POLAND - Factory Visits

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In november and december 1997 a total of nineteen garment factories were visited. In each factory we interviewed management and, with exeptions, members of the workforce outside the presence of the management.

Nine companies produced largely for export, ten largely for the domestic market, partly for further export. Seven were former state-owned companies, fully or partly privatized. Eight were private companies, three were wholly owned subsidiaries of foreign companies and one was a trading company. Part of the factory visits were done in Lodz. Lodz is, historically the centre of textile production in Poland, and used to be known as the 'women's city' of Poland, as a result. Now many of the big textile factories have disappeared, some made the step to garment production and a lot of new private enterprises have been established. The second region, where research has been done is the region of Katowice. Katowice is primarily a mining area, but one also finds a lot of garment factories. 36% of all employment in Polands textile & clothing production was concentrated in the Lodz 'vovoideship'. We also interviewed in both towns representatives of the trade union federation Solidarnosc (the industry sections as well as the women's sections), from the universities (departments of sociology and industrial relations), from several women's organisations and from environmentally oriented groups active on consumer issues. In Lodz we visited the labour inspectorate and the labour bureau for the unemployed. A list of the literature used is provided at the back of the report.

For company profile **click here**

THE IMPORTANCE OF THE GARMENT INDUSTRY

In 1997, 38% of imported garments in the Netherlands came from these regions. While in 1989 Poland ranked no. 17 of the suppliers of (quota regulated) 'Multi Fibre Agreement' clothing to the European Union, in 1995 Poland ranked no. 6. In 1996 Poland was the 7th biggest supplier of clothing to the EU. Export of clothing of the EU to Poland grew with 36 % over 1996, making them the 10th biggest client.

In 1995, clothing and textiles are relatively the most important, exports of textile and garments are 21% of total export to the EU.

Share of textiles and clothing as a percentage of the total light industry manufacture:

	1989	1991	1994
textiles	85%	80%	60%
clothing	10%	14%	33%

Outward Processing Trade

According to the offical figures 80% of export production made in Poland consists of OPT production. It means that all or part of the material is delivered by the buyer. The materials come from the country of destination, with the advantage for the buyer that less taxes need to be paid then when purchasing the entire product. Basically, Outward Processing Trade is the conversion of EU fabrics into clothing in low cost countries for subsequent reimportation into the European Union, whereby the EU textile industry is protected.

According to the manager of a large foreign company producing supplies to garment factories, the amount of OPT production is lower, about 35-40% of total production. 87% of this is for the EU countries (60% Germany, the Netherlands

nothing directly for us at this moment, but we're supporting several human rights defenders in Thailand and Malaysia

was 20% and is now 10%, Denmark was 6% and is now 20%). 13% for the USA and elsewhere. Another 25 to 30 of production is for the Polish market and further export, mainly east, these are jeans, ladieswear and shoes. The remaining 40% is the cheap stuff, made with Chinese and Korean materials, for the local market but again also for re-export.

Profit rates on a OPT basis (7 to 10%) are generally lower than the profits rates of clothes sold at the domestic market (25%).

- Company 6 has 37 workers and makes 400 track suits per day on OPT basis for Adidas, who pay them 10 DM per track suit.
- Company 5 produces 2500 to 3000 jackets per month with for subsidiaries of large multinationals, with company logo's on them. This is not OPT. They design, buy material and manufacture. Usualy they buy material in Poland but the expensive, new sportswear material are imported, fleece, for example is imported from Italy. Thermo active matrial is very expensive. The costs of material are 40% of the total production costs, other production costs 30%, profit, export costs and transport together account for the remainig 30%. They get DM150,- per jacket.

Because many garment producers now rely on OPT for their orders, fabric of higher quality than that available at home is imported and Polish textile companies have lost out even further. Especially the small enterprises which rely heavily on OPT production are very vulnerable to seasonal influences.

Some of them managed to develop a more secure position by keeping at least part of production for their own label. In very busy times they sub-contract the production of their own label, so as to keep the foreign client satisfied.

