domestic clothing producers, from emerging in Mexico. Accordingly, although fabric production takes place in Mexico, buyers of domestically produced fabrics tend to be contractors, subcontractors and homeworkers geared to the domestic market. Due to increased competition with operations in the U.S., it is difficult for domestic Mexican fabric producers to afford new, sophisticated equipment in order to expand production (Martinez de Ita, August 1992: 20-22).

Possibilities for expansion in other Mexican textile subsectors, are more promising. In the early eighties, the government introduced an export-led growth strategy which targeted specific industries for development. At this juncture, the petrochemical industry, and secondary manufacturing industries it generates, such as key textile subsectors, were labeled growth industries (de Maria y Campos, 1987: 74; de Castro and Christianson, 1992: 98). The selection of the petrochemical industry represented an attempt on the part of the government to promote vertical integration throughout the entire petrochemical-complex and bolster valued-added production in secondary petrochemical industries (Galbraith, 1987: 88).

With the inception of this strategic economic plan, the petrochemical industry and secondary textile subsectors began to rely on costly foreign-made equipment. However, much of the investment in capital-intensive equipment is only currently feasible because of FDI from American sources (de Castro and Christianson: 88, 99). One indication of the presence of foreign firms in the secondary Mexican petrochemical industries, which mirrors the Canadian experience, is that the majority of polyester, filament, synthetic and artificial fibre exports originate from branch plant operations of large TNCs. A recent study by Kurt Unger established that Celanese Mexicana and Dupont produced 53.5% and 17% of Mexican polyester respectively, B.F. Goodrich produced approximately 9.7% of Mexican filaments, Celanese Mexicana produced 87.5% of Mexican cellulose acetate yarns, B.F. Goodrich produced 36.9% of discontinued Mexican synthetic fibres and

Celanese Mexicana and B.F. Goodrich produced 37.6% and 4% of Mexican synthetic and artificial fibres respectively (Unger, 1991: 238-40). The importance of FDI to the petrochemical industries and related secondary industries, and the prominence of branch plants whose parent firms are rarely Mexican, suggest that the state will continue to support key textile subsectors.

Mexican primary textile industries are liable to decline in the future since investment prospects are limited and since Latin American and Caribbean Basin countries are becoming increasingly involved in fabric and clothing production (See Appendix 2). In the case of TNC-dominated textile production relying on petrochemical inputs, future expansion is much more likely. The force with which Mexico and other nations are "intruding onto national markets of the very corporations which originally built them," is quite remarkable (Clairmonte and Cavanagh, 1981: 120).

D. Similarities and Differences in Canadian, American and Mexican Textile Sectors

In conclusion, the Canadian, American and Mexican textile industries are experiencing two common trends. Each industry is streamlining production and TNCs are increasingly prominent in all three sectors. However, while the American textile industry maintains its global prominence in fabric production, Canadian and Mexican fabric producers are declining. Successful textile operations in Canada tend to focus on textile products, derived primarily from synthetic inputs. Similarly state-sanctioned growth in the Mexican petrochemical industry is prompting investment and expansion in textile subsectors requiring primarily petrochemical inputs. Potentially, this could induce competition between Canadian and Mexican textile producers. At present, production in the three countries does not seriously overlap. However, in the future, while the American textile industry is poised to cater to the largest diversity of end markets, Canada and Mexico may cater to fewer end markets.

IV. Intra-Sectoral and Inter-Sectoral Relations in Clothing and Textile Industries

Conditions in clothing and textile production in Canada, the U.S. and Mexico reflect formal and informal ties between these industries. Through the foregoing analysis of both industries in each country and supplementary information regarding trading patterns between the three parties, four relationships appear to contribute to the present vulnerability of the Canadian clothing industry. The purpose of this section is to synthesize information concerning these relationships in order to illustrate how they affect the stability of the Canadian clothing industry. Its findings have important implications for the textual analysis undertaken in chapter four.¹⁸

A. Intra-Sectoral Relations Within Canadian and American Clothing and Textile Industries

Intra-sectoral relations between the Canadian and American textile and clothing industries vary considerably. Conditioned by factors such as the existence of TNCs, the presence or absence of vertical integration and geographic issues, close ties exist between Canadian and American textile industries while strong competition prevails between the two clothing industries.

i) Textiles

The close relationship between the Canadian and American textile industries exists for two central reasons. First, the same large TNCs dominate in both markets.¹⁹ As a result, textile operations in each nation, particularly subsidiaries of foreign companies, have a stake in the success of sister firms located in the other nation. Such reciprocal relationships evolve since most sizable firms are reliant on intra-firm trade. Second, textile industries in Canada and the U.S. have complementary product lines; as previously articulated, the Canadian industry specializes in synthetic fibre production for the textile

¹⁸Some of the ideas for this section originated in Leah F. Vosko (1993) 'Fabric Friends and Apparel Foes' *Review Of Radical Political Economics*, Vol. 25, 4 45-58

¹⁹ Examples of such TNCs include Celanese, Dominion Textile and DuPont.

products subsector and the American industry concentrates a notable amount of production in the primary textiles subsector to serve American clothing producers. This combination of factors contributes to the relatively harmonious relations between Canada and the U.S. in the sphere of textile production.

The official policies of the Canadian Textile Manufacturers Institute (CTMI) and the ATMI, two powerful industrial lobby groups, toward the NAFTA are evidence of the co-operation which characterizes textile industry relations between the two countries. Manufacturers in both industries advocate highly liberalized trade. On behalf of their respective constituencies, both the executive director of the ATMI and the president of CTMI, stridently endorsed the NAFTA prior to its adoption (Canadian Textile Manufacturers Institute, August 1992: 4; Crawford, August 1992: 34).

ii) Clothing

In contrast to the co-operation evident in the relationship between Canadian and American textile manufacturers, the two clothing industries actively compete for similar consumer markets. Competition prevails despite the fact that production in the Canadian clothing industry is relatively specialized, while the American clothing industry manufactures for a more diverse end market. The reasons for the intensity of competition are fourfold. First, production pyramids in both industries are remarkably similar. Second, both industries face the same competitive international clothing trading environment. Third, small and medium-sized manufacturers, jobbers, contractors and subcontractors, in both markets, have little or no connection with one another in the two nations (Gannage, 1988: 397; Mazur, 1992: 2). The existence of independent clothing producers prevents the two industries from seeking common goals and promoting complementary production. This situation contrasts with the relationship between the Canadian and American textile industries. Fourth, and finally, sizable American-based clothing TNCs benefiting from eased capital mobility and centralized decision-making have limited connections to Canadian contractors. Instead they target Mexico and a

select group of countries in the Caribbean Basin for contracting work since wage rates in these regions are quite low (See for examples: The National Labour Committee, 1992; Diaz-Briquets and Weintraub, 1991). Thus, competition between the two industries may grow.

B. Inter-Sectoral Relations in Canadian and American Clothing and Textile Industries

Inter-sectoral relations between clothing and textile industries are much stronger in the U.S. than those in Canada. Ironically, the Canadian textile industry has far more interests in common with the American textile industry than the Canadian clothing industry. This aggravates tensions between Canadian clothing and textile industries, and serves to further isolate the Canadian clothing industry.

i) American Clothing and Textile Industries

The American clothing and textile industries are highly interdependent. American textile manufacturers rely on domestic clothing producers to serve as their primary group of consumers. Conversely, American clothing manufacturers, be they TNCs or independent producers, draw a significant percentage of their inputs from American textile firms. Geographic trends in these two industries illustrate their interdependence. While the bulk of American clothing production was formerly concentrated in northern states, a large portion of assembly now takes place in California and Florida due to the shift in primary textile production to southern states. To encourage strong ties between the two industries, in some instances, large American-based TNCs also invest in both textile and clothing production.

An illustration of the common interests between the two American industries is the mutually supportive roles they played in the NAFTA negotiation process. For example, officials in the American clothing industry openly questioned Canada's right to adjust its own tariffs on fabrics originating outside the free trade area, in defense of both its own

interests and the interests of the American textile industry (Canadian Apparel Manufacturers Institute, August 12, 1992: 1). Eventually, these two industries endorsed the NAFTA text, suggesting that they both share an interest in restricting the importation of high quality fabrics from Europe to Canada.

ii) Canadian Textile and Clothing Manufacturers

Canadian clothing manufacturers do not rely on Canadian-made fabric inputs. Rather, especially in the case of high quality wool clothing production, they require foreign inputs, the majority of which originate in Europe. In contrast, the Canadian textile industry draws many of its inputs from Canada's rich resource base to produce industrial textile products such as carpets, auto-parts and institutional goods. Since the two industries depend on different geographic sources for their primary inputs and since the Canadian textile industry, which is dominated by foreign TNCs, does not cater to the clothing industry by producing a variety of fabrics, they are prevented from being vertically integrated. These factors lead the two industries to differ over the degree of foreign access Canadian industry requires in order to obtain necessary inputs for production; the Canadian textile industry can flourish using North American inputs while the Canadian clothing industry relies more heavily on non-North American fibres. This limits the range and scope of shared interests existing between the two industries, especially regarding trade liberalization.

The divergent stands the Canadian textile and clothing industries took over the NAFTA indicate that the Canadian textile industry has more in common with its American counterpart than the domestic clothing industry. Prior to the adoption of the NAFTA, officials in the clothing industry indicated that Canada will, "have to sacrifice its apparel industry as part of the price for obtaining a NAFTA" (Canadian Apparel Manufacturers Institute, August 12, 1992: 1). In sharp contrast, officials in the Canadian textile industry confidently claimed, "we are not threatened by either free trade or NAFTA" (Crawford: 34). Furthermore, in recent press releases

and background information regarding free trade, the CTMI neglected to acknowledge the potential for further decline in Canadian clothing production under the NAFTA (CTMI, 1992).

Divergent political objectives clearly produced tensions between these two Canadian industries, which were once highly interdependent. The result was that the Canadian clothing industry was unable to gain support from either the Canadian textile industry or from the two U.S. industries.

C. Intra-Sectoral Relations Between American and Mexican Clothing Firms

From the initial development of export-oriented plants along the U.S.-Mexican border in the sixties to the emergence of large-scale EPZs, the U.S. and Mexico have a history of relatively harmonious trade relations in clothing (Dillman, 1983: 31). Currently, strong relations between the two countries also prevail due to the interdependence of American clothing and textile industries and the availability of low wage labour in Mexico. One indication of the favourable U.S.-Mexican trading climate is the existence of the Special Regime. Facilitated by the Multi-Fibre Arrangement (MFA)²⁰, this four year agreement induced considerable economic benefits for each nation. It enabled American fabric manufacturers to maintain their competitive edge, and it permitted most finishing, cutting and forming jobs in the clothing industry to be retained in the U.S., while Mexico gained direct access to the American clothing industry and

²⁰The MFA was first negotiated in 1973. Originally designed to apply discriminatory rules to 'developing countries' and some Eastern European countries, regarding textile and clothing trade, it sharply contradicts the principle of non-discrimination which members of GATT must abide by. In order to protect mature markets, the arrangement permits industrialized countries to impose certain penalties on exporters from industrializing countries. Furthermore, it also established a textile surveillance body to monitor the textile trading practices of its signatories and explore disputes between countries. Since its inception, the MFA has been revised several times. One condition, which was added to the MFA in 1977, directly influences current trade relations between the U.S. and Mexico. After the implementation of the revised MFA, the countries involved were permitted to engage in bilateral agreements that could include provisions which reasonably depart from elements of the MFA (Chen et al, 1985: 18). The Special Regime is an example of one such bi-lateral agreement since it allows Mexico to export textile and clothing goods produced from American formed and cut fabrics at favoured rates of duty. For more information regarding the treatment of the MFA under the NAFTA see Appendix 3.

enhanced access to the American market. From a Canadian perspective, however, the establishment of the Special Regime further weakened prospects for co-operation between the Canadian and American clothing industries and the Canadian and Mexican clothing industry.

One illustration of the "success" of this agreement is that, with the inception of the Special Regime, the U.S. eliminated quotas on fifty-two items and expanded quotas by approximately 25% on all remaining textile and clothing goods (Hirfbauer and Schott, 1992: 272). The pre-existing Special Regime, and the consequent investment in EPZs it promoted, places the American textile and clothing industries and the Mexican clothing industry in an ideal position to improve upon their co-operative trade efforts via the NAFTA. If official objectives in the NAFTA negotiation process are any indication, this relationship is quite solid. In the Dallas Round of the NAFTA negotiations, Mexican and U.S. negotiators made it clear that the two countries shared numerous interests in the sphere of textile and clothing trade. In particular, Mexican negotiators indicated, by their minimal demands, that they favoured American proposals for North American clothing trade (North American Free Trade Agreement: Dallas Composite, February 1991: Article 301). Furthermore, in nearly every case, Mexico supported American amendments to provisions regarding clothing trade undermining Canadian objections to several provisions in the NAFTA. Clearly, the highly interdependent relationships between American clothing and textile industries and the Mexican clothing industry perpetuate the vulnerability of independent Canadian clothing manufacturers.

