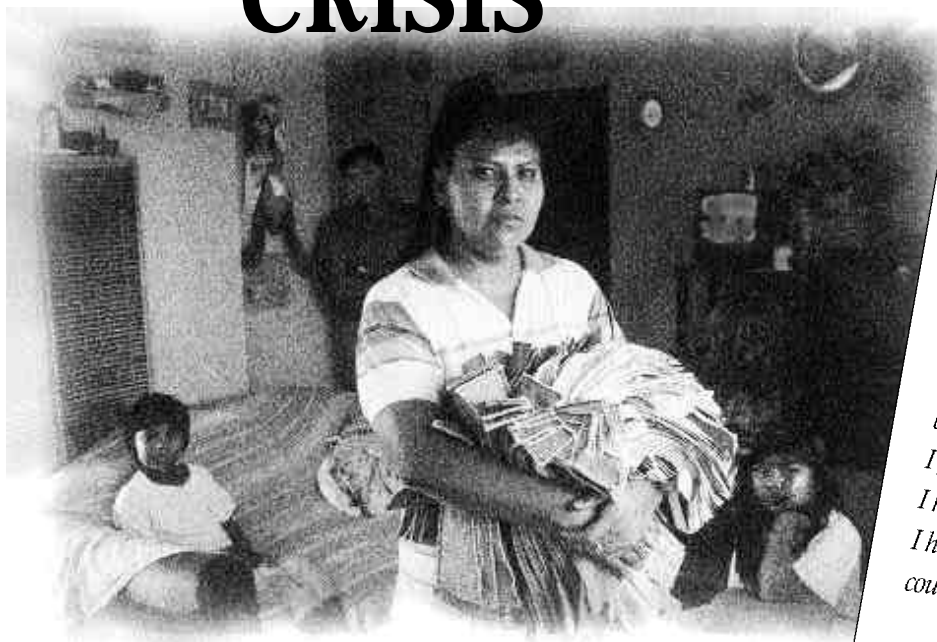


U.S. RETAILERS: Responsible for the GLOBAL SWEATSHOP CRISIS



"We come here and they treat us like dogs. I'm always scared. The supervisor yells and screams at me and I start remembering the others who were worse. I'm traumatized when I see them yelling and screaming. When the woman raises her voice, I immediately start shaking because I am very scared. Sometimes I get very, very desperate, but I know I have to keep up the struggle because I have children. We suffer a lot in this country, too much."

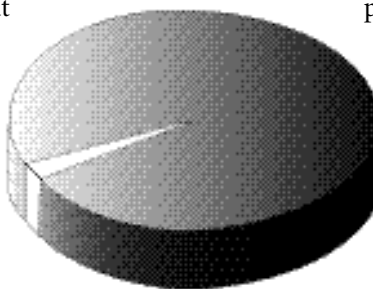
—Aracely, Los Angeles sweatshop worker

Over the past 15 years, powerful U.S. clothing retailers such as Wal-Mart, Lord & Taylor and The Gap have created a global sweatshop crisis.

U.S. clothing retailers have enjoyed tremendous success in recent years, opening waves of new stores as profits and stock prices have risen to unprecedented heights. Their formula for success is simple: create a positive brand image to attract loyal customers in the U.S., while making clothing as cheaply as possible around the globe.

This strategy has generated tremendous wealth for retail executives and shareholders. But the workers who make the clothes that generate this wealth are suffering the consequences every day. They work long hours in sweatshop conditions for poverty wages, their lives and the futures of their children sacrificed to the bottom line of U.S. retailers.

The global sweatshop system has reached crisis proportions.



Workers' share of clothing expenditures

Of the \$1,831 the average U.S. family of four spent on apparel in 1999,² only about \$55 went to apparel production workers³

Global Industry, Global Sweatshops

Apparel is the most global of all manufacturing industries. The apparel, textile and footwear industries employ the largest workforce of any manufacturing industry in the world.

In 150 countries around the world, over 2 million people, many of them young women and teenagers, work in garment sweatshops producing for American retailers. About 80 percent of apparel workers producing clothing for U.S. retailers are working under conditions that systematically violate local and international labor law. And despite apparel retailers' promises to clean up the system, the crisis is only getting worse.