- At company 1 the manager tells us that the level of prices for basic garments has not changed in the past 15 years, in absolute terms. This despite inflation. Of crucial importance for the margin of the producer/intermediary is the way payment is structured, because of the high cost of obtaining credit in Poland. For example van Kleef, untill recently their main customer, pays them 25% 4 weeks before the shipment, and the remainder 48 hours before shipment. This is very good for them, but unfortunately not very common.

Poland has the lowest average of foreign investments per capita in the region. Long term investments on a big scale have not occured. European Union trade policy also discouraged direct investments or export of ready made garments by granting priviliges to OPT trade.

Some of the brandname manufacturers purchased plants, like Levi Strauss and VF (Lee), which we visited. They produce their core-products (jeans) here, because the wages are lower but also be close to the local markets, which they want to develop. They choose for direct investment for this segment of their production to protect the quality, but Levi's for example untill recently also produced tops in Poland under subcontract.

Position in international garment production chain

While usually countries can be classified rather easily as being predominantly production-, trade-, or consumer countries, in Poland this is not so simple. Many firms have different activities and have are part of a network of complex relations.

- In 1990 firm 3. was established as a trade firm. It started doing distribution of working clothes, helmets shoes, gloves, etc on the Polish market. In 1992 they started to do production as well. The more expensive working clothes were produced at their own production facility and exported to Western Europe while the more basic overalls were produced at subcontracting firms and sold on the Polish market.
- Another company, firm 12. produces big quantities of clothes for the Western European market, this is its main activity but at the same time the firm is involved in the export and import of textiles. Another side activity is the import of cheap underwear from China for the Polish market. The manager described this as a very secure source of income.

Unlike many factories in Asian countries, there are not many long-term relationships between the producer and the buyer. This is partly due to the fact that Poland has only a recent history of production for Western European countries. On the other hand it is a result of the relatively high wages, as compared to the very low wage countries in Asia and surrounding countries such as the Ukraine and Romania. Orders are often placed in Poland in case a company demands a very short delivery time, sometimes as short as two weeks. In other words, Polands' comparative advantage lies much more in its proximity to the Western markets than in its wages.

Delivery times of two weeks are no execption.

- One manager tells us: "Delivery times are strict for all clients, they actually prefer a short cycle of say two weeks. Our Dutch client works like this, they bring the cloth, and two weeks later the series is finished and transported to Holland".

The short delivery times mean subcontracting occurs on a regular basis, not just from the big firms to the small ones but also among the smaller companies themselves.

- Firm 2 'cooperates' with at least two other firms in the region of Silesia, and now that the season starts several others will be added to their network. One of the firms they subcontract to produces only for firm 2, all the year round with a small break in July. They invested in the machinery of this factory. The factory has about 40 to 50 employees. The other firms they subcontract to also work for other companies. The reason why they go to Silesia, instead of subcontracting in or around Lodz, is the same reason why western companies go to Poland: it's cheaper. The wages are about 50% of what they are in Lodz.

A significant proportion of foreign trade in clothing is unregistered. This is true for both imports and exports, clothing exports to countries of the former Soviet Union and imports from countries in the Far East such as Vietnam and Korea. According to the central statistical office (GUS), 90% of the trade in clothing occurs at markets while 70% of the total clothing trade is conducted within the grey economy.

This becomes very visible in the clothing-city of Lodz, where there are 3 large 'bazaars', markets, directly outside the city, with approximately 7000 trading places. Many of the stalls are connected with small-scale clothing producers in Lodz. 80% of the products sold at these markets consist of garments. The three bazaars in the area of Lodz are said to provide a livelihood to 50.000 people.

- We visited both the 'Ptak' bazaar and the bazaar in Rzgow. The Ptak is open on Sunday during the day, the other days of the week it is only open at night. This one is supposedly for the wholesalers, and also differs from the Rzgow one visually, it's much more of a covered market area, then a covered shopping area. It is not oriented to an individual consumer wanting to buy one shirt. Usually 20 to 50 pieces are sold to a customer. We learn there is a lot of import: Nike, Adidas and Fila (all sportswear brands) from Turkey, Nike from China and jeans from Thailand.