D. Canadian-Mexican Trade: Forecast For Future Instability in the Canadian Clothing Industry

Trade relations between Canada and Mexico in clothing and textiles are virtually non-existent. Mexico is currently one of Canada's smallest trading partners in both these sectors. In both Canada and Mexico, the majority of clothing and textile exports are

destined to the U.S. Hence, the most salient feature of the relationship between the two nations is their shared interest in the American market. In the case of Mexican-American relations, the close ties between clothing producers in the two countries are profitable because of the large Mexican labour force, low transportation costs from border regions and the existence of EPZs. Conversely, prevailing conditions such as geographical limitations and dissimilar labour standards prevent Canada and Mexico from embarking upon a profitable trade strategy involving clothing manufacturing.²¹ Thus, the close U.S.-Mexican trading relationship in clothing seriously impedes opportunities for improved clothing trade between Canada and Mexico.

Bearing these relationships in mind, two further questions arise: Is there a possibility that Canadian and Mexican textile manufacturers could co-operate with each other in the future? If so, could co-operation between the two textile industries bolster the Canadian clothing industry? Mexican textile production lags behind Canadian textile production in technological know-how and capital intensity. However, Mexico and Canada each have an attractive raw resource base and both countries rely on FDI. Initially, the possibility for enhanced FDI led both industries to opt for capital-intensive production as opposed to more traditional modes of production common to primary textile manufacturing geared to buyers in the clothing industry. Since both Canadian and Mexican textile industries draw on human-made and petrochemical inputs, opportunities for co-operation are limited. Rather, competition between the two textile industries may grow in ensuing decades. Also, if Canada and Mexico proceed with their present strategies for consolidation in synthetic fibre and textile products industries, the U.S. will remain the locus of North American fabric production. This will prevent the emergence of any sort of co-ordinated clothing production strategy between Canada and Mexico.

²¹In 1992, Canada exported \$284 million worth of clothing to the U.S., while it only exported \$9.3 million to Mexico (Barry and Swaitik: 133).

Conclusion

The objective of this chapter was to assess relationships between Canadian, American and Mexican clothing and textile industries to explain why the Canadian clothing industry faces an uncertain future. To fulfill this aim, it commenced by differentiating between clothing and textile manufacturing industries. It then compared clothing production and in textile production in the three nations. Clothing production in Canada, the U.S. and Mexico proved remarkably similar. In each country it is characterized by a pyramid-like production structure and the preponderance of immigrant and migrant women workers. In contrast to clothing production, while textile production is quite distinct in all three nations, Canada and Mexico appear to be consolidating production in related textile subsectors.

Similarities in North American clothing production contribute to the vulnerability of the Canadian clothing industry. Simultaneously, differences in North American textile production prevent Canada from sustaining a stable clothing industry based on interdependence between domestic textile and clothing firms. Taken together, these variables also create four intra-sectoral and inter-sectoral relations that endanger the Canadian clothing industry. First, strong ties between the American and Canadian textile industries isolate the Canadian clothing industry. Second, these ties contribute to mounting tensions between Canadian textile and clothing manufacturers; their strained relations contrast with the strong links between American textile and clothing firms. Third, American fabric and clothing producers and Mexican clothing producers represent a powerful force in the global clothing industry that undermines the ability of Canadian clothing firms to compete. Fourth, Canada and Mexico have essentially no history of trade in clothing or textiles and prevailing conditions prevent the two countries from substantively altering their relationship. With the continued implementation of trade agreements, these relationships will merely solidify.

The four industrial relationships explored herein influence the construction of regional trade agreements. This becomes increasingly apparent in the following chapter where the importance of these relationships is underscored by analyzing concrete terms of the NAFTA. Accordingly, as a result of its isolated position, the Canadian clothing industry will experience severe instability under the NAFTA relative to the American and Mexican clothing industries.

Chapter 4.

*Dye?: Outcomes Of The NAFTA Text For The Canadian
Clothing Industry*

The explicit aim of the NAFTA, as its title implies, is to foster "free" trade between Canada, the United States and Mexico. However, the NAFTA is misnamed. While it may be true that trade is liberalized in some sectors, in others, the NAFTA leads to heightened protectionism.¹ Despite the introduction of universal sectoral trade rules within certain sectors, protectionist outcomes often arise due to differences in the scope of production in domestic industries. Also, special terms of the agreement explicitly target specific industries within certain sectors. Whether liberalization or protectionism characterizes a chapter of the NAFTA relates to industrial relationships specific to the sector in question. Chapter three examined current conditions in clothing and textile production in Canada, the U.S. and Mexico as well as important dynamics within and between these industries which influence trade among the three nations. It concluded that intra-sectoral and inter-sectoral relations between clothing and textile industries in the three countries contribute to isolating the Canadian clothing manufacturing industry. This chapter consists of a detailed analysis of the NAFTA text to establish concrete examples which demonstrate that the Canadian clothing industry is harmed by the agreement.² By placing the NAFTA within the context of two bilateral trade agreements that predate it, the Canada-U.S. FTA and the Special Regime, it exhibits how intra-sectoral and inter-sectoral relationships appear to influence the outcomes of the deal.

The NAFTA alters rules of trade in clothing and textile producing sectors beyond existing bilateral arrangements. The new rules are of great consequence. In this chapter, I take a four part approach to illustrate the discriminatory nature of rules governing clothing trade between the three countries. First, since clothing and textile trade are dealt with in the same chapter of the NAFTA, similar provisions applicable to these two sectors

¹While the focus of this chapter is to demonstrate that the NAFTA is not necessarily a 'free' trade agreement, in doing so, I do not intend to imply that 'true' free trade (i.e. unfettered trade) is a good thing for the Canadian clothing industry.

²Some of the ideas in this chapter were first addressed in an earlier work entitled *The Last Thread: Analysis of Apparel Goods Provisions in the North America Free Trade Agreement and the Impact on Women*. Ottawa: The Canadian Centre For Policy Alternatives, 1993.

are outlined. An examination of these provisions points to the distinct implications, induced by similar terms of the agreement, for Canadian clothing and textiles industries. Second, provisions applicable to textile trade yet absent for clothing trade, as well as terms of trade unique to clothing, are described recognizing the web of industrial relations explored in chapter 3. Third, the tacit extension of the Special Regime between Mexico and the United States is highlighted. Fourth, I conclude the chapter by re-examining the impact of intra-sectoral and inter-sectoral relationships on the NAFTA text to assess the potential consequences of the agreement for women workers in the Canadian clothing industry. Together, these four sections demonstrate that concrete NAFTA provisions undermine the future stability of the Canadian clothing industry.

I. NAFTA Provisions Applicable to Clothing and Textile Trade

On first reading of the chapter devoted to clothing and textile trade, entitled Textile and Apparel Goods: Appendix 300-B, provisions applicable to both goods-producing sectors appear similar. Namely, Rules of Origin, TRQs, TPLS and the Duty Drawback may create the illusion that clothing and textile trade are treated equitably and consistently in the agreement. This masks the vulnerability of the Canadian clothing industry under the NAFTA. In reality, a close reading of the agreement demonstrates that rules governing clothing and textile trade are differentiated in the NAFTA despite the similarly structured provisions which apply to each industry.

A. Rules Of Origin

Rules of Origin establish whether a good is produced within the free trade area and, hence, is subject to favourable trading privileges. Chapter four of the NAFTA dictates that goods which are, "wholly obtained or produced in the territory of one or more parties," originate in the free trade area (North American Free Trade Agreement 4-1). However, if non-originating goods, which are used or consumed in the processing or

assembly of goods in one or more countries, undergo an appropriate change in tariff classification, they are treated as originating goods. In addition to these universal Rules of Origin, sector-specific rules governing the origin of goods apply to a select group of industries. In both clothing and textile trade, these sector-specific rules are highly restrictive in contrast to the Rules of Origin first implemented in the Canada-U.S. FTA. However, while the implications of these new rules are modest for Canadian textile producers, they threaten the very existence of the Canadian clothing industry.

Sector-specific rules governing textile trade under the NAFTA demand that cotton and human made spun yarns be produced from cotton grown in Canada and/or the U.S. and/or Mexico and human-made fibres be derived from Canadian, American and/or Mexican inputs. Furthermore, knitted cotton fabrics must be manufactured from domestically-produced yarns, derived from North American grown fibres, to qualify as originating textile goods. While the FTA permitted a limited amount of third country inputs and the importation of cotton fibres, the NAFTA requires that textile goods be manufactured from domestic pile to qualify as originating goods (North American Free Trade Agreement, Annex 300-B: 3-B-74,75).

These Rules of Origin make it highly profitable for Canadian, American and Mexican textile producers to purchase inputs locally. After a transition period, textile goods which are produced in accordance with the NAFTA guidelines may be traded freely between the three nations. Although they are more restrictive than the terms of the FTA, new Rules of Origin will not initially harm production prospects for the Canadian textile industry since it primarily relies on synthetic fibres and chemical products which are readily available in the free trade area (Statistics Canada, 1992: 7). Sector-specific Rules of Origin will not endanger the Mexican textile industry for the identical reason. Notably, however, they will stimulate American cotton production. Primary textile firms in the U.S., as well as some Mexican and Canadian primary textiles and textile products firms, will require larger quantities of cotton inputs produced in the free trade area to fulfill the

NAFTA guidelines. Although American cotton producers will benefit from these rules, Canadian and Mexican textile manufacturers will not benefit from sector-specific Rules of Origin nor will they initially suffer from these requirements. However, the NAFTA may prevent Canadian and Mexican textile firms from opting to alter their product lines due to the constraints presented by the Rules of Origin.

In contrast to textiles, sector-specific Rules of Origin for clothing trade in the NAFTA favour the American and Mexican clothing industries over their Canadian counterpart. Rules of Origin for clothing trade establish that an item of clothing must undergo a "triple transformation" in order to be eligible for duty free treatment under the agreement (North American Free Trade Agreement: Dallas Composite, 1992, Article X04.1:10). This three stage transformation requires that clothing be assembled using fabrics derived from yarns or fibres sourced in the free trade area to be considered to originate in North America. As a result of pressure from the United States Apparel and Industry Council (USAIC), a powerful American industrial lobby group, negotiators from the U.S. first proposed this "down to the cotton ball" rule in the Dallas Round NAFTA talks (Hufbauer and Schott: 276). However, the notion of determining the origin of an article of clothing based on materials used to construct its components originates in the Canada-U.S. FTA, where the origin of clothing is judged by a less restrictive "double transformation" requirement. Under the FTA, clothing made from fabrics woven in Canada or the U.S., derived from yarns or fibres produced offshore, is considered to originate in the free trade area (Canada-U.S. Free Trade Agreement, 1988: 14). Only clothing sewn from fabrics produced offshore is considered non-originating and, hence, ineligible for duty free treatment. Essentially the difference between the FTA and the NAFTA is that the NAFTA goes one step further than the "fabric forward" provision adopted in the FTA by imposing a "yarn forward" Rule of Origin.

With the implementation of the FTA, the Canadian clothing industry suffered gravely from the "fabric forward" Rule of Origin. Although it applied to all clothing

producers in Canada and the U.S., unlike most American firms, most Canadian men's, women's and children's clothing firms specialize in high quality clothing production relying on inputs available primarily in Europe. Consequently, the FTA classifies Canadian-made clothing derived from foreign fabrics non-originating, making it ineligible for duty free export. The majority of Canadian clothing producers who weathered the FTA have either reshaped production, sacrificing quality, or presently export non-originating clothing to the U.S. using special quotas³ called tariff rate quotas⁴ (TRQs). However, TRQs are by no means a permanent trade remedy for Canadian clothing firms fabricating high quality goods. Rather, they are finite. If the Canadian clothing industry survives the NAFTA, manufacturers will inevitably be forced to compete for space on the TRQs and the federal government may be obligated to devise a system of quota allocation.⁵

Due to the aftermath of the FTA, domestic clothing firms effectively pressured Canadian trade officials to oppose the adoption of a "yarn forward" Rule of Origin in the NAFTA negotiation process (North American Free Trade Agreement: Dallas Composite, Article X04: 3). However, the demands made by Canadian negotiators were largely unsuccessful. Officials in the Canadian clothing industry claim:

The industry had hoped that the NAFTA would provide us with an opportunity to renegotiate the Canada-U.S. agreement which erected unfair trade barriers to Canadian exports to the United States. As it turned out, the two stage or 'double transformation,' Rule of Origin was renegotiated, but in the wrong direction (Canadian Apparel Manufacturers Association, August 14, 1992: 14).