1. Andrew Ross (Ed.), *No Sweat* (New York: Verso, 1997): 195.

2. U.S. Bureau of Labor Statistics.

3. Based on 1997 U.S. Manufacturing Census average of production cost as 3 percent of garment's retail price; R. Pollin et al, "Global Apparel Production & Sweatshop Labor: Can Raising Retail Prices Finance Living Wages?" Univ. of Massachusetts Political Economy Research Inst., Working Paper Series No. 19, June 2001 draft.

Retailers in Control

Giant clothing retail chains like The Gap, Ann Taylor, JC Penney and Target control the apparel industry. They set fashion trends and shape styles. They have the power to set apparel prices for both consumers and clothing manufacturers. They are responsible for the global sweatshop crisis.

Apparel retailers usually do not own any factories of their own, because it is cheaper for them to buy clothing from apparel factories around the world. They often use this as an excuse for why they are not responsible for sweatshop conditions. But make no mistake: apparel retailers like Abercrombie & Fitch, J. Crew and Eddie Bauer control where apparel is produced and how much it costs. They decide which apparel factories will produce their clothes and at what price.

*fewer than 30
retailers accounted
for 98 percent of
apparel sales in publicly
held retail outlets.⁵*

"...the conditions were really bad. We had to drink tap water, from dirty, greasy cups. The bathrooms didn't have doors, and the men made a hole in the wall that separated the bathrooms so they could look [at] us while we were using the bathroom... they gave us food that made us sick. I got parasites while I was there... The material that we sewed was like cat hairs. You'd have it all over your face and in your pores. Both my sister and I started to get throat infections."⁴

—Marie Mejia, Guatemalan garment worker

"You don't tell Wal-Mart your price. Wal-Mart tells you."⁶

*—Charles Bremer
American Textile Manufacturing Institute*

4. STITCH and Maquila Solidarity Network, *Women Behind the Labels* (2000): 5.

5. Statistics for 1995. Gary Gereffi, "International trade and industrial upgrading in the apparel commodity chain," *Journal of International Economics* 48 (1999): 37-70.

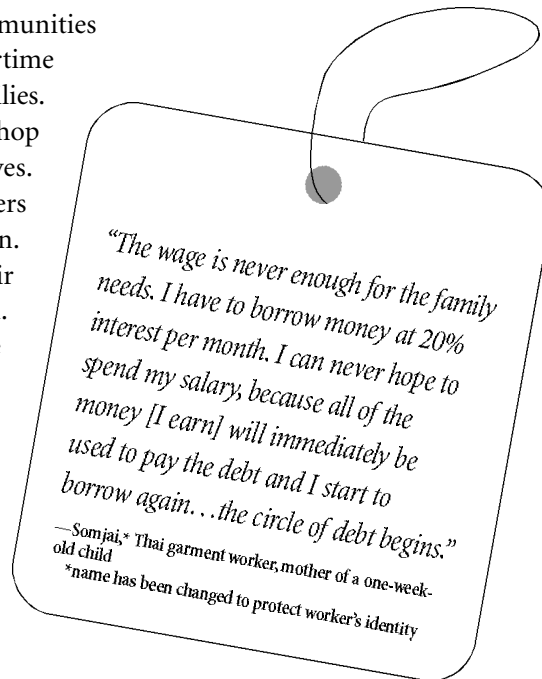
6. Pamela Varley (Ed.), *The Sweatshop Quandary* (Washington DC: Investor Responsibility Research Center, 1998): 94.

In turn, the retailers control how much workers are paid and the conditions in which they work and live. U.S. apparel retailers have been the driving force behind the globalization of the apparel industry, shifting production from countries and regions with decent working standards to those where brutal regimes reign and workers have no rights. They have lowered living standards even for workers in developed countries such as the U.S. The sweatshops controlled by U.S. retailers come in all shapes and sizes, from huge, high-tech factories of 10,000 workers to a solitary woman sewing garments at home.

In their search for ever greater profits, apparel retailers inflict tremendous costs on workers and communities around the globe. Long hours and mandatory overtime cost sweatshop workers time spent with their families. Dangerous and unhealthy conditions cost sweatshop workers their health and sometimes their lives. Poverty wages cost the children of sweatshop workers the nutrition they need to grow and learn. Repression of those who speak out against their conditions costs sweatshop workers their freedom. Factories that close because apparel retailers have moved on to another location with even lower wages cost workers their jobs and livelihoods.

Retailers like Target and J.Crew control the clothing industry.

They are puppeteers who manipulate what clothing factories produce and how much workers earn.