Many people, both from management and from trade unions, see the cheap and often illegal imports as one of the biggest problems for the Polish garment industry. The progressive elimination of border tariffs, for EU countries (currently 16%) and non-EU countries (currently 26%) means that cheap imports will continue to influence the market.

Many managers do not know where their product goes because they sell to wholesalers or work as a sub-contractor for other Polish firms. Most managers claim that they produce for the Polish market, the lower-quality garments. This is not fully convincing, taken the high levels of production and the huge amount of much cheaper produced imported garments from China into account. It is our estimate that if all the firms that claim to produce for the Polish market would actually do so, the level of expenditure should be higher. In 1995, the average Pole spent 7 % of total spending on shoes and clothing. In that same year Zt. 11,5 billion was spent on clothes and footwear. Inflation is still high, from that point of view production for the Polish market is safer.

Part of production is sub-contracted to countries further eastward like the former USSR, Lithuania, White Russia and the Ukraine. Many managers however state that they would not do so because the quality of products made in those countries is not high enough. If one takes the extreme wage differences into account, it can be assumed that surely part of the production is sub-contracted to those areas.

- Company 12 owns 5 individually created companies, which it took over. Company 12 as a whole has relations with 41 sub-contractors. 2/3 of the sub-contractors are small enterprises. In Lodz the quality products are made, a.o. for Adidas and NIKE-Europe and Wall-mart, and probably also for Victoria Seasons (US). In Silesia quick orders of less quality are manufactured. Before all sub-contractors were Polish, now first steps are set towards Lithuania. Altogether about 1500 people work for company 12 in the factories they own. Indirectly, through it's subcontractors, company 12 employs 40.000 people.

TYPES OF COMPANIES

Although this was not a stated goal, the dominant trend towards privatization, mandated by governments in Central and Eastern Europe and most developing nations, has contributed to the closure of large-scale factory production of clothing, and a shift to small-scale workshops and homework or cottage industry. The decline in the number of large-scale state enterprises has been matched by an increase in private entrepreneurs. The state clothing factories which were liquidated provided a source of equipment and technology for the mushrooming of new small and medium sized firms.

June 1996:

No. of entreprises	textiles	clothing
Total	10.892	42.539
Public sector	176	142
state-owned	150	119
co-operative	5	12
mixed	11	11
Private sector	10.716	42.397
polish	10.576	41.937
foreign	123	432
mixed	17	28

Source: Polish agency for foreign investment PAIZ

The figures mentioned above concern only the officially registerd companies, the ones with more then 5 employees (see below for estimates of the 'grey' economy).

State owned companies

The former state-owned factories are huge factories. In the old times most of them had a workforce of somewhere around 2000 to 2500 workers. Now the workforce has declined to 300 to 400 workers and most of the factories have not been kept up and lack new investment. These companies did not manage to modernize their equipment nor establish relations with foreign companies who place orders in Poland since the transition of the Polish economy. They have lost the secure sales to the former USSR.

Most former state-owned companies underwent some form of privatization. Only one of the visited companies is still completely state-owned.

The only former state-owned companies which are doing well are those who specialized in high quality garmentS; men's shirts, men's suits and ladies suits. In Lodz there used to be about 30 state-owned entreprises. Several were bought by buyers, especially from Germany and Italy.

- The Trade union leader of a partly privatised company: "The changes in '89 were needed but had big negative side effects for

- the Polish light industry, which's most important destination was the former USSR. The entire structure had to be changed, before, for example, factories were simply build in order to employ as many people as possible, regardless of sales, efficiency or profit. This factory had 1200 employees at the time. The changes brought with them huge lay-offs in the textile and garment industry. The company now has only 340 employees left, and if a miracle does not occur, it is very likely that the factory will close al together."

Employees in these enterprises can enjoy much more social benefits than the ones in small private firms. This despite the fact that the economic standing of those firms is usually much worse than of those private enterprises. According to a manager of a state owned company, the reason that workers prefer to work for a state-owned company is that it gives a lot of security; a stable work contract, insurance, holidays and some bonusses.

