

# SUBSIDIZING SWEATSHOPS

**How our tax dollars fund the race to the bottom, and what cities and states can do**



# Subsidizing Sweatshops

Published July 2008

## ACKNOWLEDGEMENTS

### Research Coordination, Spanish and Chinese Translations, and Writing

Aurora Lawson

### Writing and Editing

Bjorn Skorpen Claeson

### Copy Editing

Liana Foxvog and Victoria Kaplan

### Cover Design

Autograff, Inc.

### Cover photos:

Top: Garment factory in Karachi, Pakistan. Photo: Anonymous

Left bottom: Garment workers and their children in Dhaka, Bangladesh. Photo: Garment Research Group

Right bottom: Children at a garment workers' rally in Tehuacan, Mexico. Photo: Human and Labour Rights Commission of the Tehuacan Valley

SweatFree Communities would like to recognize Alexandre Miller, Trina Tocco, Steve Wishart, and especially the researchers in Bangladesh, Cambodia, China, the Dominican Republic, Honduras, Mexico, Nicaragua, Pakistan, and the United States for their invaluable assistance with this report.

Printing is generously donated by UNITE HERE



SweatFree Communities is a national network of U.S. anti-sweatshop campaigns that works to end sweatshop exploitation by inspiring responsible local purchasing and fostering solidarity between U.S. communities and workers worldwide.

140 Pine St., Suite 10, Florence MA 01062, USA

Tel: 413-586-0974

Fax: 413-584-8987

1631 S. Main St., Goshen IN 46526, USA

Tel: 574-975-6207

Fax: 574-537-0582

30 Blackstone St., Bangor ME 04401, USA

Tel: 207-262-7277

Fax: 207-433-1600

Email: [info@sweatfree.org](mailto:info@sweatfree.org)

Web: [www.sweatfree.org](http://www.sweatfree.org)



## Table of Contents

### Introduction

Executive Summary .....	4
Introduction for Taxpayers: Sweatshop Uniforms in Our Name? .....	6
Introduction for Governments: Paying for the Race to the Bottom? .....	7
A Note on Research Methodology, Risks, and Precautions .....	10

### Case Studies

Bob Barker’s Dirty Underwear: Made in Bangladesh .....	12
Cintas Uniforms, Lion Apparel, and Fechheimer Brothers Company in Honduras: Producing in a Climate of Fear .....	16
Propper in the Dominican Republic, but not Proper Workers’ Rights .....	18
Not So “Charming” in China: Fechheimer Brothers Company .....	23
Dickies in Pakistan: No Security, No Say, and Long Hours for Low Pay .....	28
Rocky Shoes in China: Made with Free Labor? .....	34
Eagle Industries in the United States: A Government-Subsidized Sweatshop .....	36

### What Is to Be Done?

What Workers Say .....	39
Lessons from Kamal, Elisa and Maly .....	43
What Cities and States Can Do .....	45

### Conclusion .....

49

### Appendix I .....

51

### Appendix II .....

56

### End Notes .....

57

## Introduction

### Executive Summary

*Subsidizing Sweatshops* is the first report of its kind. By revealing severe human rights violations in factories that make public employee uniforms for the federal government, states, and local governments, the report shows how governments inadvertently use tax dollars to increase the downward pressure on labor rights, wages, and working conditions. This is hastening a global race to the bottom which is undermining both U.S. manufacturing and service jobs, and economically gutting local communities.

*Subsidizing Sweatshops* is based on thorough person-to-person interviews with workers in twelve factories in nine countries producing for eight major uniform brands. The report also includes information on factories that have been the subject of public reports by the Worker Rights Consortium, an independent monitor working on behalf of cities and universities. SweatFree Communities' research partners are credible local non-profit human rights and labor rights organizations with expertise in factory monitoring and knowledge of local language and culture. The report is made possible because some states, cities, counties, school districts, and local government agencies that have committed to ending public purchasing from sweatshops now require their apparel contractors to disclose the names and locations of factories where uniforms are made as a first step to investigating and improving conditions in those factories.

The report calls on public entities to join the Sweatfree Consortium, a collaborative effort of states, local governments, labor rights experts, and human rights advocates to facilitate sweatfree purchasing policy enforcement by pooling resources, sharing knowledge and expertise, and coordinating standards and code compliance activities.

The report also urges uniform companies to join states and local governments in reforming the industry. At a minimum, companies should respond constructively to the specific factory cases in the report: not by ignoring the problems, or by running away from the problems and turning immediately to alternate suppliers. They need to recognize their responsibility for, and their influence over, the working conditions in supplier factories and by working to improve the conditions for workers.

### Key Findings

- **Child labor:** Children under the legal minimum age limit work in at least one of the factories. In another, the work hours of 14-18 year old workers are equal to that of other workers and far exceed the legal maximum for adolescent workers.
- **Illegally low poverty wages:** In several factories workers interviewed are paid below the legal minimum wage. Their wages are so low workers can hardly pay for the cost of one person's basic necessities.
- **Forced overtime:** Forced overtime is endemic in the industry. Workers in some factories report that they would be fired for refusing 100-plus hours of monthly overtime and extending night shifts to 3 am when there are emergency orders. Workers' legal right to take leaves is often ignored.

## Subsidizing Sweatshops

- **Excessively long work hours causing physical ailments:** Behind one factory's façade of super efficiency, workers suffer from pain in the neck, shoulders, and back. Long hours of work in fixed sitting positions for more than 13 hours a day results in repeated strain injuries and other ergonomic problems for workers.
- **Verbal, physical, and sexual abuse:** Verbal abuse for slight mistakes or delays in their work is so common in many factories that workers take it for granted. Supervisors yell obscenities, "inhuman and brutal words," and use degrading and insulting language to refer to workers. Workers also report frequent incidences of supervisors beating or slapping them, and some cases of sexual harassment.
- **Pregnancy testing:** At least one factory conducts annual pregnancy tests. Workers who are found to be pregnant are told that they will be required to resign before they give birth – a violation of their legal rights.
- **No freedom of speech or freedom of association:** Nearly universally, workers find that they may be fired for complaining about working conditions or organizing with other workers to protect their rights and improve their conditions.
- **Forced to lie to the company auditors:** Workers in at least two of the factories say that they are forced to lie to company auditors about their working conditions and wages. One factory holds training sessions to prepare for the pre-announced audit scheduled by their customers. At the day of the audit the children workers are required to take a "day off."

## Introduction for Taxpayers: Sweatshop Uniforms in Our Name?

When you see a fire fighter in uniform, what image comes to mind? It is a universal image of protection – protection for the individual from the blazing flames and intense heat, protection for the community from the hazards of house-fires, electrical fires, and other emergencies. The image instills feelings of confidence, safety and security.

But beneath the image of safety and security, there is another reality— a reality all too often overlooked. Have you ever stopped to consider the people who made this uniform? Who are they? Where do they live? When they look at the uniform what image appears in their minds? Is it also an image of confidence, safety and security? Protection from the afflictions of hunger and poverty? Safety on the job? Or does this uniform elicit feelings of uncertainty, fear, and insecurity?

Each year, our states and local governments spend hundreds of millions of our tax dollars to purchase uniforms and other apparel for public employees like police officers, fire fighters, and parks service employees. Just as we each take care in how we spend our personal money, so too might we take care in how we spend our tax dollars and what kinds of business models we choose to support.

The women and men who make these uniforms are not faceless producers. They are wives, husbands, daughters, neighbors, friends, mothers, fathers, and grandmothers, just like

we are. They have their own stories, hopes, and dreams – and they deserve to be heard.

What follows are the stories of some of these workers, collected to learn about the uniform manufacturing industry from workers themselves and from investigators who are independent of the companies. Apparel companies conduct tens of thousands of audits of working conditions



A fire fighter from Bangor, Maine, at that city's 2000 Clean Clothes Fair. Photo: PICA

annually and report on their findings to shareholders and media. However, workers' accounts are often at odds with corporate reports, even though corporate reports often claim to represent workers' perspectives. The explanation for this discrepancy is quite simple, as many workers interviewed for this report attest: factory managers have become increasingly adept at misleading corporate auditors, often instructing workers to lie about their wages and working conditions, and companies are content not to look too closely. With few exceptions, audits serve to protect corporate

reputations rather than workers' wellbeing.<sup>1</sup>

We hope that this report is a wake-up call for all of us who do not want our tax dollars to support and encourage the most heinous conditions of work, conditions contrary to our values. A number of states and local governments do play a positive role in the campaign to end public purchasing from sweatshops because people in their communities care and have insisted that their local governments do something to end taxpayer support for sweatshops. Other states, cities, counties, school districts, and local government agencies where you live can also join this "sweatfree" campaign – and they will if you tell them, "not in my name; not with my tax dollars."