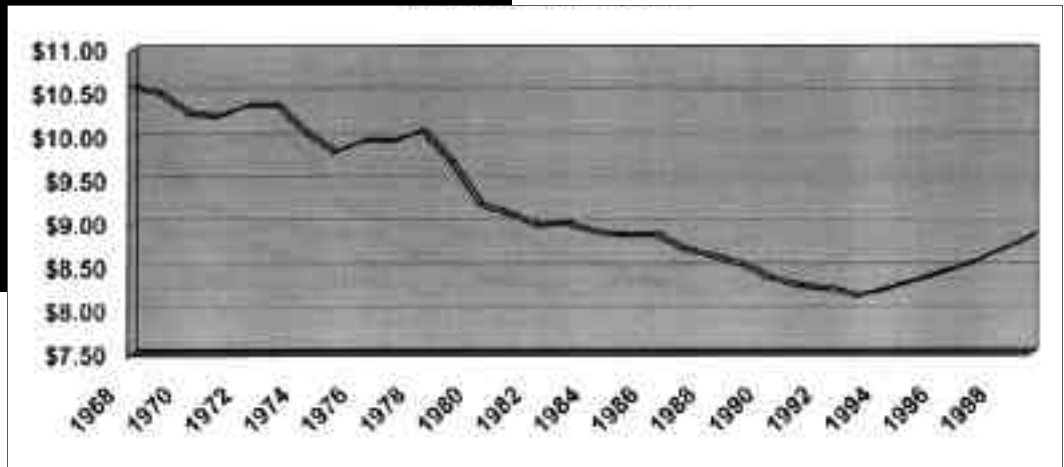


Average real hourly earnings of U.S. apparel production workers*

The average real wage of U.S. apparel workers fell 16% between 1968 and 1999.

**Inflation-adjusted 1999 dollars*

Source: UNITE analysis of U.S. Bureau of Labor Statistics data.





"I was so shy when I started. Almost everything that the boss did to me made me cry. But I learned that you have to defend your rights, not with obscene words but in a dignified way. To me a trade unionist is a person who is very responsible, who has to leave her fear behind and speak frankly with the boss. What we ask is that the bosses respect the rights of the other workers. That is what unionism has taught me."

—Yesenia Bonilla, Honduran garment worker

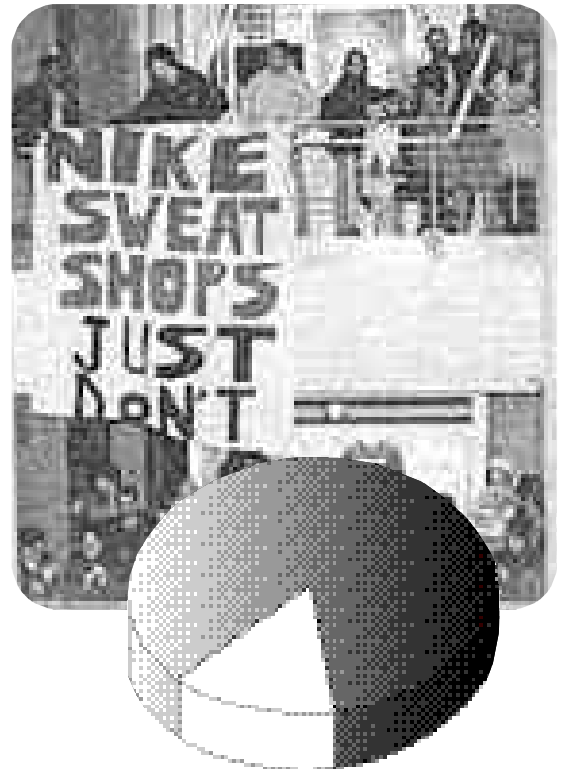
There are no good guys in the global apparel industry. The majority of consumers interested in buying sweat-free clothing currently have no viable alternative to clothes made in sweatshops

But retailers have the power to end sweatshops.

Over the past decade, tens of thousands of workers, students, people of faith, activists and consumers have demanded that retailers take responsibility to clean up sweatshops. Courageous sweatshop workers around the world have fought to organize and improve conditions in the face of repression, violence and fear. Though some gains have been made, the retailers have responded with sophisticated public relations campaigns that ignore the reality of the global sweatshop crisis.

It is time to demand that the retailers finally accept responsibility to eliminate the global sweatshop system. They control the apparel industry. They have caused the global sweatshop crisis, and they can end it.