The labour law is much stricter for companies with more than 50 employees than for the smaller new companies. Besides, the former state-owned companies are frequently subject to labour inspections. Also, they started the privatisation process with a well-protected labour force which is used to a tradition of communist labour relations. Though many of these employees have been dismissed or replaced and a lot of the old facilities and regulations severely eroded, the remnants are still there.

Private companies

A second type of company is the small private firms. Some already existed before 1989, but the majority was established after the transformations started. These factories are characterized by a workforce under 50 people. As long as a company hasn't got more workers than 50, labour laws are not as strict as in the bigger ones and control on working conditions hardly takes place. In case a factory owner wants to expand production it is most interesting to simply establish a new company with less than 50 workers. Many of the small companies are not reflected in the official statistics since a large part of them are registered as having less than 5 employees even though they actually have 30 or 40 employees. Companies with less than 5 employees are defined as self-employed, who do not have to pay social benefits.

Besides the growth in the amount of small and middle sized companies, there is a big increase in homework. Homework for the big companies is decreasing because of overcapacity and a lack of control over homeworkers. For the smaller companies in the private sector homework is growing in importance and often done by unemployed women.

A very, specific type of company are the so called "invalidows". The labour law states that in case an enterprise employs 40% handicapped or disabled people it gets a whole range of tax exemptions, this can be used in a very economic way as we saw at company 12.

- The actual plant that we visited employed 40% disabled people, who didn't seem to get along with scissors and sewing machines that well. The manager assured us, however, that we didn't need to worry about the profitability of the company. About 90% of the production of the company is being sub-contracted to factories all over Poland. The own plant is only there as an umbrella for the other activities, either legal or illegal.
- A manager of another inwalidow: "Our attractiveness for clients lies in the large tax-deduction a (polish) company can get if they buy from us". An example: if a company places an order with them for 17.335 Zt, the company gets 15.105,20 Zl. back from the state. These products can then also be exported.

Subsidiaries

The third type of company are daughter companies of multinational corporations, for example Levi Strauss and VF. These companies still have some production sites in Western European countries. They move to Eastern Europe partly because of the lower wages but mainly, as they state themselves, in order to have access to the Polish market and to supply surrounding countries. Only part of the production is exported to Western Europe. It is no coincidence that both concern jeans companies. Other items of these multinationals , like t-shirts and sweaters are produced in Asia or Africa. For Levi's their main 'image' product are the famous 501's. It is important to keep this in their own hands.

Like these two companies, also Adidas established a daugter enterprise in Poland: 'Adidas Polska', in order to have direct access to the market. Unlike VF and Levi's, Adidas doesn't have it's own production sites, they work with suppliers.

The grey economy, or how many people are working in the garment industry?

It's not just the trade in clothes that occurs largely in the so-called 'grey' economy, it's the production as well.

There is no strict division between the formal or informal sector or legal and illegal workers. There is a wide range of employment constructions in use to avoid paying social benefits. Workers can have a contract for 20 hours per week, enabling them medical insurance, but actually work 40 or more hours. Students are often employed without any contract, or rehired time and again as a trainee.

- According to students working for one of the NGO's we visit, many young people are hired for one month as a trainee, 'to learn the business', ant then fired. Also many work for three months, without a contract, and are subsequently fired. With an unemployment rate of 25% people do not feel they have much choice.

As an explanation for the growing informalisation of labour, many people mention the high bruto wages, 45% consists of social benefits another 3% is for the labourfund, for disabled people and the unemployed. The extremely short delivery times and relatively small orders increase the need for a flexible workforce.

The underground economy, gray or black, facilitates the goals of restructuring in two important ways: it is outside state regulations and it is devoid of organised labor. According to certain research findings, it would appear that between 20 and 25% of all employees work in the underground economy. Estimates of 1995 ranges between 960.000 and 1.1 million people working in the grey economy.