## Introduction for Governments: Paying for the Race to the Bottom?

Most discussions on government and the market focus on each government's role in regulating the market.<sup>2</sup> But governments are also significant participants in the market. As such they may be expected to practice what they preach – if governments' regulatory agenda includes sustainable development, environmental responsibility, fair labor practices, and fair trade they should develop corresponding procurement policies, ensuring that they buy products and services from companies that abide by the highest standards, implement the best practices, and promote the most favorable conditions. Procurement policies that reflect the regulatory agenda may simply be a matter of “getting one's own house in order.” But procurement policies can also provide market-based incentives for private actors to comply with laws and regulations, and even to innovate and develop new ways of doing business that help advance citizens' social agenda. Such developments, if successful, can then be transferred to the general market.<sup>3</sup>

In the United States there is a rich tradition of using public procurement to advance social policy on issues such as local economic development, women and minority-owned businesses, living wages, fair labor, and environmental sustainability. For example, the federal government requires payment of prevailing wages and prohibits unsanitary, hazardous, and dangerous working conditions in federal construction projects.<sup>4</sup> Many states and local governments require payment of living wages to workers employed on government service contracts, provide bidding preferences to local establishments, and purchase a variety of products with “green” attributes, from low-emission vehicles to forest

products made with sustainable timber.

With the globalization of supply chains, there is also an increasing role of public procurement in addressing social conditions in other countries. Anti-Apartheid procurement policies may be the first and most strikingly successful examples of states and local governments amassing their procurement power to further international human rights. Twenty-five states and 164 local governments either avoided purchasing from or investing in companies doing business in South Africa.<sup>5</sup> Today, fair trade, elimination of child labor, and sustainable development issues are increasingly on the public procurement agenda,<sup>6</sup> not least for states and local governments in the United States.

Yet, in a global economy there is also often a jarring dissonance between governments' concern for such matters as international human rights, labor rights, and economic development and a procurement system that typically rewards the lowest bidder and, therefore, may encourage contractors to economize on labor costs in order to provide cheap products. Low-bid awards can create an advantage for contractors that employ sweatshop labor, creating incentive for lower wages, longer working hours, and poorer working conditions for workers that make products for the public procurement market. Ironically, governments may inadvertently be using tax dollars to increase the downward pressure on labor rights, wages, and working conditions, hastening a global race to the bottom which is costing U.S. manufacturing and service workers their jobs and impoverishing local communities.

The uniform and apparel market provides a stunning example of the contradictory roles government sometimes plays as market regulator

## Subsidizing Sweatshops

and market participant. The last few decades have been disastrous for the domestic apparel industry, as large manufacturers have closed factories in the United States and transferred their work overseas in search of cheaper labor and weaker regulations. In 1973, the U.S. clothing industry employed nearly 1.5 million workers. Since then, this number has fallen to about 200,000, a loss of well over one million apparel jobs.<sup>1</sup> Government has paid dearly for this industrial decline, trying to compensate for ruined lives and dying communities with social support, such as Trade Adjustment Assistance to laid-off apparel workers who lose their jobs or whose hours of work and wages are reduced as a result of increased imports.<sup>7</sup>

As apparel jobs have been lost in the United States, the global apparel industry is now one of the world's largest manufacturing industries, employing tens of millions of workers in dozens of developing countries, many of them making clothing for the U.S. market. Concentration of buying power among large brands and retailers at the top of supply chains and world-wide proliferation of "cut and sew" and "ready-made garment" factories on the bottom has created a cut-throat industry where contract shops compete relentlessly for customers by cutting costs and pressuring workers to work harder for less. As a result, sweatshops with poverty wages, forced overtime, and dangerous working conditions have become the industry norm. In the United States, too, apparel contract shops are often sweatshops, operating "underground," hidden from public view, and employing mostly poor immigrants of color who cannot safely speak out against injustices.

Yet, until recently most governments procured uniforms and other apparel with little or no concern for the conditions in which they were made. The low-bid government procurement system has provided additional momentum for the race to the bottom in the apparel industry by providing an advantage to contractors willing to turn a blind eye to sweatshop working conditions in their quest to lower prices. Through the procurement of the lowest possible cost uniforms and other apparel for public employees we are subsidizing sweatshops and unlawful conditions, harming workers both in the United States and abroad.

We are now able to gather evidence of tax dollar support for sweatshop conditions only because some states and local governments have made the commitment to end public purchasing from sweatshops. This report on the working conditions in the global uniform industry is the first of its kind. It is made possible because some forward-looking states, cities, counties, school districts, and local government agencies now require their



Learn about this garment factory in Karachi, Pakistan, on page 28. Photo: Anonymous



# Subsidizing Sweatshops

apparel contractors to disclose the names and locations of factories where uniforms are made as a first step to investigating and improving conditions in those factories.<sup>8</sup> Gathering information and documenting violations is an important first step to ensure full respect for the rights of the workers that “sweatfree” procurement policies are designed to help.

Far from vilifying these sweatfree cities and states for buying sweatshop products or accusing them of hypocrisy, we applaud their commitment and their effort to act in accordance with the will and values of their citizens when procuring apparel. While 181 U.S. public entities have said “no” to buying sweatshop products, a few of them deserve special mention and credit for investing considerable resources in developing innovative procurement programs that are beginning to yield real results for workers. We especially call attention to the States of Maine, New York, and Pennsylvania, the Cities of Los Angeles and San Francisco, and the Los Angeles Unified School District in leading the effort to develop a Sweatfree Consortium of public entities that cooperate to enforce their sweatfree procurement commitments. It may not be surprising that all these leaders either have been, or still are, home to substantial apparel and textile industries. Among others, the City of Milwaukee has been one of the pioneers in the sweatfree purchasing movement and has helped significantly to create a more transparent uniform industry, while the Cities of Berkeley, California and Portland, Oregon, and Lucas County, Ohio, stand out as the first public entities to publicly declare their intention to join the Sweatfree Consortium.<sup>9</sup>

The challenge that these trend-setting states and local governments face is not an easy one. It is not yet possible to simply scan the marketplace for uniforms that are certified “sweatfree” and choose those uniforms over non-certified items. Instead, sweatfree

purchasing requires government suppliers to commit to certain labor rights and human rights standards, while also promising to operate their business in such a way as to facilitate the realization of this commitment. In short, governments must use their purchasing power to stimulate innovation and the development of better business practices in order to stop subsidizing sweatshops with taxpayer dollars.

In this process, governments need partners from the private sector willing to take the high road to public contracts. Few if any of the companies named in this report do so presently. Yet, the purpose of the report is not just to “name and shame,” using embarrassment as a tactic for change. Rather, by documenting severe human rights violations in a dozen factories in nine countries, producing for eight major uniform brands, we call attention to an industry-wide problem, and stimulate the movement for change. The companies named in this report are not the only ones that rely on sweatshop exploitation to produce cheap uniforms for the government procurement market and they should not be singled out and barred from that market solely on the basis of this report. However, these companies ought to see this report as an opportunity to join states and local governments in reforming the industry. At a minimum, we expect them to respond constructively to the specific factory cases in the report: not by ignoring the problems, nor by running away from the problems and turning immediately to alternate suppliers, but by recognizing their responsibility for, and their influence over, the working conditions in supplier factories and by working to improve the conditions for workers.

If this report encourages all stake-holders to work concertedly and constructively together towards ending taxpayer support for sweatshops it will have achieved its goal.

## A Note on Research Methodology, Risks, and Precautions

This report is based on thorough person-to-person interviews with workers from twelve factories in nine countries producing for eight major uniform brands. The factories are all among those that brands and government contractors have disclosed publicly to cities and states that have adopted “sweatfree” procurement policies. The purpose of public disclosure of factory names and locations is to make possible independent investigations of working conditions. As such, we asked partner organizations in countries where those factories are located if they would be interested in helping us to learn more about the conditions in which public employee uniforms are made. Our partners are credible local non-profit human rights and labor rights organizations with expertise in factory monitoring and knowledge of local language and culture. Some of them are local individual consultants with extensive background in factory monitoring. They all have demonstrated commitment to the needs and sensitivities of workers, and have earned workers’ trust as far as possible. The report also includes information on factories that have been the subject of public reports by the Worker Rights Consortium, an independent monitor working on behalf of cities and universities. In one case, we have relied on published media accounts.

After compiling a list of factory disclosures we consulted with partners in Honduras, Nicaragua, Mexico, the Dominican Republic, Cambodia, Bangladesh, Pakistan, China, and the United States. We explained that we wanted to highlight factory conditions in uniform factories in order to promote “sweatfree” governmental purchasing, and told them that we were most interested in hearing workers’ own thoughts,

concerns, aspirations, and stories in their own words. We also developed an extensive research questionnaire designed to generate information on wages and benefits, working hours, freedom of association, health and safety, child labor, and disciplinary practices. Our partners tailored the questionnaire for their local context, and conducted interviews in workers’ homes or other safe settings outside the workplace.