Canadian clothing manufacturers are faced with even stricter Rules of Origin under

³Under the FTA, one group of Canadian manufacturers, based primarily in Quebec, captured a niche in the American market. Since 1988, many men's wool suit manufacturers successfully entered the American market. The volume of Canadian wool suits shipped to the U.S. jumped to almost 400,000 last year from 50,000 in 1988 (Toomey, 1992: B2).

⁴Tariff Rate Quotas represent the maximum exports of non-originating goods at agreed preferential tariff rates. They are described more extensively in Section C.

⁵In particular, Canadian men's wool suit manufacturers will be forced to compete for limited space on the clothing TRQs. The majority of these companies assemble (cut, dye, sew and finish) clothing in Canada from fabric obtained primarily in Europe.

the NAFTA. Severe instability commenced in the Canadian clothing sector in 1988 with the introduction of the "fabric forward" provision, the new Rules of Origin will merely exacerbate prevailing trends. The "yarn forward" provision will make it far more difficult for many Canadian clothing firms to compete in the North American market since most manufacturers rely on either foreign fabrics, fibres or yarns, or a combination of all three, for production.

B. Tariff Rate Quotas (TRQs)

TRQs were first implemented in the FTA. Designed to offset restrictive Rules of Origin, they established caps on the amount of non-originating clothing and textile goods each country may export to the other country at favourable rates of duty. After TRQs are filled, firms may only ship non-originating goods at high rates of duty. Therefore, they are an adjustment measure. The ultimate aim is to force manufacturers to adapt production to suit Rules of Origin. Under the NAFTA, new and somewhat larger TRQs are created for Canadian, American and Mexican exports of non-originating clothing and textile goods. On first reading, expanded TRQs for non-originating Canadian clothing exports to the U.S. and Mexico appear relatively generous. However, in comparison to TRQs for non-originating Canadian textile exports, as well as in the context of the "yarn forward" Rule of Origin, the expansion of Canadian clothing TRQs is primarily symbolic.

Under the NAFTA, Canadian textile TRQs are both strengthened and increased significantly from FTA levels. For instance, while the FTA did not guarantee the retention of textile TRQs after a certain transition period, the NAFTA makes them permanent (Canada-U.S. Free Trade Agreement, 1988: 3-15). In regard to their increased size, the textile TRQ devoted to non-originating Canadian fabric and made-up goods destined for the U.S. stands at 65 million SME (Square Metre Equivalents) per year, while the textile TRQ for non-originating Canadian cotton and human made spun yarn destined to the U.S. is 10.7 million kgs per year (North American Free Trade Agreement: 3-B-63, 64). These

TRQs are sizable due to the strong intra-sectoral and inter-sectoral relations between Canadian and American textile industries. From the perspective of the American textile industry, the expansion of the Canadian textile TRQs is not threatening for two reasons: First, much of Canadian-American trade is done between branch plants and parent facilities. Second, the strength of American cotton producers is not undermined by the Canadian textile TRQs since only 35 million SME of the annual quota for fabric and made-up textile goods may be derived from cotton yarns and fibres (North American Free Trade Agreement: 3-B-64)

In the case of exports to Mexico under the NAFTA, Canadian textile TRQs are set at 7 million SME for non-originating Canadian fabric and made-up textile goods and 1,000,000 kgs for non-originating cotton and human-made spun yarn (North American Free Trade Agreement: 3-B-63,64). Although Canadian textile TRQs devised for exports to Mexico are adequate currently, since Canada and Mexico are not primary textile trading partners, these quota levels do not leave room for growth in textile trade between the two nations. Indirectly, this encourages both Canadian and Mexican textile producers to maintain strong ties with the American textile industry in lieu of improving their own trade relations.

Although TRQs for non-originating goods also apply to clothing, the increased sizes of TRQs for the Canadian clothing industry are deceptive. In the NAFTA, more Canadian clothing exports fall under both the non-wool and wool clothing TRQs due to the "yarn forward" Rule of Origin. The TRQ for non-originating Canadian non-wool clothing destined for the U.S. is doubled from FTA levels to 80 million SME, provided that no more than 60 million SME consist of fabrics knit or woven outside North America. In stark contrast, the TRQ for non-originating Canadian wool clothing destined for the U.S. is a mere 5,066,948 SME, provided that no more than 5,016,780 SME shall be men's or boys

suits (North America Free Trade Agreement: 3-B-61, 62).⁶ This is highly detrimental to the future of Canadian wool clothing manufacturers. Since much of Canadian clothing production involves wool inputs, the parameters of TRQs for non-originating wool clothing restrict export opportunities for Canada. Similarly, the TRQs for non-originating Canadian non-wool and wool clothing destined to Mexico are 6 million SME and 250 thousand SME, respectively. This set of TRQs also reflects a desire, on the part of the U.S. and Mexico, to limit Canada's most successful high quality clothing exports. Clearly, the size of TRQs for Canadian clothing exports destined to the U.S. and Mexico will constrain Canadian exports of non-originating wool clothing under the NAFTA.

C. Tariff Preference Levels (TPLs)

To fully explore the restrictive nature of TRQs applicable to the Canadian clothing industry under the NAFTA, it is essential to examine tariff preference levels (TPLs). TPLs are the mechanism by which TRQs for non-originating goods are increased annually. In the case of quotas for Canadian export of non-originating textile goods, both the TRQs for fabric and made-up textile goods and the TRQs for cotton and human-made fibre and spun yarns will be increased by 2% per year for five years following the implementation of the NAFTA (North American Free Trade Agreement: 3-B-57). After this transition period, renegotiation of these quotas is to take place. In contrast, the TPL for Canadian wool clothing TRQs is much more restrictive than those applied to the both the TRQs for non-originating textiles and non-originating non-wool clothing. The TRQs for non-originating wool clothing will only be increased by 1% per year for five years after the NAFTA is implemented, while the TRQs for non-originating non-wool clothing will increase by 2% per year over the same transition period (The North American Free Trade Agreement: 3-B-58). The lower TPL for wool clothing only exacerbates the restrictive

⁶The stipulation regarding men's or boys' suits arose from the increasing U.S. market share gained by Canadian men's wool suit manufacturers in the last four years.

nature of TRQs applied to Canadian wool clothing exports in the agreement. In comparison to the TPLs for all non-originating textile goods, which are considerably more generous than quotas for non-originating Canadian clothing exports to begin with, TPLs for Canadian wool clothing TRQs are obviously inadequate.

D. Duty Drawback

One further provision in the NAFTA which applies to both clothing and textile trade is the Duty Drawback clause. The Duty Drawback ensures that manufacturers pay duties only once on non-originating goods. For example, if a clothing firm pays duty to import fabric required in manufacturing or if a textile firm pays to import fibres used to construct a textile good, the Duty Drawback permits the firm to export the final product only paying duty on the value-added in the North American production process. This clause was designed to offset highly restrictive Rules of Origin first implemented in the FTA. From the point of view of clothing and textile exporters in all three nations it represents a minimal, yet important, concession.

In the FTA, the Duty Drawback for textile goods expired at the end of 1993 and the Duty Drawback for clothing is set indefinitely (Canada-U.S. Free Trade Agreement, 1988: 14, 51). Here, Canadian clothing and textile manufacturers were treated appropriately since clothing manufacturers depend upon foreign fabrics, fibres and yarn for production and textile producers may readily source inputs locally. In the NAFTA, Duty Drawback provisions are harmonized for clothing and textile trade, despite the fact that Rules of Origin for clothing trade have greater consequences than those for trade in textiles. In Article 303, the Duty Drawback is extended to textiles until 1996. After this date, it will be available to textile exporters as long as they do not receive more drawback on their inputs than the amount of duty they pay on the exports in which they are incorporated (North American Free Trade Agreement: 3-2). The extension of the Duty Drawback to textile exporters facilitates adjustment to the NAFTA for Canadian, American and Mexican

producers. Similarly, Canadian, American and Mexican clothing firms view the retention of a Duty Drawback for clothing positively. In retaining this clause, export restraints are eased, to a varying degrees, for clothing manufacturers in all three nations. However, despite the favourable nature of this clause, Canadian textile firms benefit significantly more from an "equality" liberalized Duty Drawback than Canadian clothing firms since Rules of Origin are far less restrictive for tri-lateral textile trade in the NAFTA.

An examination of Rules of Origin, TRQs, TPLs and the Duty Drawback reveals that different implications emerge for clothing and textile trade in the NAFTA despite the similarly structured provisions which apply to each sector. Rules of Origin, which include a "triple transformation" requirement, are highly restrictive for Canadian clothing exporters since this industry's strong point is wool clothing production incorporating high quality inputs from outside North America. In contrast, Rules of Origin for non-originating Canadian textile goods are far less punitive since Canadian textile manufacturers can currently source the majority of their inputs in North America. Although TRQs and TPLs are each designed to mitigate the restrictiveness of the Rules of Origin, they merely exacerbate problems for the Canadian clothing industry, TPLs for non-originating Canadian textile goods and non-originating Canadian non-wool clothing are twice as large as the TPL for non-originating Canadian wool clothing. With the implementation of the NAFTA, the Canadian government will be forced to allocate export quotas to Canadian clothing manufacturers due to the limited size of wool clothing TRQs and their small TPL.

Under the FTA, despite the "double transformation" requirement, a select group of Canadian clothing manufacturers gained access to the American market. Since many of these firms now successfully compete on the American market, historical performance dictates that they must have access to the new clothing TRQ devoted to non-originating wool clothing exports to the U.S. Therefore, the future of this small group of manufacturers is not presently in question. However, surviving small Canadian clothing

firms, who were unable to penetrate the American market under the FTA, will be forced to compete for a share of the remaining wool clothing TRQ.

In regard to the Duty Drawback, while it represents a concession for all North American clothing and textile manufacturers, this provision is not new for Canadian clothing exporters. Rather, it first emerged under the FTA. More importantly, the Duty Drawback by no means offsets restrictive Rules Of Origin, TRQs or TPLs for Canadian clothing manufacturers.

II. Rules Governing Clothing and Textile Trade: Unique Provisions in the NAFTA

Aside from similarly structured provisions applicable to clothing and textile trade, special terms of trade for each sector exist in the NAFTA. There are three sets of provisions which fall into this category. First, there is a special item applicable to textile trade which offsets the Rules of Origin. This item is commonly referred to as the "mixed origin" Rule of Origin and it works to the advantage of the Canadian textile industry. Second, there is a provision applicable to North American clothing trade which is designed to eliminate production problems stemming from fabrics in short supply in North America, yet it is virtually unenforceable. Third, the NAFTA defines wool clothing in an uncustomary manner. This has a direct bearing on the interpretation of Rules of Origin, TRQs and TPLs for Canadian clothing trade. Each set of provisions further exemplifies how the NAFTA will contribute to a deteriorating trade environment for the Canadian clothing industry.

A. Mixed Origin Textiles

In the Canada-U.S. FTA, from the perspective of textile manufacturers in Canada and the U.S., one important issue was left unresolved. This issue involved establishing special Rules of Origin for "mixed origin" textile goods containing minimal proportions of wool. In the NAFTA, however, Canada, the U.S. and Mexico came to a mutual agreement

over the issue. The NAFTA stipulates that textile goods which fall under the non-wool textile TRQs will be treated as follows:

If the domestic yarns predominate by weight, there will be a half (50%) debit to the TRQ instead of a full (100%) debit.
If the imported yarns predominate by weight, there will be a full TRQ debit (Barry 1992: 21).

In addition, other textile products containing 7% or less foreign fibres will be eligible for favourable NAFTA rates of duty, disregarding the minimal foreign content (North American Free Trade Agreement: 4-12).

This provision was endorsed by lobby groups for textile manufacturers in Canada and the U.S. (Barry 21-22). In Canada, the 7% rule will particularly benefit producers of fabric blends used in textile products industries containing high ratios of synthetic fibres and low ratios of foreign fibres such as wool. This rule will make it worthwhile for Canadian textile firms to source inputs in North America, yet it will not penalize them for importing small quantities of fibres unavailable in the free trade area. Numerous Canadian textile products will qualify for this exemption and many American primary textile manufacturers and the Mexican petrochemical and primary textile industries will qualify as well.

A similar provision exempting certain non-originating items of clothing, containing only a minimal percentage of foreign components, is notably absent from the NAFTA text. In other words if an item of clothing contains less than 7% foreign fabric, fibres or yarns, it remains classified as a non-originating good. This intensifies the restrictiveness of Rules of Origin for clothing trade, especially in the Canadian case since many manufacturers require some foreign components. The presence of a provision for "mixed origin" textile goods illustrates that the three nations are capable of reaching a consensus regarding limiting trade barriers for textile trade, one which produces similar outcomes for all three nations. However, in the sphere of clothing trade, negotiators chose not to adopt similar measures.