For the garment industry the grey economy is attractive also because it permits flexibility. It is estimated by researchers connected to the university of Lodz and Katowice that about 50% of clothing manufacture is performed by the grey

economy. It is however impossible to determine the real extent of illegal/semi-illegal forms of labour. What is clear is that, under the current policy, it will only grow.

If we look at Lodz, formal data suggest a declining industry. But: the region is the third largest contributor to the Polish GDP, fourth in per capita consumption, 6th in car ownership. According to research from the University, the main growth was in companies with less then 50 employees, growing in number from 24 in 1987 to 47.000 in 1992.

The number of inhabitants in 1996 was 820.000, the number of officially registered business units was 90.000 (of all types). According to professor Markowski there exist a 120.000 'workshops' in Lodz, and 50% of all inhabitatants are active in the grey economy.

In 1995 the number of garment production businesses in Lodz was estimated at 54.000, though the official statistics mention only 5943.

How many people are working in the garment industry in Lodz? A total of 140.000 was estimated in 1995 by Pincheson et al., a manager estimates the number of workers in the garment industry in Lodz at at least 90.000. Looking at the number of businesses, this seems to be too conservative, and even the 140.000 seems low. According to the representative of Solidarnosc in Lodz about 1500 garment companies with 3 or 4 workers are registered, but in reality about 20.000 people are employed, he could not give an estimate for the number of businesses with 5 to 50 employees. In the absence of more detailed research in the informal economy we will have to remain guessing.

For the whole of Poland, the estimates become more difficult even. A total of over 42.000 registerd clothing private companies is given by the official statistics, as we saw. Making a very conservative estimate these would have an average of 30 employees each, the 300 or so public companies an average of 150 workers. This would mean almost 1.3 million workers, excluding as we saw all the companies with 5 or less workers as well as the unregistered companies. If the estimates of 50% are correct, this would double the number.

WORKING CONDITIONS

The principal act regulating labour relations in Poland is the labour code. it covers working hours, overtime, bonus payments, holiday and other leave, and includes provisions which oblige certain employers to recruit disabled persons. Collective bargaining applies only in some cases.

CBA negotiations take place at the national level, the branche level and company level. This creates tensions sometimes because the represenative organisations involved in the negotiations can be different at the seperate levels. The law on trade unions states that only trade unions can be the worker representant in collective bargaining and strikes.

There is a branch organization of garment producers, but it has hardly any members (7% of textile and garment employers) and collective bargaing agreements are not binding for non-members. A collective bargaining agreement on company level does count for every worker.

Since two years the labour inspectorate is by law allowed to enter all workplaces, including the smaller ones. The mandate of the labour inspection was limited to issues relating to working environment, like health and safety issues. It has recently become possible to file a complaint with the labour inspection when concerning wages, hours of work and other labour issues falling under the CBA. They also have to register collective complaints, but do not have to act on them or mediate. In an interview with the Lodz labour inspection they explained that they have a capacity problem, companies know they will only be visited once every couple of years. The large majority of the complaints concern lay-offs.

Inflation and wage levels

Ever since 1981, the minimum wage has been much lower than the social minimum, both for a single working person and for a family of four.

A Low wage pattern has been a common feature of Polish economic policy from 1989 to 1994. In 1989 the real wage fell by about 50%. The purchasing power of pay has continously declined. In 1993 the national minimum wage was only enough to provide 74,6% of basic needs and in 1994, 30 % of the population had incomes that were no more than 45% of the average wage. Prices levels reached Western European price levels while the real wages were just 30% of the average wage in the European Union.

According to GUS estimates, wages in the clothing industry are lower than in other sectors. In july 1996 the average monthly salary amounted to Zl. 571 which was 60% of the average salary in the industrial sector.

Besides sectoral differentials, wages are also subject to regional differents. Though there was a high degree of centralisation before 1989, there was no wage uniformity from one region to another and this situation continues. The regions with the highest wages are, apart from the capital, predominantly in the West of the country, while the lowest wages are paid in the South Eastern areas. Bialystock, Bytom and other textile zones are classified as among the most depressed regions of the country. The differences are attributable to factors such as differing levels of economic development , differing standards of management efficiency in the various sectors, labour market characteristics and also level of living costs.A trade union representative confirmed that compared to other industries, wages in the garment industry are very low.