In many countries that depend on cheap labor and lax regulations to promote exports of apparel, research on working conditions can be fraught with danger. Some of our research colleagues have previously been charged by local authorities of “supplying sensitive information” about working conditions to outside partners. On occasion they run the risk of serious harassment, from telephone bugging and intercepted emails to arrest and incarceration. Therefore, we have decided to err on the side of caution and withhold the real identity of our research partners when they have asked us to do so rather than risking their safety and security.

All workers’ names that appear in this report are also pseudonyms to protect them against retaliation from factory managers. Indeed, some workers told us that managers had warned them against giving interviews about working conditions, threatening to fire them if they found out.

Given the volatile nature of the global apparel industry in which brands often maintain tenuous relations with factory suppliers based on “just-in-time” production, and one supplier can be easily replaced by another, we agreed with our research partners to take precautions against buyers “cutting and running” from

# *Subsidizing Sweatshops*

factories that may appear to them to be less desirable because they have been publicly associated with sweatshop conditions.

Our message to companies in this report is: Do not cut and run from factories that you now know violate workers' rights, but stay and work to improve conditions. Work with us, the governments with which you have contracts, the factories, and the workers.

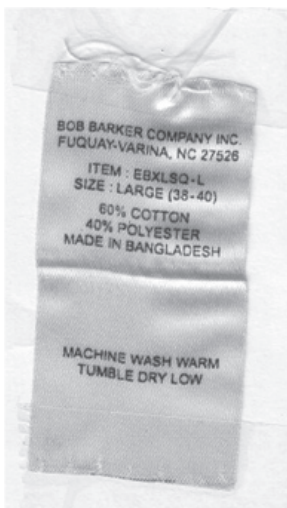
Our message to users is: Yes, brands named in this report have used or currently use sweatshops to make uniforms, but this problem is not confined to these brands only – it is an industry-wide problem. Do not just shun these brands, but join us in helping to reform the industry.

Our message to procurement officials of cities and states is: help us convince companies that they share responsibility for working conditions in supplier factories, and that they must exercise their influence for the benefit of sweatshop workers. We are pleased that many procurement officials have sent a message to their vendors that not dealing responsibly and constructively with problems of human rights and labor rights violations in supplier factories is itself a violation of a sweatfree procurement policy.

## Case Studies

### Bob Barker's Dirty Underwear: Made in Bangladesh

Arena Fashion Wear Ltd (AFW), located in Chittagong, Bangladesh, is an undergarments factory producing for Bob Barker (no relation to the game show host Bob Barker), among other labels. The Bob Barker Company was formed from the 2006 merger of Bob Barker and Leslee Scott. Headquartered in Fuquay-Varina, North Carolina, this company is one of the largest correctional and rehabilitation suppliers in the United States. A member of the American Correctional Association and the



American Jail Association, Bob Barker holds many state and county contracts.

Meet Ritu. She started working in Arena Fashion Wear as a helper in 2000, when she was only 11 years old.

“My salary at that time was 400 takas (\$6) per month. After one year of service, I was promoted to a machine operator and my salary increased, first to 1800 takas (\$27) and then to 2,100 takas (\$31.50). After three years continued service in AFW, I was transferred to another factory in the Arena Group called

#### Deadly Work

In February 23, 2006, a horrific factory fire at the KTS Textile Factory in Chittagong, Bangladesh, also owned by Arena Group, claimed the lives of an estimated 300 trapped garment workers, mostly teenage girls. Locked exits prevented workers from escaping the fire. One local media source reported that it was possible the main gate was intentionally locked at the time of the fire to prevent theft from the factory. Other sources report that there was no fire safety equipment at the factory, nor had there ever been a fire drill. In addition to this horrific fire, other reported human rights and labor rights violations include forced overtime, seven-day work weeks, below subsistence level wages, denial of legal maternity rights, physical abuse of workers, and repression of workers' rights to associate.

United States port import records from February 2006 show that KTS Textile shipped men's underwear for O'Rite, which supplies Bob Barker. Bob Barker has denied any production at KTS Textile; yet one of Bob Barker's acknowledged Bangladesh suppliers, Cardinal Apparel, has transferred payments for Bob Barker's products to KTS Textile. When the City of San Francisco confronted Bob Barker about its possible KTS Textile link, the company denied any wrongdoing but refused to disclose factory locations to the city. Bob Barker wrote to the city, "...we are not able to make subcontractor information available to the general public." Yet, in the same letter the company also claimed to "serve as a model" for the type of companies with which San Francisco should seek contracts, and to be an "invaluable partner" to San Francisco by gathering "accurate supplier information." The company's refusal to disclose factory locations so far puts those claims in doubt.



Underwear sold to the City and County of San Francisco by Leslee Scott (now called Bob Barker): were these sewn by workers who died in the KTS Textile factory fire? Photo: SweatFree Communities

# Subsidizing Sweatshops

KTS Textile, which is about 5-6 miles from AFW. I worked in KTS until it burned in 2006. During the KTS fire I was inside the factory. I am one of the lucky ones who was rescued from that devastating fire. During the rescue my clothes caught on fire but I was able to get out with the help of my colleague and people outside. I lost four of my closest friends in the fire.”

## Two Years Later – What Has Changed?

After the KTS fire, Ritu was transferred back to AFW, where she worked until November 2007. Have things changed in AFW since the KTS fire? What are working conditions like at AFW now? Our research partner, the Garment Research Group (GRG),<sup>10</sup> conducted interviews with 24 AFW workers to answer this question.

## Work Environment: Better Fire Safety, But...

Workers report that management takes fire safety much more seriously after the KTS fire. Everyone participates in monthly fire drills and safety procedures. Workers also informed us that the stairways are no longer filled with garbage or storage boxes and that the exit doors are no longer locked. At the same time, the factory does not provide adequate drinking water to workers even though it is “intolerably hot.”

“We are drinking water from the toilets and this is not safe to drink but we do not have any other choice,” says Anika, a 32-year-old sewing operator who has worked at AFW for eight years. The toilets themselves are dirty and lack soap, and workers may only use them after they request a “toilet card” from the supervisors.

The legal workday is a nine-hour shift beginning at 8:00 am. Yet, most workers indicate that they have no choice but to work more than three overtime hours per day and 80-100 overtime

hours per month. If they do not finish their production quota by the end of the regular workday, they are not paid for overtime hours. According to Shobita, a 20-year-old sewing operator, “There is an hourly production target and it is very difficult to fill it. If we can’t fill the target by the ending time then we have to work overtime hours. We are not paid for those hours. We have no employment contract or anything!”

When the factory receives emergency orders, working hours are even more excessive. “At least three or four times per month we have to work night shift,” says Anika. “That means we start at 8:00 am and work until 3:00 am the next day, with only two hours total break for food. Then, the following morning we must once again start at 8:00 am.”



Bangladeshi garment workers. Photo: GRG

According to the workers interviewed even the youngest of workers in the factory must work the same excessive hours. While some of the workers interviewed believe there may be workers under the legal minimum age of 14 in the factory, nine of the 24 workers are themselves between 14 and 18 years old (one is 14, two are 16, and six are 18). The working hours for these young workers are restricted by law to no more than five hours per day and 30 hours per week. All workers testify that they work far longer hours.

## No Leaves Allowed

Denial of legally mandated work leaves compounds the problem of excessively long working hours. Workers are legally entitled to 10 days paid casual leave, 14 days paid sick leave, 11 days of paid festival holidays, and one day paid earned leave for every 18 days of work after one year of service. In addition, women are entitled to a total of 16 weeks of paid maternity leave, eight weeks prior to delivery and eight weeks after. Among these legally mandated leaves, workers testify that they only receive the festival holidays, and only eight days, not 11.

Bithi, a 22-year-old sewing operator, recounts that one day, after having worked until 8:30 pm and feeling sick, she asked for permission to go home. “Then the production manager told me that if I want to work in this factory I have to do the night shift. I told him, ‘how can I do the night shift as I am sick; if you pressure me I have to leave the job.’ Then he said, ‘if you do not work the night shift and leave the job then we will not pay your back wages.’”

When workers become pregnant they have no choice but to leave the factory. All workers interviewed agreed with one worker’s statement: “Our factory does not provide maternity leave and benefits. If workers need maternity leave then they quit the job as they know they won’t get it.”