B. Fabrics In Short Supply

One feature of the NAFTA designed to quell the fears of clothing manufacturers in Canada and Mexico is the fabrics in short supply provision. On first glance, the mechanism for fabrics in short supply appears to be conciliatory in nature. However, four years after the implementation of the FTA, this provision has proven to be relatively weak. The NAFTA states:

On the request of any Party, the Parties shall consult to consider whether particular goods should be made subject to different Rules of Origin to address issues of availability of supply of fibres, yarns or fabrics within the free trade area (North American Free Trade Agreement: 3-B-7,8).

This provision indicates that Rules of Origin may be adjusted if materials required for production are temporarily or permanently unavailable in the free trade area. However, although any country may initiate the short supply process to establish whether a fabric is in unavailable, all three countries must agree that there is a "serious" shortage for appropriate actions to be taken. Judging by the experiences of Canadian and American clothing manufacturers under the FTA, it is likely that the U.S. Commerce Department will be the true arbiter of fabrics in short supply:

At a June 29 closed-door meeting retailers, importers and apparel manufacturers presented a list of 117 fabrics in short supply in North America. U.S. textile manufacturers responded insisting that only eight fabrics are in short supply. Ron Sorini, the chief U.S. textile negotiator, who was present at the meeting, appears to have accepted the manufacturers' claims. (Bovard, 1992: B3)

Bovard substantiates one concern common to many Canadian clothing manufacturers. Namely, that the U.S. will block Canadians short-supply demands if they are not in the interest of its primary textile producers. Consequently, despite the principles behind adopting a fabrics in short supply provision in the NAFTA, it is primarily symbolic in nature. There is no guarantee that the production requirements of Canadian clothing manufacturers, who use fibres that are either not manufactured or are frequently unavailable in the free trade area, will be addressed by this provision.

C. The Changing Definition of Wool Clothing under the NAFTA

Another term of the NAFTA which is unique to clothing trade is the new definition of what constitutes a wool apparel good. The definition appears in section ten of the chapter devoted to clothing and textile goods yet it is applicable to all provisions which refer to "wool apparel." Initiated by the U.S. in the Dallas Round negotiations, the NAFTA defines wool clothing as "woven apparel in chief weight man-made fibre containing 36 percent or more by weight of wool" and "knitted or crocheted apparel in chief weight of man-made fibres containing 23 percent or more by weight of wool" (North American Free Trade Agreement: 3-B-11). Conventionally, weight is the primary characteristic used to define the "essential character" of an item of clothing. Hence, an article of clothing is traditionally classified as wool, for the purpose of export, if wool predominates by weight. In essence, the NAFTA definition of wool clothing shifts the emphasis towards chief value as opposed to chief weight. The official American rationale behind proposing this change in the Dallas Round was that since wool is a costly fibre, clothing containing a sizable amount of wool should be classified wool.

In the Dallas Round, Canada forcefully objected to the redefinition of wool clothing in the NAFTA. It lobbied to define wool clothing by its "essential character", which means the origin of an article of clothing is judged by its outer shell. However, Canadian pleas were unsuccessful (North American Free Trade Agreement: Dallas Composite, Article X04: 3).⁷ The implications for changing this definition are extraordinarily far-reaching in the Canadian case. Most importantly, the new definition of wool clothing will drastically increase the number of items of clothing falling under the highly restrictive wool clothing TRQ. This will also exacerbate the consequences of the

⁷ The criteria "essential character" originates in the International Convention on the Simplification and Harmonization of Customs Procedures. Most members of the European Community and many industrialized nations subscribe to the Rules of Origin set out in this convention. However, the U.S. takes exception to the convention since it differs with the notion of "essential character"

"triple transformation" requirement present in the Rules of Origin. The only way around the definition is for Canadian manufacturers to decrease wool content in the clothing they produce. However, this would entail sacrificing quality and losing their internationally competitive edge. For example, for Canadian men's wool suit manufacturers, who are among the most successful Canadian clothing manufacturers in the country, this definition of wool clothing is devastating.

Aside from similar rules applicable to both clothing and textile trade in the agreement, a clause exempting "mixed origin" textile goods from TRQs, a fabrics in short supply provision and a new definition of wool apparel exist in the NAFTA. Although Canadian textile manufacturers face restrictive TRQs under the NAFTA, the special exemption for "mixed origin" textiles makes the NAFTA more palatable to Canadian textile producers than the FTA. Conversely, in comparison to the conciliatory special provisions applied to textile manufacturers in the NAFTA, terms unique to clothing trade are extremely harsh for the Canadian clothing industry. First, the fabrics in short supply provision is merely a token gesture. In reality, Canadian clothing firms rely on TRQs for clothing manufactured from fabrics unavailable in the region. Second, since the new definition of wool clothing forces more non-originating Canadian clothing to be exported using the wool TRQ, it will curb high quality clothing production in Canada.

III. The Implicit Extension of the Special Regime

Another feature of the NAFTA which undermines the competitive edge of the Canadian clothing industry is the implicit extension of a special clothing trade arrangement between the U.S. and Mexico. Appendix 2.4 of the clothing and textiles chapter contains a section solely devoted to clothing trade between the U.S. and Mexico. Reminiscent of the historic "Special Regime" between the two countries, this section threatens the Canadian clothing industry since it could produce a glut of inexpensive clothing on the Canadian market. As described in chapter three, the Special Regime was a four year agreement first

instituted on February 13, 1988. It allocated new quotas for articles of clothing assembled in Mexico from U.S. cut fabric, primarily derived from American fibres. Under this bilateral arrangement, the U.S. eliminated quotas on fifty-two tariff items required for clothing production in Mexico and expanded quotas by an average of twenty-five percent on all remaining items (Hufbauer and Schott, 272). This agreement reinforced American-driven clothing production in Maquiladora EPZs, particularly those along the U.S.-Mexican border.

Prior to the emergence of the NAFTA, when both the Special Regime and the FTA co-existed, Canadian clothing manufacturers sufficiently resisted market pressures prompted by improved U.S.-Mexican trade relations. Upon its inception, the FTA prevented the Special Regime from directly threatening the Canadian clothing industry. It indicated that, "a shirt sewn in Mexico from cloth both cut in the U.S. and woven in the U.S. from U.S. fibres would qualify for favourable duty treatment upon importation into the United States, but would not qualify for area treatment upon importation to Canada" (Canada-U.S. Free Trade Agreement, 15). When the NAFTA enters into force, the Special Regime will officially expire (North American Free Trade Agreement, 3-B-39). Hence, the clause in the FTA, which prevents the duty free entry of items of clothing prepared under the Special Regime into Canada, will no longer prevail. Under normal circumstances, the preservation of this type of clause would be unnecessary. However, the NAFTA reinstates various terms whose spirit is derived from the Special Regime. Although the NAFTA indicates that the Special Regime shall terminate on the date it comes into force, Appendix 2.4 preserves this unique U.S.-Mexican clothing trading relationship by stating:

On January 1, 1994, the United States shall eliminate customs duties on textile and apparel goods that are assembled in Mexico from fabrics wholly formed and cut in the United States and exported from and re-imported into the United States under:

(a) U.S. tariff item 9802.00.80.10; or

- (b) Chapter 61, 62 or 63 if, after such assembly, those goods that would have qualified for treatment under 9802 00 80 10 have been subject to bleaching, garment dyeing, stone-washing, acid washing or pressing.

Thereafter, the United States shall not adopt or maintain any customs duty on textile and apparel goods of Mexico that satisfy the requirements of subparagraph (a) or (b) or the requirements of any successor provision to the U.S. tariff item 9802 00 80 10 (North American Free Trade Agreement 3-B-35).

This authorizes the U.S. and Mexico to continue to carry out cross-border production under the NAFTA yet Canada must now provide duty free access for goods produced through these means. The NAFTA officially terminates the Special Regime, yet it enhances provisions originating in this document to the disadvantage of Canadian clothing manufacturers.

IV. Outcomes of the NAFTA

Concrete provisions in the NAFTA text provide theoretical insights into the influence exercised by powerful corporate actors and industrial coalitions in the creation of regional trade agreements. For the purpose of this endeavour, on a practical level, they also help gauge the extent to which the NAFTA will curtail future growth in the Canadian clothing industry and hinder employment prospects for women workers engaged in clothing manufacturing. This section examines these issues.

A. The Role of Intra-Sectoral and Inter-Sectoral Relationships in Theory and Practice

Chapter three examined intra-sectoral and inter-sectoral relationships within and between Canadian, American and Mexican clothing and textile industries. It established that the American textile industry shares numerous interests with both its Canadian and Mexican counterparts, the domestic American clothing industry, and the export-oriented Mexican clothing industry. In contrast, Canadian and American clothing manufacturers are highly competitive with one another and Canadian clothing and textile manufacturers often

conflict over important public policy issues. To complicate matters, strong ties do not exist between Canadian and Mexican textile manufacturers.

Four theoretical variables, which underlie these industrial relationships, affect the outcomes of the NAFTA chapter devoted to North American clothing and textile trade. First, negotiating trade agreements is not simply a matter of lowering all tariff and non-tariff barriers in a blanket fashion. Rather, it involves creating a new set of trade rules which may result in increased or decreased barriers to trade, depending upon the sector in question. Second, governments do not negotiate trade agreements in a political and economic vacuum. They are highly sensitive to corporate and, to a lesser degree, labour interests and often rely on such actors for performance and production-related information. Third, industrial relationships have a large impact on the outcome of trade negotiations. Generally, industries with strong intra-sectoral and inter-sectoral alliances tend to gain from trade agreements. Conversely, industries with limited intra-sectoral and inter-sectoral ties often suffer under the same initiative. Fourth, and finally, TNCs profit significantly from trade agreements since their performance is enhanced by conditions designed to improve international trade.³ Large firms also have an advantage over smaller firms since they benefit from fragmented production and the centralization of corporate decision-making evolving from trade initiatives.

Given these factors, concrete provisions adopted in the NAFTA text are not surprising. In comparing similar rules governing clothing and textile trade in this tri-lateral agreement, stricter Rules of Origin exist for clothing trade than for textile trade. In part, this may be attributed to the strong ties between American clothing and textile producers and complementary interests among textile manufacturers in Canada and the U.S. Also, common Canadian-American and Mexican-American interests indisputably influence the

³David Ranney also substantiates this claim. In a recent study, entitled 'NAFTA and the New Transnational Corporate Agenda', he finds that, 'rules of origin have been devised that tend to favour TNCs at the expense of economic actors who are anchored in a specific location such as labour, small business and resource-based producers' (Ranney, 1993: 9).

extension of the Duty Drawback for textile exporters. Enhanced Duty Drawback provisions will facilitate improved intra-firm trade, a priority for large transnational textile manufacturers in all three countries. In regard to TRQs and TPLs set out in the NAFTA, the strict quotas applied to Canadian clothing exports destined for the U.S. reflect both historic competition between the two nations' clothing industries and strong ties between powerful American textile producers and domestic clothing manufacturers. Similarly, the redefinition of wool clothing and the absence of an exemption for "mixed origin" clothing also arises out of this set of relationships. However, the redefinition of wool clothing is an especially discriminatory provision since it is unprecedented in other international trade agreements and produces such divergent outcomes for Canada, the U.S. and Mexico. Canadian clothing manufacturers who require wool inputs, which are not readily available in North America, are primarily targeted by this definition. The isolated position of the Canadian clothing industry, emanating from these complex intra-sectoral and inter-sectoral ties, permitted these discriminatory rules to evolve in the NAFTA text. Clearly these industrial relationships structure the negative outcomes of the agreement text for Canadian clothing manufacturers.

B. Key Implications of the NAFTA Text for Women Clothing Workers in Canada

In light of current labour force trends in the Canadian clothing sector, new Rules of Origin, the Duty Drawback, TRQs and TPLs pose three general implications for women workers. First, the NAFTA provisions will contribute to worsening conditions of work in the industry. Second, and of great consequence to women workers, they will prompt internal structural changes in the clothing industry which may induce growth in industrial homework in Canada. Third, in regions where clothing employment is most concentrated, women workers in the industry will be most devastated. Important insights into the future of women's work in the declining Canadian clothing industry may be gained in exploring these potential repercussions.