The minimum wage is Zt 450,- (DM 230,-)in 1997. As different workers told us, the basic needs of an avarage family of 4 people require Zt 2.000,- per month: "I don't need to be rich, but want to earn enough to buy some fruit once in a while, or buy new shoes now and then". Women who work in garment factories earn generally speaking the minimum of Zt 450,- net. If they have a husband, he avaragely earns Zt 550,-. So together they make about Â½ a living wage. These figures were confirmed by professors of the labor relations and sociology departments of the University of Lodz and Katowice.

In the small private companies people ar hired for an avarage wage of abour 400 Zl, but of course they have to make the quota. If one works hard and does overtime this can go to 800, 900. Most workers tell us they take home 600 or 700 Zl. Often the employer hires for a part-time job, and pays benefits (like medical) only for these hours. Some have access to medical facilities because they are on unemployment, which pays Zl. 420 gross, Zl. 350 net. The employer pays them the

amount necessary to make the same as the ones on a legal contract in the same company, an average of 650 Zl. in the ones we visited.

- Two workers of firm 4, a firm that has German direct investment, tell us that it occurs, not infrequently, that they work 17 hours in a row; a night and a day. Usually they earn about ZT450,- including overtime. When they work a lot at night in one month it is about Zt 600-700.
- This year they won't get any bonusses nor holiday money. Most people are afraid to speak up. Only when it gets really bad people complain. They both worked for firm 4 for 4 years.
- In company 6 they produce for Adidas. The factory is located is a big residential house, where the management also lives. The manager tells us they often hire young women and students, as helpers. One woman tells us she's a helper and earns about 400 Zl, working full-time.

The foreign-owned firms pay better, Levi's people earn on average twice as much as the minimum wage. At VF people earn officially 1100, however the regular workers we talked to made 800 to 900 Zl a month. Also, it takes a much longer time than officially given to go from the trainee wage (a bit over the minimum) to the regular wage level.

- Some women from Levi's: "we earn Zt 1000 per month, netto. This is not enough. Compaired with other factories it's not bad, but taken the high work pressure and high targets into acount it's not enough".
- A general complaint (except for the subsidiaries), also in the state-factories, is that wages are not paid in time.

Hours of work

The official workingweek has 42 hours, with a maximum number of overtime hours of 120 per year. In the big companies the legal workinghours of 42 hours a week are usually respected, 5 days of 8 hours, 1 saturday per month. In the private companies, especially the smaller ones, an average of 12 hours per day seems to be common in the units we visited. According to the university experts working days of 12 to 16 hours occur frequently, combined with periods of (temporary) lay-offs.

In the small private enterprises people also complain about too many working hours in busy periods and forced holidays in spring/summer because of a lack of work. Of course, not having a contract was also mentioned. If workers try to organize they are often threatened with lay-offs. According to the CBA overtime should be paid 150% for the first two hours extra, then 200%. In the private companies overtime is often paid according to the same piecerate as normal hours,

Working environment

In many of the former state factories the remains of the communist era can still be found, in the form of doctors- and dentists rooms and practices, or a shop.

The union leader of a partly privatised factory, producing a.o. for Laura Ashley, thinks the factory does relatively well where health and safety and the working environment are concerned. The factory seems too big, there are a lot of empty places in the production unit and a canteen that is now only used for breakfast. The factory used to have its own radio station. Everything is there, but rundown. There is a doctor, peditrician and dentist office, they are there every day from 8 to 15. 2 other nearby factories also use the facilities here. There still is a shop in the factory, which is now privately run. Health and safety standards are controlled every two years by the epidemological division of the regional authorities, and they always pass. The results of these tests have to be put up on the walls of the factory (later we see it hanging on the wall).