## Poverty Wages

Excessively long working hours without leave are not rewarded with adequate wages. Five out of the 24 workers interviewed reported wages below the 1,663 takas (\$24) per month legal minimum wage, and as low as 1,000 takas (\$15) per month.<sup>11</sup> “Provisionary” workers may be paid below the minimum wage, but these five workers have each worked at AFW for six months or longer, well beyond the three-month limit for provisional workers. To make matters

worse, workers complain that their wages are often not paid regularly or on time, and that they do not receive the Provident Fund, a social security measure to insure against old age, invalidity, and the death of a worker.

Even the higher factory wages are not enough for workers to provide for their basic needs. Among the 24 workers interviewed, Zahir, who has worked at AFW for eight years, receives the highest wages: 2,500 takas (\$36) per month. With attendance bonus and overtime pay she can make up to 3,500 takas (\$51) per month. But, Zahir says, her income is “not sufficient.”

Here are the average monthly expenses per person as reported by workers:<sup>12</sup>

- Food - \$26.53
- Rent - \$12.53
- Transportation to work - \$3.79
- Medicine - \$4.32

The total so far is \$47.04, just \$4 short of Zahir’s highest possible income. And we have not even considered the cost of other basic needs such as household items, clothing, and education, let alone entertainment and savings. Only 12 out of 37 workers interviewed reported any expenditure on entertainment, a modest monthly average of \$2.50, and only four workers could afford to spend any money on household necessities. When asked about savings, only 12 of 37 workers said they could save anything. Some workers reported being in debt, and many workers made comments such as, “If I can’t maintain my family or fill my daily needs with what I get, then how can I save anything?”

## Verbal Harassment and Physical Abuse

Under intense production pressure, verbal abuse for slight mistakes or delays in their work is so common that workers take it for

# Subsidizing Sweatshops

granted. All 24 workers interviewed reported that supervisors yell obscenities daily, and use offensive and derogatory language to refer to workers, for example: *kuttar bacha* (son of a bitch), *sourer bacha* (son of a pig), *madar chod* (mother fucker), and *khanki* (prostitute, whore).

More than half the interviewees also described physical abuse as a common occurrence. According to Shobithi: “If we refuse shifts, are absent, or make a mistake then our supervisors and other mid-level management beat and slap us.” Others describe being “beaten with a paper roll” for wanting to use the toilet, having products thrown at them in the production line, and being beaten with a rod. One woman describes how a supervisor slapped her in the face, pulled her hair back and beat her for refusing to change machines.

Parmita, an 18-year-old helper describes what happened one day when she declined to work the night shift: “First the supervisor threatened me. But after dinner break I did not go back for the night shift. The following day when I went to work my supervisor shouted at me and slapped my face. Later I had to stand up a full day as a punishment.”

A number of women also talked about sexual harassment within the factory. According to Sadia, an 18-year-old helper, “Some supervisors target good looking girls and they use bad words with them and try to convince them to have sex or go on a date with them. Some touch women workers’ body with bad intentions.”

## Freedom of Speech? Freedom of Association?

Workers who complain about these oppressive working conditions risk being summarily fired.



Workers at a Bangladesh Garment Factory demonstrating against the physical assault on two of their colleagues by a factory official, August 17, 2007. Photo: New Age.<sup>44</sup>

Anika expresses fears felt by many workers: “We are afraid that if we unite we will be fired from our jobs!”

When the buyers’ auditors come to inspect the factory, workers are forced to lie about their working conditions and wages. According to Jamila, a 25-year-old sewing operator,

“Management tells us about the upcoming visit from the buyer’s representatives. They tell us to say that we get higher wages; that we can enjoy leaves; and so on. We even have a duplicate attendance card to show the buyers where they can learn that we are not working more than ten hours a day and sixty hours in a week. When the buyers leave we are asked to return that card to the management.” Despite the risk to workers,

in February 2008 they staged an ultimately successful one-hour strike to demand back payment of overtime wages due to them. During the course of the strike one woman was beaten in an apparent attempt at intimidating workers. According to Regina, management promised that they would pay back the overtime wages the very next day, but it was not paid until “much later.”

Despite the horrific fire and the international attention it garnered, things have not really improved for Ritu and her colleagues. Recently, after eight years of service and sacrifice, Ritu lost her job because of a quarrel with a supervisor. Where will she go now? What options are available to this young woman who lost her childhood producing apparel for people she’s never met?

# Cintas, Lion Apparel, and Fechheimer Brothers in Honduras: Producing in a Climate of Fear

Alamode, the only export apparel factory in the remote town of Siquatepeque, Honduras, is owned by the Korean company Grupo Karim. The factory employs 500-800 workers who make public employee uniforms and other apparel for Lion Apparel, Cintas Corporation, and Fechheimer Brothers Company, among others. These companies hold many state and local government contracts. We first learned about worker rights concerns in this factory through a 2001 newspaper article in a Honduran labor magazine, *Vida Laboral*. The article describes a union organizing effort and four day strike which were met with police repression and firings.<sup>13</sup>

The account that follows is based on interviews with two former Alamode workers, and a preliminary public monitoring report to the City of Los Angeles from the Worker Rights Consortium (WRC), an independent monitoring organization that helps the City enforce its sweatfree procurement policy. But the WRC investigation of Alamode almost could not happen. Workers were afraid of talking with the monitors, having been told by managers that they would be fired if they talked with anyone about the working conditions in the factory. “It is important to note that while it is not unusual for workers to be wary of speaking candidly about labor conditions,” the WRC writes in its report, “the level of fear expressed by these workers was among the highest the WRC has ever encountered at any factory in the region.”

Given workers’ history with Alamode, and the fact that this factory is one of the few places of employment in the region, their fear of repercussions for talking about their working conditions may not be surprising. It was only after local researchers were able to earn their

trust that some workers agreed to participate in a group interview. Researchers agreed that workers would not have to disclose their full names, and that the interview would not be recorded. In this way, WRC investigators conducted an in-depth interview with 14 current Alamode workers.

## Forced and Unpaid Overtime

According to the preliminary WRC report, forced and unpaid overtime work is one of the most serious problems at Alamode. Punch cards indicate that workers only work from 7 am to 4:30 pm in accordance with Honduran labor law. But workers tell a different story. Most days they must stay until at least 6 pm and sometimes until 9 pm, toiling 14 hour shifts. Saturday work until 6 pm and even Sunday work is not uncommon. By law, workers should be compensated at a premium rate for any time beyond the eight-hour work day and the 44-hour work week. But Alamode workers say that they are not paid at all for overtime hours. Supervisors tell them not to bother returning to work the following day if they do not put up with unpaid overtime. In a town with little alternative employment workers feel they have little choice but to comply.

## Illegal Wages

In fact, workers say, they are not even paid adequately for their normal working hours. On January 1, 2008, the Honduran government raised the minimum wage. But at the time of the interviews in early April, the factory was still paying workers according to the 2007 minimum wage rate. Furthermore, by law Alamode must enroll workers in the Instituto Hondureño de Seguridad Social (IHSS, Honduran Social Security Institute) but workers say that only a



# Subsidizing Sweatshops

few of them are enrolled in IHSS. If they resign from work or are fired, the factory typically waits inordinately long – several months and even years – to pay legally mandated severance benefits.

## Discrimination Against Pregnant Women

Honduran law affords women a total of 10 weeks paid maternity leave, four weeks before the birth and six weeks after, and allows them to resume their same position after the maternity leave. But Alamode workers reveal that in March of every year the factory requires the women to submit to pregnancy tests. “If any worker’s results are positive, they fire her, no matter how many years she’s been working,” says one worker. That way the factory does not have to pay maternity benefits.

Not all of them are mean, but there are some that yell and curse at us, they put pressure on us with the work and the quality, all day they yell and say that if we don’t meet the production goal we are going to stay working much later.

— Maria, former Alamode worker

## Work Environment: Hot, Stuffy, Foul Smelling...

According to workers, the factory is hot and stuffy during hot weather, causing some workers to faint. Restrooms are not clean, smell bad, and lack toilet paper. Safety gear is also usually missing from the factory. However, when buyers’ monitors arrive toilets are cleaned and provided with toilet paper, and workers in the stain removal section are given face masks to shield them from toxic chemicals. On other days they go without this protective gear.

# Propper in the Dominican Republic, but Not Proper Workers' Rights

Suprema Manufacturing, wholly owned by Propper International, is located at the San Pedro de Macorís Free Zone in the Dominican Republic. There are about 550 workers employed by two plants. Propper's products are varied: several kinds of pants, jackets, hats, caps, and one-piece uniforms. In addition to producing for states and local governments, Propper makes uniforms for the U.S. Army that are shipped directly to Iraq.