To begin with, although the preservation of the Duty Drawback is integral to the survival of this industry, the inclusion of this clause alone will not improve prospects for growth in the Canadian clothing sector. Between 1988 and 1992, almost thirty-thousand jobs were lost in this industry despite the implementation of this "conciliatory" provision in the Canada-U.S. FTA (Tables 1 c,d). The industry declined over this period due to a variety of terms in the agreement including both restrictive TRQs and rigid Rules of Origin. Given stricter Rules of Origin, a new definition of wool clothing and highly constrained increases in clothing TRQs, the Duty Drawback will continue to have a relatively minor positive impact on Canadian clothing production and export under the NAFTA.

In contrast to the neutral impact of the Duty Drawback, the establishment of different TRQ levels for non-wool and wool Canadian clothing exports adversely affected the Canadian clothing industry after the FTA first came into force. In this period, employment declined drastically in women's and children's clothing subsectors, while employment in "other" clothing industries began to represent a larger proportion of total employment in the Canadian clothing industry. This occurred for two interconnected reasons unrelated to consumer demand. First, as a consequence of the decline of women's and children's clothing subsectors, "other" clothing industries produced a larger proportion of Canadian clothing shipments and employed a larger percentage of clothing workers after the FTA. Second, most goods produced by "other" clothing industries may be manufactured without significant wool content. Hence, the "fabric forward" Rule of Origin induced few stumbling blocks for this clothing subsector. The men's clothing industry was the only clothing subsector which was effectively safeguarded by the FTA due to the special exemptions for imported fabrics in the agreement. A select group of men's suit manufacturers took advantage of the "fabric forward" Rule of Origin in the FTA by creating a niche in the American market. The Canadian men's wool suit industry obtained improved access to the U.S. market over the last five years by exporting high

quality, high value-added goods using the wool clothing TRQ. With the introduction of the NAFTA, the "yarn forward" Rule of Origin will prevent men's wool suit manufacturers from maintaining this niche. They, too, will be forced to either sacrifice quality production or compete for space on the new wool clothing TRQ. Under the NAFTA, women's, children's and men's clothing industries will be damaged by the TRQs due to new Rules of Origin, while "other" clothing industries will continue to benefit proportionately from the internal restructuring. Hence, if any employment opportunities arise for women in the clothing industry, they will emanate from "other" clothing subsectors. This is not to say that the NAFTA will promote real growth in employment or production in "other" clothing industries, but to indicate that industry-wide trends may modify the proportion of production and clothing employment in these industries relative to men's women's and children's clothing subsectors.

From a regional vantage point, women workers in Quebec will be most devastated by the NAFTA since women's and children's clothing production is highly concentrated in this province. Furthermore, the majority of successful men's wool suit manufacturers who created a niche in the American market under the FTA, which enabled them to experience moderate growth between 1988 and 1992, operate out of this province. With the new definition of wool clothing, women's jobs in the men's suit industry are under threat. The decline of female employment in the Quebec clothing industry accounted for over 80% of the total decline in female clothing employment in Canada between 1988 and 1992 (See Appendix 1, Tables 6 a,b). As a result of Rules of Origin restricting wool clothing exports under the NAFTA, the decline in female employment in Quebec's clothing industry will likely represent an even higher proportion of total female employment decline in this national industry

A textual analysis of the chapter devoted to clothing and textile trade illustrates that the NAFTA neglects to promote "freer" trade in North America. In the Canadian case, protectionist terms negotiated for clothing trade in the NAFTA text work to the detriment of

clothing manufacturers and the women workers who predominate in this important domestic industry. Given the relations outlined in the previous chapter, these outcomes are not surprising. Specific implications of the NAFTA demonstrate how the complex industrial relations, which characterize clothing and textile trade between Canada, the U.S. and Mexico, influenced the negotiation process. Complementary relations between Canadian and American textile manufacturers, consisting of numerous large American-based TNCs with branch plants in Canada, will facilitate transition to North American free trade in this sector. In contrast, divisiveness between Canadian clothing and textile manufacturers and the competitive nature of clothing production in North America result in a highly protectionist arrangement for clothing trade in the NAFTA. Moreover, strengthening ties between the U.S. and Mexico, through the implicit extension of the Special Regime, exacerbate consequences for the Canadian clothing industry.

The repercussions for women clothing workers in Canada will be especially severe with the introduction of the NAFTA. In Quebec, where most successful Canadian clothing firms operate, the "yarn forward" Rule of Origin and the new definition of wool clothing will devastate the men's clothing sector. Women workers in women's and children's clothing industries, in Quebec and elsewhere, will also suffer from terms arrived at in the NAFTA. These clothing industries drastically declined after the implementation of the FTA. With the NAFTA, their very survival is in question since they too rely on high quality wool inputs traditionally imported from Europe. As the site of discriminatory rules governing tri-lateral clothing trade, the NAFTA text serves the interests of transnational firms and investors in lieu of small-scale Canadian clothing firms and the women who account for the majority of clothing workers in the country.

Chapter 5.

Conclusion

I began this study by asserting that the NAFTA is not truly a "free" trade agreement. In defense of this claim, I argued that while this tri-lateral initiative augments trade liberalization in certain sectors, in others, it enacts terms which have discriminatory effects. Rather than removing all tariff and non-tariff barriers in a blanket fashion, the NAFTA creates new rules governing North American trade. Using the FTA as a point of departure, this study aimed to demonstrate that the NAFTA will compound present instability in the Canadian clothing industry, endangering its status as a primary manufacturing employer of women in Canada.

Frequently viewed as a "sunset" industry, the Canadian clothing industry was perceived to be in decline as early as the late sixties when it began to face formidable international competition. Until very recently, however, this characterization was quite inaccurate, the clothing industry was relatively stable prior to the adoption of the FTA. Admittedly, in its history, this trade-sensitive industry endured both brief downturns and prolonged upswings yet the magnitude of employment decline under the FTA was unprecedented. In ensuing years, instability is liable to intensify in this industry due to the character of sectoral relations in the free trade area and the terms of the NAFTA. From the perspective of the Canadian clothing industry, relations between North American clothing and textile industries are highly disadvantageous. Primarily composed of small independent firms, with minimal ties to either clothing or textile TNCs and limited shared interests with the domestic textile sector, the Canadian clothing industry has few ties to related industries. Conversely, the American clothing industry, which consists of both TNCs and small independent firms, enjoys favourable relations with the domestic textile subsector. As well, the Mexican and American clothing industries are highly interdependent. This set of intra-sectoral and inter-sectoral relations isolates the Canadian clothing industry.

In the NAFTA negotiation process, the isolated position of the Canadian clothing industry had severe consequences for this sector since the final agreement entrenches highly restrictive TRQs and TPLs and inequitable Rules of Origin for clothing trade. A comparison of terms applicable to North American clothing and textile trade confirms this assertion, it also highlights two issues which are central to the tenor of my argument. First, the NAFTA does not create a "neutral" framework whereby North American trade liberalization may take place. Rather, it alters trade rules substantially, yielding divergent effects for the industries under study. In a given sector, treating every industry the same is no guaranty of identical outcomes. In the case of clothing and textile trade, select industries reap substantive gains from the NAFTA while others, such as the Canadian clothing industry, suffer serious losses. Second, outcomes of the NAFTA are not coincidental. Discriminatory effects which arise for the Canadian clothing industry are a reflection of sectoral relationships in the region. Large industries with a network of sectoral ties have considerable power in influencing the creation of new trade rules. Conversely, industries like the Canadian clothing sector, where small independent firms predominate, have limited resources to ensure that trade provisions are responsive to their interests. Hence, it is valid to view the NAFTA, or at least the chapter devoted to clothing and textiles, as an agreement that sets out rules favouring large industries with solid sectoral ties, where TNCs wield considerable power, as opposed to industries where these traits are absent.

The preceding findings are highly relevant to the changing conditions of work for women in Canada. As a primary manufacturing employer of women, the fate of the clothing industry is intricately connected to employment prospects for women in Canadian manufacturing. After the FTA, women's employment in manufacturing declined by 14.7% while it dropped by 22.8% in clothing manufacturing (Statistics Canada, Unpublished Data, Ref MR92010, K93022). In this period, the clothing industry faded from the largest to second largest manufacturing employer of women in the country. As well, conditions

of work relating to the average size of clothing firms, wage rates, informalization, the ratio of part-time to full-time workers in the industry and rates of unionization, worsened. Employment prospects are especially grim for two groups of women workers. In Quebec¹, where the industry is concentrated, women clothing workers endured an extraordinary degree of employment decline between 1988 and 1992. Women clothing workers aged fifteen to twenty-four are also suffering.² Both these developments exhibit the accelerated rate of declining female employment in this industry. In particular, trends for women aged fifteen to twenty-four in the industry are adversely influencing the status of young women's employment in Canadian manufacturing.³ Undoubtedly, the NAFTA will perpetuate unfavourable employment prospects for women workers in the Canadian clothing sector.

Areas For Future Research

This study dealt with industrial relationships and concrete terms of the NAFTA which will contribute to continued instability in the Canadian clothing sector. Its findings suggest that the imminent decline of this industry threatens the future of women's work in Canadian manufacturing. Nevertheless, to fully establish how the NAFTA will affect women clothing workers, further research is required. Thus, I would like to conclude by outlining one possible direction that this research might take.

Prior to the implementation of the FTA and the NAFTA, several scholars argued that one consequence of trade liberalization would be the loss of a group of low wage, labour-intensive Canadian industries, many of which employ a high percentage of women. The premise underlying this prediction was that jobs in these industries would be replaced by better, higher quality jobs under free trade (Lipsey and Smith, 1987:

¹Between 1988 and 1992, over 80% of female employment decline in the clothing industry took place in Quebec (Statistics Canada, Unpublished Data, Ref. K93022).

²In 1992, women in this age category merely accounted for 11.1% of women workers in the clothing industry (Statistics Canada, Unpublished Data, Refs. MR92010, K93022).

³Women aged fifteen to twenty-four only accounted for 11.5% of women workers in All Manufacturing in 1992, while they represented 17.1% of women workers in All Manufacturing in 1988 (Statistics Canada, Unpublished Data, Ref. MR92010, K93022).

110-111; MacMillan: 18; *Royal Commission on the Economic Union and Development Prospects for Canada*: 345). However, this argument is highly contentious. Quite conceivably, the repercussions of free trade will be more complex. One likely counter-argument is that Canadian women will not merely lose jobs in "sunset" industries under North American free trade. Instead, with the introduction of the NAFTA, conditions of work in these industries will worsen as a result of economic harmonization.⁴ In lieu of simply transferring production to Mexico, Canadian-owned companies and TNCs with facilities in Canada, may first attempt to harmonize their wages and labour standards with firms throughout the free trade area.

A comprehensive study of Canadian women's rate of entry into the informal economy would likely give credence to this counter-argument. Hence, an inquiry of this sort represents a suitable course for further research. Presently, feminist scholars in Canada are voicing concern about women's declining rates of participation in full-time work and rising rates of participation in part-time work (See for example Armstrong, 1993; Cohen, 1993). In 1992, there was an increase of 69,000 part-time jobs for women across all sectors yet, over the same period, fully 125,000 fewer full-time jobs were available to women (Armstrong, 1993: 1).⁵ It is far more difficult to establish the degree to which women are engaging in "flexible" forms of work and the range of tasks women perform in the informal economy due to the unstable nature of these modes of work. However, in clothing manufacturing, for example, firms are downsizing, rates of unionization are dropping and producers now publicly acknowledge that they routinely engage homeworkers (ILGWU, 1991: 7; Galt, 1992: A8). These developments certainly have an affect on the character and stability of employment in this industry.

⁴The notion of harmonization featured prominently throughout this study. In chapter one, I defined harmonization as a process whereby countries adopt similar or identical public policies and national standards with the aim of creating economic conformity.

⁵ Women now constitute over 70% of part-time workers in Canada (Armstrong, 1993: 1).

One feature of the NAFTA which may promote further restructuring and informalization in the Canadian clothing industry is the accession clause. Article 2205 of the agreement allows any country to join the NAFTA, subject to its terms, so long as all three parties approve. There is no provision in this clause which excludes prospective countries on the basis of geographical location. Thus, the NAFTA is not limited to the Americas. However, it is probable that Latin American and Caribbean Basin countries will be among the first nations to join the NAFTA due to the prevalence of export processing in these regions.