In the smaller private factories conditons are often worse considering lights, chairs, and working in small, crowded places, often at people's homes. There is a general lack of ventilation. In some cases there is no adequate amount of fire equipement, in a lot of cases emergency exits are not available and it's much too crowded. Inadequate heating is another problem. In the foreign-owned firms health and safety measures are good.

- Company 7 recently moved to this building, which they bought. They want to do more work on it, for example put the roof of the third (attic)floor, where the cutting section is higher. Twelve families used to live here, one per room. In the first sewing section are 12 women working, it's about 4 by 5 square metre, in the other section there are 8 women, it's about 3 by 5 square metre. It is very crowded (also in the hallways with boxes) and the atmosphere is dense.

Trade union representation

Untill 1980 workers had to be member of the official communist union. Solidarnosc started to organise workers then. In 1981 Solidarnosc was abolished, the assets that Solidarnosc had managed to gather came in the hands of the communist union. Solidarnosc continued its work despite being illegal. When martial law was enforced in 1984 the work became impossible for some time. In response to the huge people's protest against the abolition of Solidarnosc, the OPZZ was established by the state, and the old communist union disapeared. Again the possesions of Solidarnosc were transferred, this time to the OPZZ. This is still a point of conflict between the two existing federations.

Despite a history of strong unionization, especially in the '80's, labour union representation is rather low. We do not know any reliable figures of the total amount of both Solidarnosc and the OPZZ.(The secretary of the OPZZ at the regional office told us OPZZ had about 3 active entreprise-based unions left). In a couple of big companies that we visited Solidarnosc and the OPZZ are present.

Organising in the private factories

Formally, branche unions are open to employees of private companies and enterpirse unions in private companies. There is no trade union representation in any of the smaller firms nor in the plants of direct foreign investors that we have visited. There are several reasons for this.

Of course, an important barier to organizing is discouragements from management. In the private firms workers tell us they will be dismissed when trying to form a unions. In the foreign subsidiaries managers don't openly show grudges against unionization. In practice it comes down to an efficient discouraging policy.

In the ones we visited the managers tell us they do not need unions because they have worker's councils; "they prefer to settle conflicts within the company and because the atmosphere is very open this is no problem".

Organizing in small firms, especially ones operating in a grey ecnomomy, is notoriously difficult. According to Mr. Malarczyk, president of the secretary of light industry of Solidarnosc, Solidarnosc doesn't have access to these companies. Often when workers leave a factory or when they are fired, they come to Solidarnosc to file a complaint. On the other hand it must be said that, like employment offices and the labour inspection, trade unions keep their eyes closed to the existence of the small enterprises because it's hard to get a hold of them and to actually do something. Another reason why there is no real organizing work done in the private secor has to do with the dual perspective of the trade union federations. Solidarnosc as a political actor (via the closely linked AWS) promotes the policy of creating a lot of economic space for small, flexible private entreprises. From that rationale, union organization is perceived as slowing things down. On the other hand, Solidarnosc as a union federation is committed to defending workers rights.

As the union leader of a big former state owned factory put it: "Solidarnosc has a difficult position because it should work in the interests of the workers but I myself also feel responsible for the economic well-being of the firm. Frequently these interests are contradictionary".

Confronted with this dilemma organizing work in the smaller entreprises is postponed to an uncertain future, namely the time when the private sector is economically strong enough to compete internationally.

Partly, it also has to do with the union structure. The structure of Solidarnosc is still very much geared towards the old situation of relatively big, state-owned companies where one can ususally start working from an existing organizational base. In the state or semi-state factories even today, new workers start their job by a 'tour' of the different offices in the factory, including the offices of the union representatives.

According to Krzystof Hofman, the Solidarnosc representative for the light industry in Katowice, some small private enterprises are getting unionized. These unions are small enterprise unions, but fall under the Solidarnosc 'shield'. The first phase, establishing the entreprise-based union, is the most difficult even though only 10 workers are required to set one up. Once an entreprise based union is established, employers have to provide them with facilities, and the support of the federation is available.

"The problem in these firms is that often the manager is against unionization and workers back off. Often people first set up a union, with support of Solidarnosc and then inform the management. "Then the management gets confronted with a fact, it's easier to do it like that."