There is a certified union at this factory, but the union does not have enough support to negotiate a collective bargaining contract. In 2000, the company fired 300 union members, including 30 union leaders, claiming work shortages. The Dominican Labor Department reviewed the case and ordered the 30 union leaders to be reinstated with back pay. When they returned, managers told the workforce that these workers were "undisciplined and problematic" and that no one was to talk with them. Anyone who did would be fired.

FEDOTRAZONAS, the independent trade union federation of free trade zone workers, conducted interviews with workers for this report. This is what these workers tell us about their wages, working hours, working conditions, families, and hopes for the future:

### Francisco, 37 years old

I have been working at Suprema Manufacturing for three years. I work in the preparation area, making cuts in the fabric and making preparations for various modules. ... If I do the work I collect RD \$2,400 (US \$74.88) or RD \$2,600 (US \$81.12) weekly. I have to do my job in nine hours because if not I have to stay and finish it without getting paid... If I miss a

day I do not get paid [the production bonus], so in three years I have never been absent. In the area where I work, I am alone, with no one to talk with and no one with whom to share the work. Previously I only cut Velcro, but now for some time I have been cutting fabric for pants and jackets as well as the Velcro. For the same amount of money I am now doing the work of two by myself. But I cannot complain; this is the work that I have and before I was working in tobacco production and I was earning less. Since I don't have anything else, I have to enjoy the work because there are no options.

### Ana, 41 years old

I work for the Suprema Manufacturing factory in the San Pedro de Macorís Free Zone in the Dominican Republic. I have been working there for nine years as an operator. Now I work in the front pocket and patch operations; I do two operations.

The conditions in the factory are precarious, they are bad. It is very hot because we do not have air conditioning, we only have a fan, which we have to turn off because it stirs up the dust that the fabric throws off and asphyxiates us, but at the same time we cannot work without the fan.

The pay is not enough for all the work we have. Also, they sell those uniforms for a lot of money and they pay us a miserable wage. The reality is that my salary does not cover all the expenses and my husband has to work because otherwise we cannot support our three children.

They pay us the minimum wage established by the government and give us additional money for production so that in all we can make up to RD \$10,000 (US \$312) per month. But

# Subsidizing Sweatshops

to be able to make that money you cannot be absent, or late, or leave early, and in reality we have to stay working one or two hours without pay in order to finish [production quotas]. For example, if I do my work and I have to leave an hour early to do something for my kids, they don't pay me for that hour or the production bonus for that week. Because in order to collect the production bonus you not only have to finish the quota but you also have to work 44 hours, and if you don't, you lose it.

The daily goal for the module is 230 pieces each, which means I have to do the pocket operation for 230 pairs of pants plus attach 230 patches in order to collect my production bonus. Many times you have to cut your lunch period short. You cannot get up because you lose sewing time. Previously we worked without production. We collected less but we were working without pressure because our salary did not depend on such high goals.

When we have complaints we cannot do anything because the supervisors do not resolve anything. They tell you that they will do something but in the long run they treat us the same.

The supervisors are Dominicans and are rascals; they steal our money. Before when we were working extra hours on Saturdays the company paid for our lunch; they brought us cold chicken. Then they changed it and gave us RD \$50 (US \$1.56), and after a few months they quit that, but the bosses were keeping the money for that because the company kept sending it.

The hardest part is to work with all the dust from the threads that come off the fabric and this asphyxiates you. I don't know how long my lungs can bear this. Several of my co-workers suffer from respiratory problems and we know that that is the cause. The company gives us masks but with so much heat it is impossible to breathe with masks so nobody uses them.

We prefer to suffocate from the dust.

This is not quality of life. I hope that none of my children have to work under these conditions.

## Mercedes, 35 years old

I work for the Suprema Manufacturing factory in the San Pedro de Macorís Free Zone in the Dominican Republic. I have been working there for nine years. The salary is stable if you do the job, and then it is not so bad. But if you come late one day, even if it was only three minutes they dock you RD \$600 (US \$18.72).

I make the complete sleeve pocket, but I also make the flaps and attach the Velcros and another operator attaches the fly. But sometimes besides all this I also make sleeves and hems. In my module there are 18 people working; before there were more but they have moved to other areas.

The daily production goal in my area is 240 coveralls, but sometimes I cannot finish in the nine hours and I have to stay a couple of hours without pay. If we make mistakes, we have to fix them and finish the production.

Without production I earn RD \$1,600 weekly (US \$50) and with production RD \$2,500 (US \$78), but if I don't meet the production goal I lose the production bonus. Thank God I don't pay rent, but I spend money on fuel for my motorcycle and before I was eating on the street. Now I eat something light to trick my stomach and wait until I get home to eat because the money does not go very far. The salary is not enough because the cost of everything goes up and the salary does not.

The bosses don't help. They seem to be trained to mistreat us. Occasionally they disrespect us and one has to put up with it so they don't fire you, but sometimes you have to put up with too much. They warn us that the fabrics of the uniform come with a toxic substance,

# Subsidizing Sweatshops

and that we should not let it touch the body.

If I had options I would look for another place to work. I would not like any of my three children to wind up working here because the conditions are very difficult.

## Juan, 31 years old

I work for the Suprema Manufacturing factory in the San Pedro de Macorís Free Zone in the Dominican Republic. I have been working there for seven years as an operator in module 10, making pants.

They treat us in a humiliating manner and they mistreat us. There are too many operations and excessive work. Management does not resolve our problems. I work 44 hours per day and if I do not complete production, which is 240 pieces daily, I have to stay longer, but during that time I work without pay, because if we do not finish the production they do not pay us the production bonus for the week.

The salaries are very low. My monthly salary is RD \$4,500 (US \$140.40) and RD \$200 (US \$6.24) per task. They pay us an annual bonus for attendance. They do not pay us for sick days and if we are absent we lose the production bonus for the week.

I feel that my work area is not safe, because when they put the gas in the lift truck sometimes it spills all over the factory and there is very little ventilation. I have not suffered any injuries but when I leave the plant I am full of dust from the fabric and if it is raining it begins to sting a lot as if there were acid on my skin and that scares me a bit.

## Alejandro, 43 years old

I work for the Suprema Manufacturing factory in the San Pedro de Macorís Free Zone in the Dominican Republic. I have been working there for 10 years. I work in Module M-16

making pants. I have practically lost my youth working in the Free Zone since the age of 19.

Here at least we have the production incentive that is not much but it is the best paying factory in the Free Trade Zone. But even at that my wife has to work to support our four children. By doing the production every day you can make up to RD \$10,000 (US \$312) monthly. I try to do it in nine hours because I do not like to stay if they are not paying me and sometimes this does not even give me time to go to the restroom.

Before I was working for another company where I was making sports shoes and I worked more calmly because it was not by production; I earned less but I did not have that work pressure. In that factory I worked my way up to assistant supervisor with my good performance.

I keep working in this factory because I have 10 years and there is not a lot of work here, but really I would not like any of my children to wind up working here. I want them to study and be able to do other things.

## Jorge, 31 years old

I work for the Suprema Manufacturing factory in the San Pedro de Macorís Free Zone in the Dominican Republic. I have been working there for three years as an operator, making the back pocket for the pants.

The supervisors do not mistreat us but they rarely resolve our problems. We have drinking water and they give us time to go to the restroom. The greatest pressure is on the part of the co-workers to finish production. There are too many operations and an excess of work. Management does not resolve our problems.

I work 44 hours per week and if I do not complete production, which is 230 pieces per day, I have to stay longer, but during that time I am not paid. We are paid for what we produce.

# Subsidizing Sweatshops

The salaries are very low. My weekly salary is RD \$2,258 (US \$70.45) with everything and production. My salary is not enough to live on.

They allow us to be absent due to illness but they do not pay us for the day. I have never been absent due to illness and I have never been injured.

## Pedro, 39 years old

I work for the Suprema Manufacturing factory in the San Pedro de Macorís Free Zone in the Dominican Republic. I have been working there for nine years. I work with pants. First I put Velcro above and another below and later I have to attach them. This is a three-step operation. I have to do 240 of these, so this means that 240 pants pass through my hands every day for 720 operations. To be able to do this I spend an hour without pay almost every day to finish my job.

Working conditions in the factory are deplorable. I do not like my work. I only do it because I need to survive, but my salary does not cover all our expenses so my wife has to work; she is a teacher. If I could change something, I would lower the production goals and make the supervisors more sensitive to the operators. This would make me feel better although I would earn the same.

We make various types of uniforms. We have made uniforms for the Dominican Police, hunting uniforms, and military and commercial uniforms. Some say made in the “Dominican Republic” but others only say “Propper International.”

The treatment by supervisors varies. Sometimes they treat you well but other times they insult you, they offend you and they try to provoke you. They had to send me to Human Resources because a boss insulted me and I defended myself by insulting him in return. I am a respectful man and I like to be respected. My work is humble but that is no

reason to put up with insults from anyone.