In the pages that follow we will highlight some prominent perpetrators of the global sweatshop system.



■ Proportion of consumers who want sweat-free clothing.

According to a Marymount University survey, 85% of consumers would pay more for a garment if they knew it was not made in a sweatshop

ANN TAYLOR

THE SWEATSHOP FILES

Vital Statistics:

| | |
|----------------|----------------|
| Annual sales: | \$1.2 billion |
| Net profits: | \$52.4 million |
| No. of stores: | 475 |



CEO J. Patrick Spainhour's
annual compensation
(1999): \$3 million



Ann Taylor worker's wage in China (1998): 14¢ an hour¹

Company Profile:

Ann Taylor, the 18th largest apparel retailer in the U.S., sells women's fashion apparel at its Ann Taylor, Ann Taylor Loft and outlet stores. Ann Taylor products are manufactured at 236 sites around the world, most of them in Asia. More Ann Taylor clothing is made in China than in any other country. Workers in the Chinese garment sector are paid less than 25 cents an hour for workweeks that can last over 90 hours and have no political freedom to stand up for their rights.



Sweatshop Files

**Chinese workers toil
96 hours per week for
14¢ an hour**

Factory Profile:

Kang Yi Fashion Manufacturers

Location: Shenzhen, China



Heading to work in China

In a rare look at conditions in Chinese garment factories, a 1998 National Labor Committee report found three hundred young female workers making suits and jackets for Ann Taylor at this factory in southeastern China. They worked 14-hour shifts, 6 days a week and up to 96 hours per week during rush periods. Their average earnings were 23 cents per hour, though some workers earned as little as 14 cents per hour, far less than is needed to survive in China. The women lived in dormitories with 6 to 10 workers in each room.²

Sweatshop Files

**Forced overnight shifts
in El Salvador**

Factory Profile:

Doall Enterprises

Location: San Marcos
Free Trade Zone, El Salvador



Heading to work in El Salvador

A National Labor Committee report found that workers at Doall Enterprises were forced to work overtime, making their shifts 13 to 15 hours long. Sometimes they worked even longer, with mandatory all-night shifts and work 7 days a week. Most workers took a "No Doze" stimulant to remain awake. They earned 60 cents an hour, which allowed them to afford only half of a basic basket of goods as defined by the Salvadoran government. Workers were allowed to use the bathroom only twice per day, and no sick days were given.³

¹ National Labor Committee, "Made in China: Behind the Label" (New York, 1998).

² Ibid.

³ National Labor Committee, www.nlcnet.org/liz/doall.htm, 1998.

Abercrombie & Fitch

THE BEST AND THE BRIGHTEST

Vital Statistics:

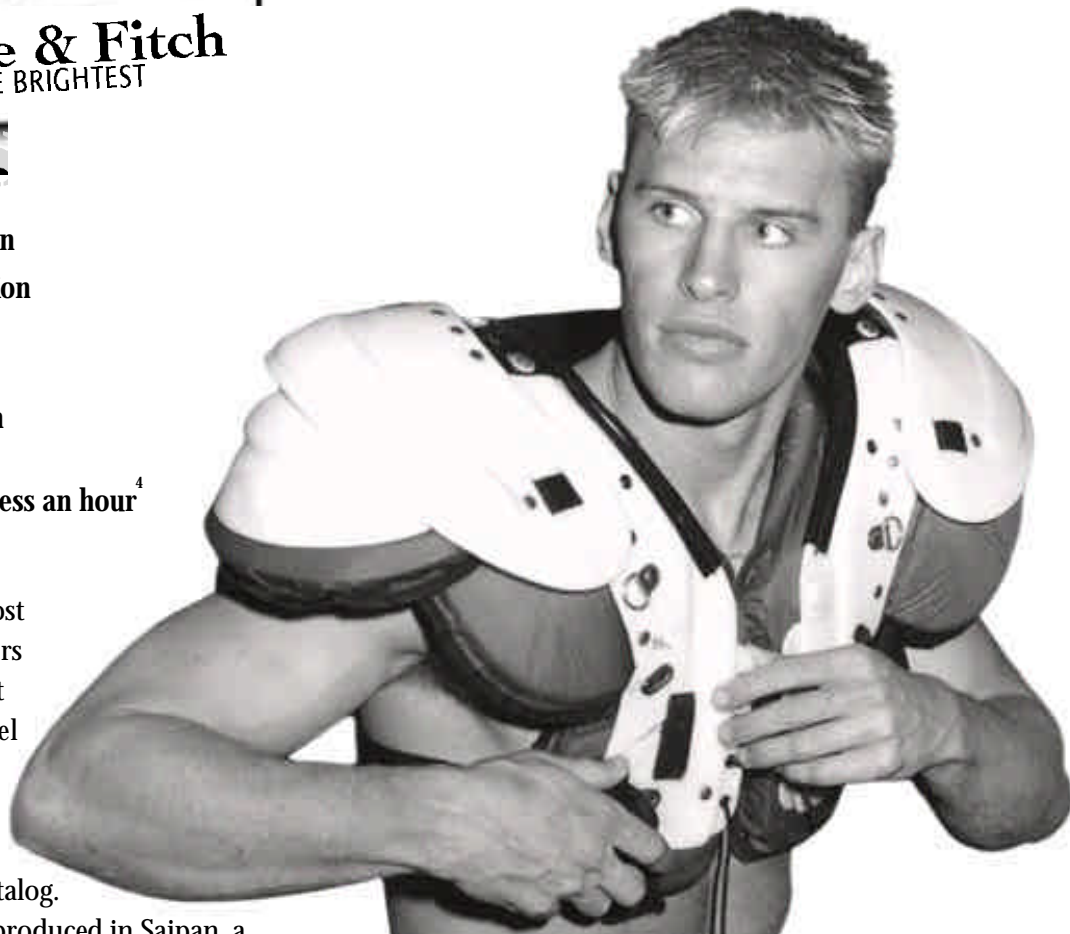
| | |
|--|-------------------------------------|
| Annual sales: | \$1.2 billion |
| Net profits: | \$158 million |
| No. of stores: | 375 |
| CEO Michael S. Jeffries' annual compensation (1999): | \$4 million |
| Abercrombie worker's wage in Saipan (1999): | \$3.05 or less an hour ⁴ |

Company Profile:

Abercrombie & Fitch, one of the most popular clothing brands for teenagers and college students, has the highest net profit margin of any U.S. apparel company. The company sells its clothing through its Abercrombie & Fitch, Abercrombie and Hollister Co. stores, as well as its quarterly catalog.

Much of Abercrombie's clothing is produced in Saipan, a

U.S. territory where workers in indentured servitude were found to be sewing garments with "Made in the USA" labels. The attorneys general for the states of Illinois and Michigan have taken action against Abercrombie to keep its catalog out of the hands of minors due to its sexually explicit content and promotion of underage drinking.



Sweatshop Files

Indentured servitude on Pacific island is "Made in the USA"

Factory Profile:

various factories

Location: Saipan, also known as Northern Marianas Islands, a U.S. territory in the Pacific

A lawsuit filed against Abercrombie & Fitch and other companies in 1999 charged them with responsibility for sweatshop conditions in this U.S. territory. According to the suit, thousands of Chinese migrant workers produce garments in Saipan, where they paid up to \$7,000 to arrive on the promise of getting a good job in the U.S. When they

arrived, they had to repay their debts by sewing clothes 12 hours a day, 7 days a week for Abercrombie & Fitch, The Gap, JC Penney, May Co. and other US retailers. Earning enough to pay their debts would take years, making the workers indentured servants. Many were forced to sign contracts forbidding them from participating in religious or political activity, asking for a raise, having a baby, falling in love or getting married. The workers effectively lived under Chinese law in a territory of the United States. A 1998 investigative report by ABC News found workers living in a rat-infested barracks where the toilets don't work and the water is contaminated. Some

Carmencita "Chie" Abad, a former Saipan sweatshop worker now a workers' rights activist.



workers fainted from excessive heat in the factories. Over 1,000 OSHA violations have been found in garment factories in Saipan, including locked fire exits. Many U.S. companies have been found selling garments made in Saipan with a "Made in the USA" label attached. Abercrombie & Fitch, unlike many other U.S. apparel companies, has refused to reach a legal settlement that would clean up sweatshops in Saipan.⁵

4 Farhan Haq, "The Gap targeted over Saipan workers' rights," Asia Times, March 6, 1999.

5 ABC News, 20/20 March 13, 1998; Sweatshop Watch, "First-ever Lawsuits Filed Charging Sweatshop Conspiracy," January 13, 1999.