Indicative of the open nature of the accession clause is the absence of an extensive set of rules outlining labour standards for countries seeking to join the NAFTA. By neglecting to oblige nations to conform with basic workplace regulations and minimum wage levels, this clause effectively makes labour standards in the free trade area bottomless. A comparison of hourly wage rates in formal clothing production in South and Central America versus Canada, the U.S. and Mexico supports this assertion.⁶ In 1992, Canadian clothing workers earned an average wage of \$9.01 per hour, American clothing workers earned an average wage of \$9.79 per hour and Mexican workers earned an average wage of \$0.72 per hour (The National Labour Committee, 1993: 38; ILGWU, 1993: 3). South of Mexico, average wage rates for Salvadorian, Honduran, Nicaraguan and Guatemalan clothing workers were \$0.64 per hour, \$0.56 per hour, \$0.46 and \$0.32 per hour, respectively (The National Labour Committee, 1993: 39-41).⁷

Although clothing workers in Mexico currently earn the lowest average hourly wage in the free trade area, this may be temporary if countries with lower average hourly wages join the NAFTA. The accession clause could also pose obstacles to improving labour standards in clothing production in Latin America and the Caribbean Basin or, in the Canadian case, to maintaining existing labour standards. In addition, it may contribute to

⁶The following hourly wage rates were calculated in Canadian funds based on current exchange rates.

⁷For information regarding competitive wage rates in Latin America and the Caribbean Basin see Appendix 2.

creating an economic environment conducive to more "flexible" and precarious forms of work for women in the clothing industry as well as other sectors of the Canadian economy. Since there is evidence that the informal economy is growing in Canada and since there are no provisions in the NAFTA to protect labour standards in a given country, Canadian employers have ample room to lower standards to achieve economic harmonization. This would have a devastating effect on women working in the Canadian clothing industry.

Appendix 1.

Tables 1-8 (Census and Labour Force Data)

Table 1a: Employment Distribution: Major Manufacturing Groups
1980
(in Thousands)

	Total	Males	Females	Females as % of Total
All Industries	10,708.0	6,459.0	4,249.0	39.7
All Manufacturing	2,110.6	1,542.7	567.9	26.9
Food and Beverage	261.6	184.1	77.5	29.6
Textiles	73.8	44.2	29.6	40.1
Clothing	118.9	26.4	92.6	77.9
Printing and Publishing	136.1	84.3	51.8	38.1

Source: Statistics Canada, Unpublished Data, Reference K93022

" Historical Labour Statistics. Catalogue 71-201/81

Table 1b: Employment Distribution: Major Manufacturing Groups,
1984
(in Thousands)

	Total	Males	Females	Females as % of Total
All Industries	10,931.8	6,307.5	4,624.3	42.3
All Manufacturing	1,953.7	1,402.8	550.9	28.2
Food and Beverage	244.5	169.3	75.2	30.8
Textiles	59.5	34.7	24.8	41.7
Clothing	133.8	32.6	101.2	75.6
Printing and Publishing	148.2	90.6	57.6	38.9

Source: Statistics Canada, Unpublished Data, Reference MR92010,

Table 1c: Employment Distribution: Major Manufacturing Groups,
1988
(in Thousands)

	Total	Males	Females	Females as % of Total
All Industries	12,244.5	6,876.3	5,368.2	43.8
All Manufacturing	2,104.0	1,503.7	600.3	28.5
Food and Beverage	254.2	168.7	86.5	33.6
Textiles	57.2	33.4	23.9	41.6
Clothing	124.9	31.5	93.4	74.8
Printing and Publishing	166.7	94.7	72.1	43.3

Source: Statistics Canada, Unpublished Data, Reference MR92010

Table 1d: Employment Distribution: Major Manufacturing Groups
1992
(in Thousands)

	Total	Males	Females	Females as % of Total
All Industries	12,240.0	6,672.0	5,568.0	45.5
All Manufacturing	1,778.0	1,276.2	511.9	28.8
Food and Beverage	234.9	153.0	81.8	34.8
Textiles	50.2	29.7	20.5	40.8
Clothing	95.1	23.0	72.1	75.8
Printing and Publishing	159.3	94.6	64.6	40.6

Source: Statistics Canada, Unpublished Data, Reference K93022

Table 2a: Average Hourly Wages in Major Manufacturing Groups,
Canada (\$/hour)

	1980	1984	1988	1992
All Manufacturing	8.19	11.23	12.86	15.47
Food	--	10.13	11.52	12.99
Beverage	--	13.22	15.06	18.10
Primary Textiles	--	9.13	10.71	13.46
Textile Products	6.44	8.19	8.73	10.67
Clothing	5.31	7.02	7.62	9.01
Printing and Publishing	8.98	10.53	12.49	15.63

Source: Statistics Canada Earnings and Hours, 1988 and 1983-1992.

Note: In 1980, the Food and Beverage Industries were grouped together and the average wage was \$7.65. Also, in 1980, the category Knitting Mills existed in lieu of Primary Textiles. Hence, figures for these industries have been omitted.

Table 2b: Average Hourly Wages in Major Manufacturing Groups As % of Average Hourly Wages in All Manufacturing, Canada

	1980	1984	1988	1992
All Manufacturing	100.0	100.0	100.0	100.0
Food	--	90.2	89.6	80.7
Beverage	--	117.7	117.1	117.0
Primary Textiles	--	81.3	83.3	87.0
Textile Products	78.6	72.9	67.9	69.0
Clothing	64.8	62.5	59.2	58.2
Printing and Publishing	109.6	93.8	97.1	101.0

Source: Statistics Canada Earnings and Hours, 1980, 1983-1992.

Table 3: Female Employment in Major Manufacturing Groups,
by Age (in Thousands)

	1980		1984		1988		1992	
	15-24	25+	15-24	25+	15-24	25+	15-24	25+
Food and Beverage	23.2	54.3	16.2	59.0	17.3	68.2	10.6	70.3
Textiles	7.1	22.5	6.2	18.5	3.5	20.4	1.4	19.1
Clothing	23.1	69.4	21.4	79.8	13.8	79.6	8.0	64.1
Printing and Pub.	16.2	35.6	16.2	41.4	13.8	58.4	9.2	59.0

Sources: Statistics Canada, Unpublished Data,
Reference NR92010, K93022

Table 4a:
Employment Distribution in Clothing Industry, 1981 (Census Data)

	Total	Male	Female	Female as % Of Total
All Clothing Sectors	130,020	29,705	100,315	72.2
Men's Clothing	48,935	12,015	36,920	75.4
% Of Total	37.6			
Women's Clothing	49,645	9,415	40,230	81.1
% Of Total	38.2			
Other **incl. Children's	31,440	8,275	23,165	73.7
% Of Total	24.2			

Statistics Canada 92-923

Table 4b:
Employment Distribution in Clothing Industry, 1986 (Census Data)

	Total	Male	Female	Female as % Of Total
All Clothing Sectors	136,495	31,990	105,505	76.6
Men's Clothing	35,875	8,645	27,230	75.9
% Of Total	26.3			
Women's Clothing	41,505	8,275	33,230	80.1
% Of Total	30.4			
Children's Clothing	8,095	1,585	6,510	80.4
% Of Total	5.9			
Other	51,020	13,485	37,535	73.6
% Of Total	37.4			

Source: Statistics Canada, 93-113

Table 4c:
Employment Distribution in Clothing Industry, 1991 (Census Data)

	Total	Male	Female	Female as % Of Total
All Clothing Sectors	117,260	29,425	87,840	74.9
Men's Clothing	33,145	8,080	25,065	75.6
% Of Total	28.3			
Women's Clothing	34,730	7,705	27,020	77.8
% Of Total	29.6			
Children's Clothing	6,405	1,445	4,960	77.4
% Of Total	5.5			
Other	42,975	12, 185	30,790	71.6
% Of Total	36.6			

Source: Statistics Canada, 93-326

Table 5: Full-Time vs Part-Time Female Employment in the Clothing Industry (in Thousands)

	1984	1988	1992
Total Employees	101.2	93.4	72.1
Full-Time	97.2	89.4	67.8
Part-Time	4.0	4.0	4.3

Sources: Statistics Canada, Unpublished Data, MR92010 and JN93010

Table 6a: Decline of Female Employment in Clothing
vs. All Manufacturing, Canada

	1980	1984	1988	1992
All Man. Employees	567,900	550,900	600,300	511,900
Difference		-17,000	+49,000	-88,400
% Change		-3.0	+9.0	-14.7
Clothing, All Ages	92,600	101,200	93,400	72,100
Difference		+8,600	-7,800	-21,300
% Change		+9.3	-7.7	-22.8
Clothing As % Of All Man.	16.3	18.4	15.6	14.1

Sources: Statistics Canada, Unpublished Data, MR92010 and K93022

Table 6b: Decline of Female Employment in Clothing
vs. All Manufacturing, Quebec

	1980	1984	1988	1992
All Man. Employees	174,300	179,500	156,100	511,900
Difference		-16,600	+21,800	-23,400
% Change		-9.5	+13.8	-13.0
Clothing, All Ages	56,500	61,5000	61,300	44,200
Difference		+5,000	-200	-17,100
% Change		+8.8	-.33	-27.9
Clothing As % Of All Man.	32.4	39.0	34.2	28.3

Source: Statistics Canada, Unpublished Data MK92010, K93022, JN93010

Table 6c: Decline of Female Employment in Clothing
vs. All Manufacturing, Ontario

	1980	1984	1988	1992
All Manufacturing, All Ages	286,200	293,500	302,700	248,400
Differences		+7,300	+9,200	-54,300
% Change		+2.6	+3.1	-17.9
Clothing, All Ages	24,000	28,700	18,600	17,100
Differences		+4,700	-10,000	-1,500
Change		+19.6	-35.2	-8.1
Clothing as % of All Manufacturing	8.4	9.8	6.1	6.9

Source: Statistics Canada, Unpublished Data K93022, R92010, JN93010

Table 7a:
Female Employment in All Clothing Sectors, Canada

	1981*	1986	1991
Total Female Employment	100,315	104,505	87,840
Men's Clothing	36,920	27,230	25,065
% Of Total	36.8	26.0	28.5
Women's Clothing	40,230	33,230	27,020
% Of Total	40.1	31.7	30.8
Children's Clothing	--	6,510	4,960
% Of Total	--	6.2	5.6
Other	23,165	37,535	30,790
% Of Total	23.1	35.9	35.1

*Other incl. Children's Clothing

Source: Statistics Canada 92-923, 93-113, 93-326

Table 7b:
Male Employment in All Clothing Sectors, Canada

	1981*	1986	1991
Total Male Employment	29,705	31,990	29,425
Men's Clothing	12,015	8,645	8,080
% Of Total	40.4	27.0	27.5
Women's Clothing	9,415	8,275	7,705
% Of Total	31.7	25.7	26.2
Children's Clothing	--	1,585	1,445
% Of Total	--	5.0	4.9
Other	8,275	13,485	12,185
% Of Total	27.9	42.2	41.4

*Other incl. Children's Clothing

Source: Statistics Canada 92-923, 93-113, 93-326

Table 8:
Employment Distribution in Quebec Clothing Industry, 1991
(Census Data)

	Total	Male	Female	Female as % Of Total
All Clothing Sectors	72,430	18,865	53,565	74.0
Men's Clothing	18,990	4,760	14,225	74.9
Women's Clothing	21,860	5,080	16,775	76.7
Children's Clothing	5,075	1,250	3,830	75.5
Other	26,510	7,775	18,735	70.7

Source: Statistics Canada, 93-326

Appendix 2.

The NAFTA And The MFA

The Relationship Between The Multifibre Arrangement (MFA) And The NAFTA

Once the NAFTA is fully implemented, like the Special Regime, it will prevail over the MFA in principle. In the NAFTA, Section 1(2) of the chapter devoted to clothing and textile trade dictates that:

in the event of any inconsistency between this Agreement and the Arrangement Regarding Trade in Textiles (Multifibre Arrangement), as amended and extended, including any amendment or extension after January 1994, or any other existing or future agreement applicable to trade in textile or apparel goods, this Agreement shall prevail to the extent of inconsistency unless the parties otherwise agree (North American Free Trade Agreement, Annex 300-B: 3-B-1).

There are two important exceptions to this rule. First, in the case of Bilateral Emergency Actions, the retaliatory actions of a country are restricted if a particular good was originally integrated into the GATT as a result of the commitments undertaken in any successor agreement to the MFA (North American Free Trade Agreement, Annex 300-B, 3-B-2). Second, when the NAFTA chapter devoted to textile and clothing trade is reviewed, which must occur within five years of its entry into force, all three countries must take into account both global competition in clothing and textile trade and, "the implications of any integration into the GATT of textile and apparel goods pursuant to any successor agreement to the Multifibre Arrangement" (North American Free Trade Agreement, Annex 300-B: 3-B-9). This provision will permit Canada, the U.S. and Mexico to assess the outcomes of the NAFTA in an international context relatively soon after the tri-lateral agreement is in place.

Appendix 3.

Glossary

Glossary

Contractors- Clothing firms that employ fewer than thirty workers to cut and assemble clothing.

Duty Drawback- A provision of the NAFTA that ensures that manufacturers merely pay duty once on non-originating goods.