The fact that individual membership is difficult to obtain and has no benefits associated with it does not help. In Lodz it is theoretically possible to become an individual member by joining the 'union of the free electrons'. This union groups together individuals (the free electrons) in all sectors of industry and types of companies where no entreprise based unions is established. The union then is part of the federation, with the same position as any entreprise-based union.

They have no office or contact numbers, people can go to one of the bi-weekly meetings or contact some of the members eg. one person via the shop she works in.

- We interview one of the 'free electrons'. The meetings tend to get stuck at the level of exchanging complaints. This is not really astonishing, since the union cannot negotiate and have no other formal way of dealing with the issues that are raised. This makes it difficult for the people involved to convince co-workers to join. Estimated membership is about 50, but it varies a lot.

In Katowice a form of individual membership is now possible; in cities or regions there is a council, a central administration. There people without an enterprise committee can become a member. When these members have a problem they will first get to this office, later if the problem cannot be solved there, they will be send to the regional office, and then when it becomes clear that the problem is very much connected to the branche the person will get to the branche section. We cannot get a good estimate on the membership, since not every region of Katowice has a council.

It is our impression that the conservative catholicism dominant in Solidarnosc, seeing women primarily as mothers and caretakers of the family, explains at least to some extend the lack of interest in organizing garment workers. All the regional women's sections have disappeared. However there is a programme now, in cooperation with the French CFDT, on womens participation within the trade union. Educational material has been made and trainings will be given.

The trade unions are not adjusted to the new situation, where big private companies and a 'grey' sector appeared and the defence of worker's interests need attention and specific strategies. Workers themselves are not adjusted to the new situation neither, they put their trust in the 'free market' and don't want to rely on the trade unions anymore.

A lack of confidence in the existing union federations is also often mentioned by workers as a clarification. Reaching the workers in the smaller private firms demands entirely new organising tactics and structures.

No NGO's active on labour issues

Besides the union federations there is a range of NGO's. Non governmental organisations are a relatively new phenomenon in Poland, in the first years after the changes an astonishing amount of NGO's got started. Many of these have disappeared again and there is still a high turnover. The existing ones remain rather small. Besides the Environment NGO's, most NGo's have limited experience with international work and the knowledge of international relations. This creates an extra barrier for doing work on labour issues in the garment industry at the NGO level. We did not find any NGO working on labour issues and women's work specifically, though individuals within organisations expressed an interest and recognized the need for this.

Buyers and Code of Conduct

With the exception of Levi Strauss, managers are not aware of codes of conduct and received no written communication on this.

- Company 12 produces among others for Nike, OTTO, C&A, Steilmann, H&M and Kappahl. According to the general manager buyers do not ask about social conditions, we specifially ask for Nike and Otto also to other management representatives, but these companies never asked any questions of this kind.

LEVI's STRAUSS' Health and Safety standards are drafted in Brussels. The H&S statement in on the wall in the office, in English and Polish.

- We ask about the code of conduct, Mr Nowak does not know exactly what we are talking about, the other management person does. He thinks it has more relevance for suppliers and not so much for the direct subsidiaries. Also, it depends on the country. In Poland for example, there is no child labour.
- They are in the process of translating the code. At first they say it is translated and hung up on the wall of the factory, when we later try to find it to take a photo, it turns out to be the Health & Safety statement. They promise to send us the translated version once it's finished (which after 6 months they haven't done).

In some cases social conditions were mentioned, or buyers asked after the use of child labour. Buyers and quality controllers usually visit the main contractor, though hardly ever move down the subcontracting chain.

- In company 1 the management tells us that in their experience customers always want to see the factory, and sometimes also the office.
- Both the Dutch and the UK clients had demands on the use of certain chemicals and asked for guarantees for no child labour 'but they are far away from that'. They had to sign statements on this.
- In company 6 track suits for Adidas are made. At the start of the production of a new order a German Adidas representative comes to the factory to give instructions. During production a Polish representative might come. When the order is finished a German representative comes again.They never ask about anything related to working conditions.