Eddie Bauer®

Vital Statistics:

Annual sales: \$1.8 billion

Estimated net profits: \$57.6 million
(based on parent company Spiegel Group's 3.2% profit margin in 2000)

No. of Eddie Bauer stores: 532



Eddie Bauer CEO
Richard T. Fersch's
annual compensation,
1999: \$2.3 million, plus \$140,000
in stock options

U.S. prison worker's take-home pay: \$1.50 per hour*

THE SWEATSHOP FILES



Company Profile:

Eddie Bauer's 1999 sales were \$1.8 billion, 86 percent of which came from apparel sales through its catalog and over 500 stores. Eddie Bauer also licenses its name to other products, such as Eddie Bauer Blend coffee and Eddie Bauer Edition SUVs for Ford. Eddie Bauer's parent company, the Spiegel Group, had sales of \$3.7 billion in 2000, enough to rank number 8 among the largest U.S. 50 apparel companies. The Spiegel Group is controlled by Michael Otto, whose Otto Group is the world's largest catalog retail company, with over \$18 billion in sales. Eddie Bauer is a member of the Fair Labor Association, which has been criticized by labor rights groups for allowing companies to hide sweatshop conditions.

Sweatshop Files

Worker dies of exhaustion after week of overnight shifts

Factory Profile:
VT Fashions

Location: Cavite Export Processing Zone, Philippines



An overcrowded garment shop

At this Eddie Bauer contractor, a seamstress named Carmelita Alonzo, exhausted from a week of overnight shifts, asked her manager for time off to recover. She was denied. She was later admitted to the hospital and treated for pneumonia, where she died on March 8, 1997—International Women's Day. "Carmelita died because of working overtime. It is possible to happen to any one of us," said Salvador, a worker in the same industrial zone as VT Fashions.⁷

Sweatshop Files

Eddie Bauer's prison sweatshops in the U.S. Factory Profile:

Washington State Reformatory

Location:

Monroe, Washington state

Factory Profile:

Unknown correctional facility

Location: Tennessee



A bird's eye view of the Washington State Reformatory

Despite Eddie Bauer Customer Specialist Vicki Kostenbauder's assurances that "Eddie Bauer does not use, condone, or allow our vendors to use child labor, prison labor, or to use manufacturers that run 'sweatshops,'" inmates with take-home pay less than the minimum wage produced Eddie Bauer apparel and wooden chairs in Washington state and Tennessee prisons, according to 1996 and 1997 reports in *The Nation* and *Prison Labor News*.⁹

6 Paul Wright, "Profiting from Punishment," *Prison Labor News* March 1997.

7 Naomi Klein, *No Logo* (New York: Picador USA, 2000).

8 Email from Eddie Bauer Customer Specialist Vicki Kostenbauder, December

1999 (<http://www.happen.net/ephemeris/archives/feedback3.html>).

9 Christian Parenti, "Making Prison Pay," *The Nation* January 29, 1996; Paul Wright, "Profiting from Punishment," *Prison Labor News* March 1997.

GAP**BANANA REPUBLIC****OLD NAVY****Vital Statistics:**

Annual sales: \$13.7 billion
 Net profits: \$877.5 million
 No. of stores: 3,676



CEO Millard Drexler's annual compensation: \$8 million, plus \$12 million in stock options



Gap worker's wage in Cambodia: 21¢ an hour

Company Profile:

Gap Inc., which also owns Old Navy, Banana Republic, GapKids and babyGap, is the largest clothing company in the U.S. Gap profits more from the global sweatshop system than any other clothing company. Gap became an apparel industry leader by selling its clothing exclusively in its own stores, rather than in larger department stores. Gap apparel is produced in over 1000 sites throughout Asia, Latin America and Africa. Numerous Gap sweatshops have been exposed, including sites in Indonesia, El Salvador, Cambodia and the U.S. territory of Saipan. Unlike other retailers, Gap has refused to settle a lawsuit that would clean up its sweatshops in Saipan.