Free Trade Area- An arrangement between two or more nations based on the mutual reduction of all tariff and non-tariff trade barriers. Under this arrangement, external trade barriers remain in the control of individual nations.

Homeworkers- Workers, primarily women, who assemble clothing at piece-rates out of their homes.

Intra-Sectoral Relations- Industrial relations within one sector that may cross borders.

Inter-Sectoral Relations- Industrial relations between two or more sectors that may cross borders.

Jobber- A clothing firm that purchases textiles, and may design clothing, yet contracts-out clothing production to contractors, subcontractors and homeworkers.

Maquiladora- A region where export-processing takes place. In Mexico, Maquiladoras are often located along the border shared with the U.S.

Multi-Personal Workshop- A term used to describe a type home-based clothing production in Mexico. Two types of Multi-Personal workshops exist in Mexico. In one, the female head of a household acts as head seamstress and engages young women as apprentices. In the other, the female head of a household acts as a full-time manager and the workshop is generally removed from family life.

National Treatment- Treatment granted to a foreign firm which is no less favourable than that accorded, by a particular province or state, to indigenous firms.

Non-Originating Goods- Goods destined for export in the free trade area that are not considered to wholly originate in North America under the NAFTA. These exports are subject to a range of tariffs depending upon the good in question.

Non-Party- A country that is not a signatory to the NAFTA.

Originating Goods- Goods destined for export in the free trade area that are deemed by the NAFTA to wholly originate in North America.

Other Clothing Industries- A group of Canadian clothing industries producing sweaters, occupational clothing, gloves, hosiery, fur goods and foundation clothing. This descriptive category is derived from the SIC

Right of Establishment- A right which permits a corporation to operate out of a nation without having to abide by performance requirements.

Rules of Origin- Rules devised in Chapter Four of the NAFTA that establish criteria for determining whether goods destined for export in the free trade area originate in North America.

Tariff Preference Level- A mechanism by which to apply the preferential rates of customs duty to imports of a particular non-originating good up to a specified quantity.

Tariff Rate Quota- A quota which represents the maximum exports of specific non-originating goods at agreed preferential tariff rates.

Unit-Personal Workshop- A term used to describe a type of home-based clothing production in Mexico. In this type of workshop, the female head of the household performs the majority of homework and occasionally receives assistance from other relatives.

Vertical Integration- The degree to which stages of both production and distribution are placed under the control of one enterprise. With the objective of eliminating intermediate producers, firms may either integrate backwards towards sourcing inputs or forwards towards the retail end of the spectrum.

Wool Clothing- The NAFTA defines wool clothing as clothing in chief weight wool, woven clothing in chief weight of human-made fibres containing 36% or more wool, and knitted or crocheted clothing in chief weight of human-made fibres containing 23% or more wool.

Selected Bibliography

- Alonso, Jose Antonio. (1983). "The Domestic Clothing Workers in the Mexican Metropolises and their Relation to Dependent Capitalism." in Nash, June and Maria Patricia Fernandez-Kelly (eds.). *Women, Men And The New International Division of Labour*. New York: State University of New York Press: 161-172.
- American Textile Institute (1992). "Economic Importance of Textiles"(Unpublished Brief).
- Arat-Koc, Sedef. (1989). "In the Privacy of Our Own Home: Foreign Domestic Workers as a Solution to the Crisis in the Domestic Sphere in Canada." *Studies In Political Economy*, 28, Spring.
- Armstrong, Pat. (1993). "The Feminization of the Labour Force: Harmonizing down in a Global Economy." A paper presented to the North-South Conference on Structural Change and Gender Relations in the Era of Globalization, Toronto.
- Asher, Nina. (1984). "Dorothy Jacobs Bellanca: Women Clothing Workers and the Runaway Shops" in Jensen, Joan M. and Sue Davidson (eds.). *A Needle, A Bobbin, A Strike*. Philadelphia: Temple University Press: 195-226.
- Barry, Eric. (1992). "NAFTA: The Preliminary Details." *Canadian Textile Journal*. November: 21-24.
- _____ and Elizabeth Siwicki. (1993). "NAFTA: The Textile and Apparel Sector" in Globberman, Steven and Michael Walker (eds.). *Assessing NAFTA: A Tri-National Analysis*. Vancouver: The Fraser Institute.
- Beneria, Lourdes. (1989). "Subcontracting and Employment Dynamics in Mexico City." in Portes, Alejandro, Castells, Manuel and Lauren A. Benton (eds.). *The Informal Economy: Studies in Advanced and Less Developed Countries*. Baltimore: John's Hopkins University Press.
- _____ (1989). "Gender and the Global Economy." in MacEwan, Arthur and William Tabb. *Instability And Change In The World Economy*. New York: Monthly Review Press.
- Bhatt, Ela. (1989). "Toward Empowerment." *World Development*. Vol. 17, 7: 1059-1065.
- Borowy, Jan, Shelly Gordon and Gayle Lebars. (1993). "Are These Clothes Clean? The Campaign for Fair Wages and Working Conditions for Homeworkers." in Carty, Linda (eds). *And We Still Rise: Feminist Political Mobilizing In Contemporary Canada*. Toronto: Women's Press.

- Bovard, James. (1992). "NAFTA's Protectionist Bent." *The Toronto Star*. Toronto: August 15, B1, B3.
- Bush, George. (1982). Address to the 6th Annual Miami Conference on the Caribbean.
- Cameron, Barbara and Teresa Mak. (1991). "Working Conditions Of Chinese-Speaking Homeworkers In The Toronto Garment Industry: Summary Of Survey Results." Toronto: International Ladies Garment Workers Union Technology Adjustment Research Project.
- _____ and Ann Porter. (1987). "Impact of Free Trade On Women In Manufacturing." Ottawa: Canadian Advisory Council on the Status of Women.
- Cameron, Duncan (ed.). (1988). *The Free Trade Deal*. Toronto: James Lorimer & Company.
- Canada, External Affairs. (1992). *North America Free Trade Agreement*. Ottawa: Ministry of Supply and Services. December.
- Canada, External Affairs. (1988). *Canada-U.S. Free Trade Agreement*. Ottawa: Exports Canada.
- Canada. (1985). *Royal Commission on the Economic Union and Development Prospects for Canada*. Ottawa: Ministry of Supply and Services.
- Canadian Apparel Manufacturers Institute. (1992) "Canadian Apparel Industry Condemns Strong-Armed Tactics By U.S. In NAFTA Deal." (Unpublished Brief, released August 14).
- _____ (1992). "NAFTA Backgrounder: American Demands in the NAFTA." (Unpublished Brief released, August 12).
- Canadian Labour Congress. (1993). "Manufacturing Jobs Vulnerable To Relocation Under N.A.F.T.A.: A Report From The Canadian Labour Congress Social and Economic Policy Department." (Unpublished Brief released, June).
- Canadian Textile Manufacturers Institute. (1992a). "NAFTA Negotiations And The Canadian Textile Manufacturing Industry." (Unpublished Brief released December 7).
- _____ (1992b). "The NAFTA Backgrounder". (Unpublished Brief, released February 12).
- Carty, Linda (eds). (1993). *And We Still Rise: Feminist Political Mobilizing In Contemporary Canada*. Toronto: Women's Press.

- Choi, Ying-Pik et al. (1989). *The Multi-Fibre Arrangement in Theory and Practice*. London: Unwin Hyman.
- Clairmonte, Frederick and John Cavanagh. (1981). *The World In Their Web*. London: Zed Books.
- Clarkson, Stephen. (1988). "The Canada-U.S. Trade Commission." in Cameron, Duncan (ed.). *The Free Trade Deal*. Toronto: James Lorimer & Company.
- Clement, Wallace and Glen Williams. (1989). *The New Canadian Political Economy*. Montreal and Kingston: McGill-Queen's University Press.
- Cohen, Marjorie. (1993). "Economic Restructuring Through Trade: Implications For People." *Paper presented to the Shastri Indo-Canadian Institute Seminar on "Economic Change and Sustainable Development" New Delhi, December 7.*
- _____. (1992). "The Implications of Economic Restructuring for Women: The Canadian Situation." *Paper presented to "Canada in Transition" conference at the Autonomous University in Mexico City, November 27.*
- _____. (1988). "Services: The Vanishing Opportunity." in Cameron, Duncan (ed.). *The Free Trade Deal*. Toronto: James Lorimer & Company.
- _____. (1987). *Free Trade and the Future Of Women's Work*. Ottawa: Garamond Press.
- Cox, David and Richard Harris. (1986). "A quantitative assessment of the economic impact on Canada of sectoral free trade with the United States." *Canadian Journal of Economics*. Vol.19, 3: 378-394.
- Crawford, Michael. (1992). "Who's Abusing Whom?" *Canadian Business*. August: 34-37.
- Creese, Gillian (1988). "The politics of dependence: women, work, and unemployment in the Vancouver labour movement before World War II" in Kealey, Gregory S. *Class, Gender and Region: Essays in Canadian Historical Sociology*. St. John's: Committee on Canadian Labour History: 121-142
- de Castro, Francisco Barnes and Lars Christianson. (1986). "The Petrochemical Industry In Mexico." in Weintraub, Sidney (ed). *Industrial Planning in Mexico and the United States*. Boulder: Westview Press: 84-122.
- de Maria y Campos, Mauricio. (1987). "Mexico's Industrial Development Strategy." in Thorup, Cathryn et al. *The United States And Mexico: Face To Face With The New Technology*. Oxford: Transition Books.

- Diaz -Briquets, Sergio and Sidney Weintraub (eds.). (1991). *Migration Impacts of Trade and Foreign Investment: Mexico and Caribbean Basin Countries*. Boulder: Westview Press.
- Dillman, Daniel. (1983). "Assembly Industries In Mexico." *Journal of Inter-American Studies and World Affairs*. Vol. 25, 1: 31-58.
- Drache, Daniel and Meric S. Gertler.(eds.). (1991). *The New Era Of Global Competition*. Montreal and Kingston: McGill-Queens University Press.
- Drache, Daniel (ed.). (1989). *Getting On Track*. Montreal and Kingston: McGill-Queen's University Press.
- Economic Council of Canada. (1983). *The Bottom Line: Technology, Trade and Income Growth*. Ottawa: supply and Services Canada.
- Elson, Diane and Ruth Pearson. (1981). "'Nimble Fingers Make Cheap Workers': An Analysis of Women's Employment in Third World Export Manufacturing." *Feminist Review*: 87-107.
- Fair Wages and Working Conditions for Homeworkers Coalition. (1992). "Backgrounder 1: Aren't Clothes Made In Factories?" (Unpublished Brief released by OPSSU).
- _____. (1991). "A Brief To The Government Of Ontario" (Unpublished Brief released by the ILGWU).
- Fernandez-Kelly, Maria Patricia. (1983). "Mexican Border Industrialization, Female Labour Force Participation, and Migration." in Nash, June and Maria Patricia Fernandez-Kelly (eds.). *Women, Men And The New International Division Of Labour*. New York: State University Press Of New York: 205-223.
- _____. (1983). *For We Are Sold, I And My People*. Albany: State University Of New York Press.
- _____. and Anna Garcia. (1989). "Informalization at the Core: Hispanic Women, Homework and the Advanced Capitalist State." in Portes, Alejandro, Castells, Manuel and Lauren A. Benton (eds.). *The Informal Economy: Studies in Advanced And Less Developed Countries*. Baltimore: John's Hopkins University: 243-264.
- _____. (1989). "International Development and Industrial Restructuring: The Case of Garment and Electronic Industries in Southern California." in MacEwan, Arthur and William Tabb. *Instability And Change In The World Economy*. New York: Monthly Review Press.