The hygiene in the plant is terrible. They only have one custodian to clean the bathrooms and so they are normally dirty. I wait to get home; I never use them. Every 15 days the company provides a roll of toilet paper to each worker; if you use it up before then you have nothing with which to clean yourself. The women use fabric remnants to get through the week when the paper runs out. I believe that the women should have two rolls.

## Isabel, 33 years old

I work for the Suprema Manufacturing factory in the San Pedro de Macorís Free Zone in the Dominican Republic. I have been working there for three years as an operator, making belts for pants.

The working conditions are not good. There is a lot of work for just one person. One does not feel good because of the pressure. The supervisors tell us that we are slow but they do not yell at us.

It is very little money for the amount of work. I work 44 hours per week and if I do not complete the production which is 240 pieces daily. I have to stay longer and I have worked as much as 55 hours but the time that I work over 44 hours is without pay. And if we do not complete our production they do not pay the bonus to us. In 1996 the production was 210 pieces daily and they paid us only the minimum wage without production bonus.

Once when working more than my nine regular hours I stuck my finger on one of the needles and I had to wait like a half hour until the technician came and removed my finger. Since I still had not finished the production, I bandaged the finger and with the pain I continued until I was finished in order to get paid.

My operation is the last one that is done, which means that when the pants come to my

## *Subsidizing Sweatshops*

machine it is almost complete and is quite heavy. I have to manipulate the pants quite a bit to be able to sew it and this causes me quite a bit of acute pain in the hands, specifically in the wrists. Also, because I am seated for so much of the time and making the same repetitive movements, sometimes this gives me an acute pain in the back. I come home every day and I ask my husband to rub my back so I can sleep. This is affecting my personal life because I come home and I cannot do the housework. I cannot mop the floor or take care of my husband because of the pain when I arrive.

I have been making efforts to find other work although it pays less, but my health is the most important thing. I have stayed and I have asked them to relocate me to another operation, since I have been doing the hardest work for three years, but they have done nothing.

## Not So “Charming” in China: Fechheimer Brothers

Hui Yang Charming Garments is a factory located in Huizhou City, Guangdong, China, wholly owned by Charming Enterprises Limited of Hong Kong. Labels provided by workers show that this factory produces uniforms for the Fechheimer Brothers Company, as well as pants, jackets, sweaters, shirts, kids’ gear, and windproof and waterproof garments for a number of other brands.

In May 2008, researchers from Students and Scholars Against Corporate Misbehavior (SACOM), a worker-rights non-governmental organization based in Hong Kong, conducted interviews with 12 workers at the Hui Yang Charming Garments Factory. Employing an open-ended interview strategy, the researchers initiated discussions with workers about labor laws, women workers’ rights, and occupational health and safety issues. They approached workers during meal breaks and off-work hours at nearby parks, food stands, and job agencies. To supplement the interviews, some workers provided copies of wage stubs and other documents. The photographs from the inside of the factory were taken by workers themselves.

According to SACOM, the Hong Kong-owned Charming Group is making an effort to improve working conditions and demonstrate a commitment to social responsibility. “It is widely acknowledged that a corporate citizen should treat workers with respect and dignity, ensure that manufacturing processes are environmentally responsible, and abide by local as well as international laws,” SACOM writes. “However, based on the findings of this survey, we see that there is a huge gap between the code on the book and the conditions on the ground.”

### Exhausting Working Hours for the Old and (Very) Young Workers

Labor law and regulations provide strict limits to working hours:

- No more than eight hours a day and 40 hours a week per Article 3 of the State Council Rules on Working Hours.
- No more than three extended work hours for any day per Article 41 of Chinese labor law.
- No more than 36 extended work hours in a month per Article 41 of Chinese labor law.
- At least one day off in a week per Article 38 of Chinese labor law.

Yet, like the workers in Bangladesh, Honduras, and the Dominican Republic, Charming Garment workers are forced to put in working hours far exceeding legal limitations. During the time of the interviews, the regular work shift was 7:45 am to 10:45 pm, with only two one-hour breaks for lunch and dinner. A shift lasts 15 hours, and actual work time is as long as 13 hours. When a shipping deadline approaches shifts may last until 3 am.

#### Day-shift work timetable posted at the Charming Garments factory

<i>Time of Day</i>	<i>Working Hours</i>	<i>Total Hours</i>
Morning	7:45 - 11:45 am	4 hours
Lunch Break	11:45 am - 12:45 pm	1 hour
Afternoon	12:45 - 4:45 pm	4 hours
Dinner Break	4:45 - 5:45 pm	1 hour
<b>Overtime Work</b>	5:45 - 8:45 pm (or until the end of the shift)	3 hours (or up to several more)

## Subsidizing Sweatshops

The workers interviewed told the researchers that they put in 13 hours of work a day up to 30 days a month during peak time. This comes to 390 hours of work a month, almost double the legal maximum of 212 hours (40 hour work weeks plus 36 hours of overtime).

Workers are exhausted after 15 hour days during which no “idle time” is allowed. “Behind the factory’s façade of super efficiency,” SACOM writes, “workers suffer from pain in the neck, shoulders, and back. Long hours of work in fixed sitting positions results in repeated strain injuries and other ergonomic problems for workers.” Taking a day of rest is not an option for workers, or they will lose three days of wages and bonuses by way of punishment.



Workers could not help but fall asleep because of the very long working hours at night. Photo: SACOM, May 2008

This report initially also associated the Blauer Manufacturing Company with the Hui Yang Charming Garments factory. Import records from October 2007 show that Blauer received three shipments of jackets from this factory at that time. In addition, Blauer’s own disclosure to the City of Milwaukee from December of 2003 names Charming Garments as a factory supplier of apparel. It appears likely that Blauer has received products from Charming Garments for several years. However, on July 1, 2008, Blauer told us that they have ceased placing orders with Charming Garments because “Blauer representatives were denied access to inspect its manufacturing locations.” If company representatives were denied access to inspect working conditions, and Blauer had no means of exercising its influence to improve working conditions, SweatFree Communities supports Blauer’s decision to cease doing business with the factory. Therefore, we have now removed Blauer from this report.

At the same time, we encourage Blauer to take additional steps to realize their goal that workers producing for Blauer “be treated humanely and fairly.” Blauer should publicly disclose up-to-date factory information to make possible timely independent investigations of working conditions. Blauer should be commended for its own internal monitoring of working conditions, but internal monitoring is not sufficient to reveal worker rights violations and ensure proper remediation. The fact that Blauer apparently had a long-time relationship with a factory, with violations as severe as those in Charming Garments, indicates that Blauer must do more to ensure the human rights of workers.



# Subsidizing Sweatshops

Charming posted a job ad outside the factory gate. I noticed that they started hiring new hands from the 5th day of the Lunar New Year Holidays (February 11th, 2008). I attended a job interview and passed it successfully. Then, I filled in the application form and paid 60 yuan (\$9). I began to work the next day.

—A 16-year-old female worker at Charming Garments. The factory charges new employees 35 yuan (\$5.25) for temporary residence permits, and 25 yuan (\$3.75) for health check-ups.

## Child Labor

Even very young workers must work excessive and exhausting hours. According to the workers interviewed, there are currently around 20 under-aged workers at Charming Garments, as young as 14 years old, despite the fact that Chinese labor law (Article 15) prohibits the employment of children under the age of 16. Furthermore, per Article 58 of Chinese labor law anyone between the ages of 16-18 should be specially protected, work very limited overtime hours and receive health examinations. At Charming Garments, workers are treated the same no matter their age.

## Wages

Sewing machine operators are paid by piece rate whereas quality controllers, packaging workers, raw materials distributors, warehouse officers, and cleaning workers are paid fixed monthly wages, ranging from 1,150 to 1,350 yuan (\$172 to \$202) per month. “As we are paid by piece-rate, when there are only small orders, our wages are very low,” says a 20-year-old female worker. According to SACOM, sewers earn but 500 to 600 yuan (\$75 to \$90) per month during low season, well below the legal minimum wage of 670 yuan (\$100) per month in Huizhou City.



A meal of vegetables and rice is the only choice for all days except Wednesdays and Saturdays when meat is available. Photo: SACOM

## Food and Sleep

In the Charming Garments factory canteen, workers pay for meals by using an electronic meal card. Prices are reasonably low: 1 yuan (\$0.15) for breakfast, 1.25 yuan (\$0.19) for lunch or dinner, and 1 yuan (\$0.15) for late dinner. In total, the average worker spends around 70 to 100 yuan (\$10.50 to \$15) per month for food in the canteen. Some workers say they have complained about poor quality food by using the suggestion box. There seems to be no significant improvement so far. Workers also pay 20 yuan (\$3) per month in rent for one dormitory room that they share with seven co-workers, and tens of yuan per month for water and electricity fees, depending on actual usage.