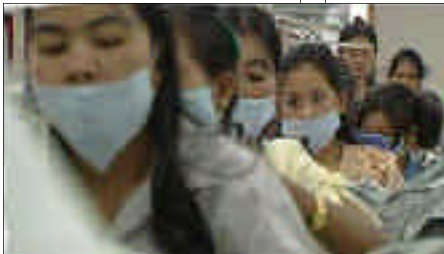
Sweatshop Files

Workers knocked unconscious by factory short-circuit

Factory Profile:
Yung Wah Industrial Company

Location:
Phnom Penh, Cambodia

In June 2000, "about 160 workers at the Yung Wah Industrial Company were knocked unconscious while sewing when a short-circuit in the factory sent powerful electric charges through their sewing machines," according to the South China Morning Post. Despite The Gap's three compliance officers in Cambodia, dangerous working conditions have led to serious industrial accidents like this one.¹¹



Child labor in Cambodia

Sweatshop Files

Child laborers hadn't seen parents for months

Factory Profile:
June Textiles

Location:
Phnom Penh, Cambodia

An exposé of The Gap in Cambodia by the BBC revealed that this factory employed child laborers as young as 12. At the time of the interview, the children had not seen their parents for as long as six months. The exposé also revealed workers living in "rat infested dormitories without running water," forced overtime, seven-day workweeks, and physical abuse. One worker reported that a supervisor pulled her hair for refusing to work overtime, and another worker reported having a pile of clothes thrown at her for sitting down on the job. Instead of fixing the problems, The Gap has stopped doing business with the factory, violating the anti-sweatshop campaign's desire for The Gap to stay in the factory and improve conditions

10 BBC, Panorama, October 15, 2000.

11 Global Exchange, "Gap Campaign Action Alert," June 23, 2000.

12 BBC, Panorama, October 15, 2000.

J. CREW

THE SWEATSHOP FILES

Vital Statistics:

| | |
|---|--------------------------------------|
| Annual sales: | \$826 million |
| Net profits: | \$21 million |
| No. of stores: | 112 |
| Chairman Emily Woods' annual compensation: | \$2 million |
| Unregistered garment shop worker's wage in Los Angeles: | \$2.00-\$3.00 per hour ¹³ |

Company Profile:

J. Crew ranks number 21 among the largest U.S. apparel companies, and number 273 on the Forbes' Private 500 list. J. Crew has over 100 stores in the U.S. and Japan and sends out 80 million copies of its catalog each year. J. Crew apparel is produced in over 20 countries, with 70 percent of its products produced in Asian locations such as Hong Kong, Thailand and the Philippines. The wholesale value of J. Crew apparel produced from 1995 to 1998 in Saipan, a US territory that was exposed as a haven for sweatshop companies, was \$19.3 million, according to Sweatshop Watch.¹⁴



Sweatshop Files

J. Crew illegally shields Los Angeles sweatshops

Factory Profile:

various unregistered garment shops

Location:

Los Angeles, California

According to a 1997 lawsuit, J. Crew, despite relying on numerous garment shops in California for production of its apparel, was not a registered apparel manufacturer in the state, allowing it to avoid responsibility for labor conditions under California's labor code and anti-sweatshop legislation. Sweatshop Watch, UNITE and the Asia Law Caucus filed suit against J. Crew for using its status as an unregistered manufacturer to duck responsibility for conditions in Los Angeles sweatshops.¹⁵ The U.S. Department of Labor has found that 61 percent of Los Angeles garment shops violate wage and hour regulations, and 96 percent violate health and safety regulations.¹⁶



Unregistered garment shop in Los Angeles.

Sweatshop Files

Bounced paychecks at San Francisco factory

Factory Profile:

G.R. Garment Limited

Location: San Francisco, California

This J. Crew contractor in San Francisco was investigated and penalized by the Department of Labor in 1998 for wage violations, according to Sweatshop Watch. Nonetheless, the company continued to violate labor laws, issuing paychecks that bounced and even telling workers not to cash their paychecks. Rather than support the factory and its workers, J. Crew allowed the factory to go out of business in 2000, leaving the back wages of numerous workers unpaid.¹⁷

¹³ Edna Bonacich and Richard Appelbaum, Behind the Label: Inequality in the Los Angeles Apparel Industry (Berkeley, CA: University of California, 2000).

¹⁴ Sweatshop Watch, "First-ever Lawsuits Filed Charging Sweatshop Conspiracy," January 13, 1999.

¹⁵ "UNITE sues Calif. on store exemption from anti-sweatshop requirements,"

Women's Wear Daily February 5, 1997.

¹⁶ Edna Bonacich and Richard Appelbaum, Behind the Label: Inequality in the Los Angeles Apparel Industry (Berkeley, CA: University of California, 2000).

¹⁷ ABC News, 20/20, March 13, 1998; Sweatshop Watch, "First-ever Lawsuits Filed Charging Sweatshop Conspiracy," January 13, 1999.