- Frobel, Folker, Heinrichs, Jurgen and Otto Kreye. (1980). *The New International Division of Labour*. London: Cambridge University Press
- _____. (1978). "The new international division of labour." *Social Science Information*. Vol. 17, 1: 123-142.
- Galbraith, James K. (1987). "Macroeconomic Strategies and the Advanced Developing Countries." in Thorup, Cathryn et al. *The United States And Mexico: Face To Face With The New Technology*. Oxford: Transition Books: 83-100.
- Galt, Virginia. (1992) "\$375 jacket stitched by homemaker for \$4, conference told." *The Globe and Mail*: A8.
- Gannage, Charlene. (1988). "Towards An Alternative Economic Strategy: The Case of Women Garment Workers." in Gold, Mark and David Leyton-Brown. *Trade-Offs On Free Trade*. Toronto: The Carswell Co. Ltd.: 294-406.
- _____. (1986). *Double Day, Double Bind*. Toronto: Women's Press.
- Gilpin, Robert. (1987). *The Political Economy of International Relations*. New Jersey: Princeton University Press.
- Globerman, Steven and Michael Walker (eds.). (1993). *Assessing NAFTA: A Tri-National Analysis*. Vancouver: The Fraser Institute.
- Gonzalez Salazar, Gloria. (1980). "Participation of Women In The Mexican Labour Force." in Nash, June and Helen Safa. *Sex and Class in Latin America*. New York: J.F. Bergin Publishing Inc.: 183-202.
- Grinspun, Ricardo and Maxwell A. Cameron (eds.). (1993). *The Political Economy of North American Free Trade*. Montreal: McGill-Queen's University Press and Canadian Centre for Policy Alternatives.
- Hantho, C. H. (1992). "Annual Report To Employees: A Difficult and Challenging Year." *Dominion Magazine*. Vol. 6, 4, (October): 5.
- Helleiner, G. K. (1973). "Manufactured Exports from Less Developed Countries and Multinational Firms." *Economic Journal*. Vol. 83, March: 21-47.
- Heyzer, Noeleen. (1986). *Working Women In South-East Asia*. London: Open University Press.
- Hufbauer, Gary Clyde and Jeffrey Schott. (1992). *The North American Free Trade Agreement: Issues and Recommendations*. Washington: Institute for International Economics.

- Hunter College Women's Collective. (1983). *Women's Realities. Women's Choices.* New York: Oxford University Press.
- International Ladies Garment Workers' Union. (1993). "The Race to the Bottom". (Unpublished Brief prepared for the Government Of Ontario Special Committee On NAFTA.).
- _____. Workers Information and Action Centre and Chinese Workers' Association et al. (1991). "Fair Wages And Working Conditions For Homeworkers: A Brief To The Government Of Ontario." (Unpublished Brief).
- Jensen, Joan M. and Sue Davidson (eds.). (1984). *A Needle, A Bobbin, A Strike.* Philadelphia: Temple University Press.
- Johnson, Laura with Robert E. Johnson (1982). *The Seam Allowance.* Toronto: The Women's Press.
- Johnson, Theresa. (1992). "Homework: Mixed Reviews". *Alliance*. Vol. 5, 1, Spring: 4-6.
- Kealey, Gregory S. (1988). *Class, Gender and Region: Essays in Canadian Historical Sociology.* St. John's: Committee on Canadian Labour History.
- Khosla, Punam. (1993). *Review of the Situation of Women in Canada.* Ottawa: National Action Committee on the Status of Women.
- La Botz, Dan. (1992). *Mask Of Democracy.* Montreal: Black Rose Books.
- Lansberg, Michele. (1992). "One Woman's Work". *Our Times.* June/July: 26.
- Laxer Gordon. (1989). *Open For Business: The Roots Of Foreign Ownership in Canada.* Toronto: Oxford University Press.
- Laxer, James. (1986). *Leap Of Faith: Free Trade And The Future Of Canada.* Edmonton: Hurtig Publishers.
- Leach, Belinda. "Flexible Work, Precarious Future: Some Lessons From The Canadian Clothing Industry" *Canadian Review Of Sociology And Anthropology.* Vol 30, 1: 64-77.
- Lim, Linda (1983). "The Dilemmas of Third World Workers in Multinational Factories." in Nash, June and Maria Patricia Fernandez-Kelly (eds.). *Women, Men And The New International Division of Labour.* New York: State University of New York Press: 161-172.

- Lipsey, Richard G. (1989). "The Free Trade Agreement in Context." in Gold, Mark and David Leyton-Brown. *Trade-Offs On Free Trade*. Toronto: Carswell.
- _____. and Murray Smith (1988). *Policy Harmonization Implications Of Canada-United States Trade Agreement*. Toronto; C.D. Howe Institute.
- _____. and Murray Smith (1986). *Policy Harmonization: Implications Of A Canada-United States Trade Agreement*. Ottawa: C.D. Howe Institute and The Department of External Affairs.
- _____. and Murray Smith. (1985) *Taking the initiative: Canada's trade options in a turbulent world*. Toronto: C.D. Howe Institute.
- Lipsig-Mumme, Carla (1987). "Organizing women in the clothing trades: Homework and the 1983 Garment Strike in Canada." *Studies in Political Economy*, No. 22. Spring.
- _____. (1983). "The Renaissance of Industrial Homeworking in Developed Economies." *Relations Industrielles*. Vol 38, 3: 545-563.
- MacEwan, Arthur and William Tabb. (1989). *Instability And Change In The World Economy*. New York: Monthly Review Press.
- MacMillan, Katie. (1987). *Free Trade And Canadian Women: An Opportunity For A Better Future*. Ottawa: Canadian Advisory Council On the Status Of Women
- Mahon, Rianne. (1984). *The Politics of Industrial Restructuring: Canadian Textiles*. Toronto: University of Toronto Press.
- Martinez de Ita. (1992). "La Moderizacion De La Industria Textil En Mexico: 1970-1990." (Unpublished Dissertation, Universidad Autonoma De Puebla).
- Mazur, Jay. (1992). "The North American Free Trade Agreement (NAFTA), U.S. Apparel Jobs And The Domestic Apparel Industry." (Unpublished Brief, prepared for the Subcommittee on Trade, Ways and Means Committee, U.S. House of Representatives).
- McBride, Stephen and John Shields. (1993). *Dismantling a Nation: Canada and the New World Order*. Halifax: Fernwood Publishing.
- Ministry Of Industry Science and Technology. (1991). "Industrial Competitiveness: A Sectoral Perspective." Ottawa: Ministry Of Supply and Services.
- Mitter, Swasti. (1988). *Common Fate, Common Bond: Women and the Global Economy*. London: Pluto Press.

- _____. (1986). "Industrial restructuring and manufacturing homework: immigrant women in the U.K. clothing industry." *Capital and Class*. Vol. 27, Winter: 37-80.
- Nadeau, Denise (1992). "Women Fight Back" in Sinclair, Jim (ed.). *Crossing the Line*. Vancouver: New Star Books.
- Nieswiadomy, Michael and Daniel J. Slottje and Kathy Hayes. (1991). "The Impact of Unionization, Right-to-Work Laws, and Female Labor Force Participation on Earnings Inequality Across States." *Journal Of Labour Research*. Vol XII, 2: 185-195.
- Niosi, Jorge. (1980). *Canadian Capitalism*. Toronto: James Lorimer & Company Publishers.
- North American Free Trade Agreement: Dallas Composite*. (1992). Dallas: February 21.
- Ochran et al. (1993). "Industrial Homeworking and Employment Standards: A Community Approach To Visibility And Understanding." (Unpublished Brief produced by Women and Work Research & Education Society and The ILGWU).
- Ong, Aihwa. (1987). *Spirits Of Resistance And Capitalist Discipline: Factory Women In Malaysia*. New York: State University Of New York Press.
- Ontario. (1993). *The North American Free Trade Agreement: Implications for Women*. Toronto: Ontario Women's Directorate.
- Portes, Alejandro, Castells, Manuel and Lauren A. Benton. (1989). *The Informal Economy: Studies in Advanced and Less Developed Countries*. Baltimore: John's Hopkins University.
- Ranney, David C. (1993). "NAFTA and The New Transnational Corporate Agenda." *Review Of Radical Political Economics*. Massachusetts: Blackwell Publishers: 1-13.
- Safa, Helen. (1981). "Runaway Shops and Female Employment: The Search for Cheap Labour." *Signs: Journal of Women in Culture and Society*. Vol. 7, 2: 418-433.
- Sanderson, Steven. (1985). *The Americas In The New International Division Of Labour*. New York: Holmes Meier.
- Sassen-Koob, Saskia (1989). "New York City's Informal Economy." in Portes, Alejandro, Castells Manuel and Lauren A. Benton. *The Informal Economy: Studies in Advanced and Less Developed Countries*. Baltimore: John's Hopkins University.

- Sassen-Koob, Saskia with C. Benamou. (1985). "Hispanic Women in Garment and Electronics Industries in the New York Metropolitan Area." New York City: Revson Foundation.
- Sinclair, Jim (ed.). *Crossing the Line*. Vancouver: New Star Books.
- Sklair, Leslie. (1987). *Assembling For Development: the Maquila Industry In Mexico And The United States*. Boston: Unwin and Hyman.
- Standing Guy. (1992). "Fragment Flexibility: Labour and the Social Dividend Solution." in Drache, Daniel (ed.). *Getting On Track*. Montreal and Kingston: McGill-Queen's University Press.
- . (1989). "Global Feminization through Flexible Labour." *World Development*. Vol. 17, 7: 1077-1095.
- Starobin, Herman and Walter Mankoff. (1992). "Statement on Behalf of the ILGWU" (Unpublished Brief, prepared for United States International Trade Commission). No. 332-327.
- Statistics Canada. (1993). (Unpublished Data) Reference No. K93022.
- _____. (1993). (Unpublished Data). Reference No. JN93010.
- _____. (1993). (Unpublished Data). Reference No. 93-113.
- _____. (1992). "Employment, Earnings and Hours: 1983-1992." Ottawa: Statistics Canada.
- _____. (1992). "Textile Industry Statistical Data: 1991." Ottawa: Multifibres Directorate. Catalogue 31-203.
- _____. (1992). (Unpublished Data). Reference No. MR92010.
- _____. (1992). (Unpublished Data). Reference No. 92-923.
- _____. (1992). (Unpublished Data). Reference No. 93-326.
- _____. (1981). "Historical Labour Statistics." Ottawa: Statistics Canada. Catalogue 71-201/87.
- _____. (1980). "Employment, Earnings and Hours, 1980." Ottawa: Statistics Canada.
- Steedman, Mercedes. (1986). "Skill and Gender in the Canadian Clothing Industry, 1890-1940." in Craig Heron and Robert Storey (eds.). *On the Job: Confronting the Labour Process in Canada*. Kingston: McGill-Queens University Press.

- South Island Women for Economic Survival. (1993). "Towards Women's Equality in the Workplace: A Discussion Paper on B.C.'s Employment Standards Act." (Unpublished Brief).
- Textile and Clothing Board. (1989). *Report On Textiles And Clothing, 1988*. Ottawa: Ministry Of Supply And Services.
- The National Labour Committee In Support Of Worker And Human Rights In Central America. (1992). *Paying To Lose Our Jobs*. New York: National Labour Committee Education Fund.
- Thomas, Robert J. (1982). "Citizenship and Gender in Work Organization: Some Considerations for Theories of the Labour Process." *American Journal Of Sociology*. Vol. 88 Supplement: S86-S112.
- Thorup, Cathryn et al. (1987). *The United States And Mexico: Face To Face With The New Technology*. Oxford: Transition Books: 83-100.
- Tiano, Susan. (1987). "Women's Work And Unemployment In Northern Mexico." in Ruiz, Vicki and Susan Tiano. *Women On The U.S.-Mexico Border*. Boston: Allen and Unwin.
- Toyne, Brian et al. (1984). *The Global Textile Industry*. London: Allen and Unwin.
- Toomey, Craig. (1992). "Apparel industry fears huge job loss." *The Montreal Gazette*. August 12: B2
- Truchil, Barry. (1988). *Capital-Labour Relations in the U.S. Textile Industry*. New York: Praeger.
- Unger, Kurt. (1991). "Mexican Exports and U.S. Transnational Corporations." in Diaz-Briquets, Sergio and Sidney Weintraub (eds.). *Migration Impacts of Trade and Foreign Investment: Mexico and the Caribbean Basin*. Boulder: Westview Press.
- Vosko, Leah F. (1993). *The Last Thread: Analysis of the Apparel Goods Provisions in the North America Free Trade Agreement and the Impact on Women*. Ottawa: Canadian Centre For Policy Alternatives.
- . (1993). "Fabric Friends and Apparel Foes: A Comparative Analysis of Textile and Apparel Industries under the NAFTA." *Review Of Radical Political Economics*. Vol. 24, 4: 45-58.
- Watkins, Mel. (1992). *Madness and ruin: politics and the economy in the neoconservative age*. Toronto: Between The Lines.

_____. (1988). "Investment." in Cameron, Duncan (ed.). *The Free Trade Deal*. Toronto: James Lorimer and Company.

Wilson, Michael. (Unpublished). *Speech delivered in Ottawa on November 2, 1988*.

Women For Better Wages. (1993). "Recommended Changes To The Employment Standards Act." (Unpublished Brief).

Personal Communications

1. Commissioner Anita Braha at the public hearings regarding the review of the British Columbia Employment Standards Act, Vancouver, October 7, 1993.
2. Effie Giacobbo, Amalgamated Clothing and Textile Workers Union (ACTWU), Toronto, December 17, 1992.
3. Bob Kirke, Canadian Apparel Manufacturers Institute, Telephone Conversations, October 15, 1992, January 8, 1993, April 13, 1993.