# Subsidizing Sweatshops

**Legal Minimum Wage of Huizhou City as of April 1, 2008.** Workers' wages at Charming Garments fall short. Source: SACOM

Monthly Wage	Basic Hourly Wage	Overtime Hourly Wage (weekdays)	Overtime Hourly Wage (weekends)	Overtime Hourly Wage (national holiday)
\$100.50	\$0.58	\$0.87	\$1.16	\$1.73

During peak season sewers can make between 1,500 and 2,000 yuan (\$225 and \$300) per month with production incentives. Yet, because sewers do not receive a base wage, but are paid by piece rate only, they never receive the overtime premiums that they should receive by law (Article 44 of Chinese labor law): namely, 150% of regular pay for overtime on weekdays; 200% of regular pay for weekend work; and 300% of regular pay for work on national holidays.

An 18-year old sewer explains the wage system: "Our wages are calculated on a piece-rate system. It does not matter if it's Saturday or Sunday; we are paid the same price for our work and never get the overtime premium. When the managers see that we are producing at a faster rate, they immediately lower the unit price. Let me give you an example: the unit price for producing one item was 0.5 yuan (\$0.08) but it has now been lowered to merely 0.4 yuan (\$0.06) [a dramatic cut by 1/5]. In the past, I finished 180 pieces to earn 90 yuan (\$13.50) a day. Nowadays, due to the much reduced unit price, I have to complete as many as 200 pieces but earn only 80 yuan (\$12) a day. Ironically, the harder we sew the clothes, the lower our wages."

## Are There Options for Workers to Improve Conditions?

There is no union or effective worker representation in the workplace. The workers interviewed cannot imagine how a union would work to promote workers' interests.



Charming Garments wage stub of May 2008 shows that workers are working until 22:45 (10:45 pm). Photo: SACOM

Nor do they know anything about corporate codes of conduct despite the fact that many of the buyers have pledged to uphold workers' rights through such codes. There is a suggestion box on the shop floor, but the box hardly promotes useful two-way communication. A veteran woman worker commented: "We all are forced to keep our resentment to ourselves. There is nowhere to register complaints, and we are afraid if we do complain we will be fired or receive wage deductions."

Instead, workers at Charming Garments, similar to the workers at the AFW factory in Bangladesh, are forced to join management in a lie, telling of decent and legal conditions of work to corporate auditors. In mid-April, 2008, managers announced a training session for workers to prepare for the pre-announced audit of one of their customers. According to the workers interviewed, managers told

# Subsidizing Sweatshops

them: “Foreign customers emphasize human rights. If you answer auditors’ questions incorrectly [uncover labor rights abuses or non-compliance with Chinese labor laws], we get to lose orders and you get to lose your job.”

Furthermore, on the day of the audit, all the workers below 16 years of age were required to take a “day off.” The factory gates were secured so that none of them could enter the factory.

Managers also prepared fake wage and hour reports to present to the auditors. The wage stub above is dated April 2008 (0804) and shows 21 work days in a month at 670 yuan (\$100.50) basic pay; and 3.85 yuan (\$0.58) per hour (the legal minimums). But workers pointed out that they work at least 26 days a month and that the indicated pay rate does not make sense since the workers are only paid piece rate. Workers referred to the wage stubs as “a show, a mathematical game they play to fool the auditors.” They also noted that Charming Garments also keeps double books to hide excessive overtime work from being identified.

## What About Simply Walking Away from the Job?

Certainly, workers have the right to resign by law. According to Article 31 of Chinese labor law, “a laborer who intends to revoke his/her labor contract shall give a written notice to the employing unit 30 days in advance.” Employers are obligated to adequately compensate workers for all hours worked prior to their leaving.

However, at Charming Garments it is not that easy. According to the workers interviewed, managers usually refuse to give workers “permission” to leave. Their hold on workers is that the wages never catch up with the actual time that workers have put in as workers are paid for a month’s work on the 21st day of the following month. In effect, those workers who might want to leave must forfeit 20 days of wages.

# Dickies in Pakistan: No Security, No Say, and Long Hours for Low Pay

There are two factories in Karachi, Pakistan, producing apparel for the Williamson-Dickie Manufacturing Company (Dickies), which supplies a number of states and local governments. A local non-governmental labor education organization, which advocates for the rights of workers, women, and child labourers, interviewed more than 40 workers from these factories using an extensive 75-question survey form. At the present time, both the factories and our research partner must remain anonymous. Workers' names are also pseudonyms, bearing no resemblance to their actual names. Our research partner is concerned that brands may simply opt to cut ties with the factories if they learn about human rights violations rather than work to improve conditions, a course of action that would result in fewer factory orders and perhaps fewer jobs for workers. They are also concerned for their own security in a political climate where worker rights advocates often are targets of police and security force repression. We have respected their wishes, preferring to err on the side of caution in order to prevent any retaliation against factories, workers, or researchers for participating in this project.

## Meet Bashir. He sews Dickies uniforms in Karachi, Pakistan.

My name is Bashir. I have been working in this factory as a sewing machine operator for six years and am now 26 years old. I have been living in Zia colony for 15 years and currently live with my mother, father, and four brothers. We cannot cover our expenses due to high inflation and my brothers are jobless.

The inflation rate is much too high and yet we are making the same rates as 10 years ago! I currently earn about 7,000 Pakistani Rupees (\$104) per

month but my expenses include 1,800 PRps (\$27) for rent, 600 PRps (\$9) for transportation, 5,000 PRps (\$75) for food, and 800 PRps (\$12) for health and education, or over 8,000 PRps (\$119) in all. This makes it difficult to cover all our basic expenses. I usually work 12-14 hours per day but they should really only make us work 8 hours.

In the future I hope to get married, have my own home, and provide a good education for my brothers and sisters so that we can have a better life. I also hope that we get a good government and decrease inflation. In the factory, I recognize that change will not come on the wish of one worker. It will come when all workers unite.

## Inconsistent—and Usually Excessive—Working Hours

Almost all the workers interviewed expressed dissatisfaction with the working hours in the factory. The hours are inconsistent, depending on production demand. According to Kabir, “Sometimes we work nine hours, sometimes 12 hours and sometimes we don’t work at all – it’s not fair.” Babar concurs, “Sometimes work isn’t available. They ask us to go and rest at home and when the shipment comes we have to work 24 hours in a row.”

Yet, most workers cited extraordinarily long standard working hours, normally from 8 am to 10 pm. The following examples appear typical:

Omar: “11-12 hours a day, 30 days per month, even on Sundays”

Jabbar: “12 hours a day, seven days per week”

Ghous: “80 hours, seven days per week”

Riaz: “10, 11, or 12 hours a day

# Subsidizing Sweatshops

and six days per week”

Fazad: “12 to 13 hours a day, 30 days per month”

Salim: “8 am to 10 pm every day, which is not reasonable”

Talat: “Until 11 pm and sometimes we work the whole night; no leave is granted. On Sundays too.”

These long hours are not voluntary. According to Usman, it is either work overtime or lose your job. “If we refuse to work overtime, they scold us the next day and inform us that they have appointed someone else to our position.”

## “We Are Just Surviving”

Despite such long hours of work most workers say, like Habib, “we are just surviving.”

Wages are calculated according to a piece rate system which deprives workers of overtime premium and holiday premiums. In fact, according to the workers, the piece rates are the same as they were 20 years ago, and have not kept up with inflation. Furthermore, many workers report receiving their wages late, and being penalized 5% for “alterations or rejections” on account of mistakes they make.

Most workers interviewed reported living in a precarious situation with their expenses being higher than their income. In Babar’s words: “It is difficult to run a home even after working day and night because it is the inflation age.”

Among 20 workers interviewed at one of the Dickies factories, the average base pay was 5,450 PRps (\$80) per month; their average total wage including wages for hours worked beyond the standard 48 hour work week was 7,412 PRps (\$109); and the average workday was more than 11 hours. Only six workers reported their full monthly expenses, an average of 6,100 PRps (\$90), substantially higher than the base wages reported by all but four of the workers interviewed. These numbers lend added credence

to workers’ own sense that “we are just surviving.”

## Contract Labor and Powerlessness

Bashir and his co-workers actually are not employed by the Dickies factories where they work. Instead, they are hired and paid by an employment contractor which distributes workers among several apparel factories. Even though they work in the same factory, the workers often have different employers; we counted 10 different contractors among the 44 workers interviewed. In fact, none of the workers could provide any proof, such as an appointment letter, that they work at the factory. As Jalal, a sewer, put it: “The factory works under the contract system. The factory owner does not recognize us as their workers.”

With no job contract, no proof of employment, and no official recognition as factory workers, workers’ employment situation is tenuous indeed. When asked how managers react when they think a worker does not work fast enough, or goes home instead of working overtime, machine operator Kabir Salam responds: “The supervisor will expel him from work and appoint workers of their choice who fulfill their requirements. They don’t punish you. They fire you – that’s the punishment.” According to Habib: “They expel him, and don’t appoint him again.”

If managers have a problem with a worker, there is not even a disciplinary procedure. Workers are simply out. If workers have a complaint, there is nowhere for them to turn. Organizing with other workers to improve working conditions is out of the question. It is dangerous for workers even to refer to “union” within the factory. “In our factory we can’t use this word,” says Danish. “If anybody uses it he will be expelled from the job.”

The buyers’ codes of conduct are of no use to the workers. A few workers know that the codes are posted on factory walls, but, as Amin

## Subsidizing Sweatshops



Pakistani garment worker and child. Photo: Anonymous

says, “[the codes] are not for us because we are working according to the contract system.” Corporate auditors visit the factory from time to time, but according to most workers the auditors do not talk with them. “We have no relation with them,” says Amin. “They talk with management.” Two of the workers interviewed recall being called into the office for interviews with corporate auditors, but were then told by managers how to respond to the questions. “We should say that we get good wages, that they

don’t take overtime away from workers, and that at 5 pm we get off work,” remembers Omar.

In the end, there is but one place to turn for a worker who might have a complaint - the contractor that hired her in the first place. “If we have any problem we talk to the middleman or contractor and don’t talk to any factory manager or worker about the problem,” says Jabbar, a machine operator. Yet, being a step removed from the factory floor and having no inherent

# Subsidizing Sweatshops

interest in improving working conditions, the contractor is an unlikely advocate for change.

Indeed, it may not be unreasonable to suppose that the contract system is in part designed to give factories more flexibility with respect to their obligations to protect the rights of workers. For example, while federal Pakistani law establishes a 48 hour work week with rest periods during the workday and paid annual holidays, these regulations do not apply to contractors.<sup>14</sup> Workers simply “have to work when the contractor tells us to work.” Even worse, some workers reported instances when middlemen run away with workers’ wages and the workers are left with nothing, not even a way to hold the contractor or the factory accountable.

## What Does the Future Hold?

When asked about their children, hopes, and aspirations not one of the Dickies workers looked forward to their children following in their footsteps. Some expressed hope that their lives and their children’s lives would change, others seemed less hopeful.

## Here are Some Workers’ Sense of the Future:

Shakir: “There is no future in this line. We haven’t any hopes. What should we think about the children?”

Amin: “I want to study more and it’s my wish that my little sister and brother will study in a good school.”

Babar: “We try not to allow our children to enter this field.”

Jabbar: “First I want to get married, and I want to educate my children.”

Abbas: “Thank God, we are living. God has created us and God will give us food for eating.”

Kabir: “Our hopes about the future are that we will make our children good human beings by giving them a good education so that our children will not have to work in this field.”

## Will Dickies Support Workers’ Rights in Mexico?

Vaqueros Navarra was a jean factory owned by Navarra Group, which owns a total of seven facilities in the Tehuacan region, employing nearly 8,000 workers. A number of major international brands source from Navarra Group, including American Eagle, GAP, Warnaco, Tommy Hilfiger, Guess, and Dickies. Dickies contracts production of the Workrite fire fighter uniform to Navarra Group, which manufactured it at Vaqueros Navarra.

In mid-2007 the Human and Labour Rights Commission (THLRC) of the Tehuacan Valley contacted the Maquila Solidarity Network (MSN), a worker rights organization based in Canada, about problems in Vaqueros Navarra. The following account of those problems is based on reports posted on the MSN website<sup>xv</sup> and conversations with representatives from THLRC.

In May of 2007, 750 Vaqueros Navarra workers formed a coalition to address concerns about worker rights violations in the factory. When 400 workers staged a protest march during their lunch break in the following month, factory management responded by locking the workers out of the factory for the rest of the day and then firing thirteen of the coalition leaders the following day. These apparently discriminatory firings elicited outrage and provoked a work stoppage. Factory management called in the police and private security to repress the worker action. Eleven workers were injured and two had to be hospitalized.

Later that summer, the coalition voted to affiliate with an independent union, the September 19 Garment

## Subsidizing Sweatshops

Workers' Union. The factory responded with threats and dismissals, pressuring workers to "voluntarily" resign with severance pay.

Some of the Navarra Group buyers, namely GAP, Warnaco, and American Eagle, attempted to engage constructively with the company and the local government, expressing their support for the workers' basic associational rights. But some of the most significant customers, including Dickies, failed to take action.

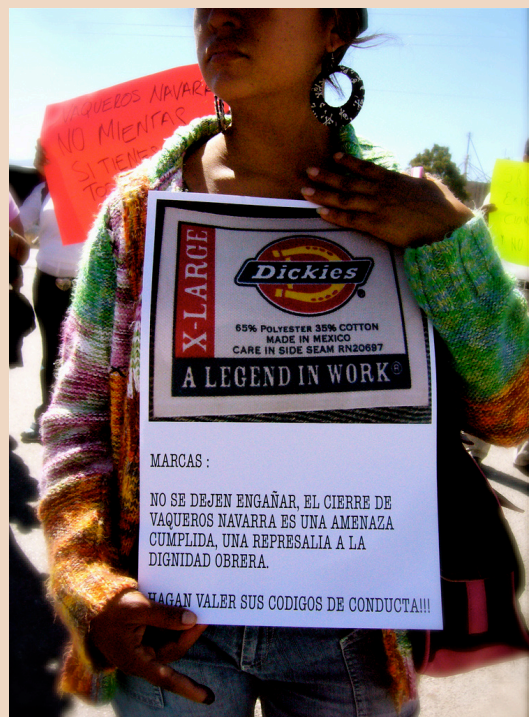
On November 23, 2007, there was an official union election. The September 19 Union won by a large majority despite the fact that the elections were hardly free and fair. Rather than voting by secret ballot, each worker had to come before management and state authorities to deliver her vote verbally. It took an act of courage to vote for the September 19 Union despite management's open hostility to the union.

A few months later, the situation took a turn for the worse. On January 21, workers reported to the factory as usual but were told to go home because there were no orders. On January 23, they were told that the factory had been permanently shut down. The fact that the other factories owned by Navarra Group were still operating without problems seems to indicate that the motivation for closure was the company's desire to operate without an independent union, not lack of orders. In fact, three of the buyers attempted to direct orders specifically to the Vaqueros Navarra facility to ensure that it could remain open and workers' associational rights would be respected. Unfortunately, the factory did close, and it remains closed. The workers lost their jobs.

This story may not yet be over. While some of the former Vaqueros Navarra workers apparently are finding employment at other Navarra Group factories, not all of them have been so fortunate. According to Human and Labour Rights Commission interviews with former Vaqueros Navarra workers, only those workers "that didn't go around causing trouble" are finding new employment. September 19 Union supporters are rumored to be blacklisted. These allegations are currently being investigated. There may still be time for Dickies to do the right thing for the former workers of Vaqueros Navarra.



Workers at rally for the September 19 Union, Tehuacan, Mexico.  
Photo: THLRC



This sign held by a Vaqueros Navarra worker reads: "Brands, do not be fooled, the closure of Vaqueros Navarra is a threat fulfilled, a retaliation against workers' dignity. Enforce your codes of conduct!" Photo: THLRC



# Subsidizing Sweatshops

## **Felix, Current Dickies Worker, in Northern Mexico**

*Here is a story from a factory in Northern Mexico which produces work uniforms for Dickies. When SweatFree Communities interviewed Felix in February 2008, he worried that the mere telling of the story would cause him to be fired. On his request, we provide no information that can be traced to him, including his job responsibilities. "Felix" is a pseudonym.*

I currently work at the Dickies plant in the Industrias Coahuila de Zaragoza Free Trade Zone in Zaragoza, Mexico. I've worked there for five years. We make pants and shorts for Dickies, all different colors. It's for work uniforms.

Our schedule is such that we work for four days, 12 hours per day and then we rest for four days. It's called the "four by four schedule." We work from seven in the morning until seven in the evening. Sometimes if we don't finish our work we have to stay until nine at night.

There's a lot of discomfort because they do what they want with the workers. The management just tells us what to do. It doesn't ask us for our opinions. We can't count on them. We can't make complaints to them. We can't speak badly about the company. If you speak badly about the company and the management hears you, you're fired.

There's a small group that wants to defend our rights and make change. But when the management finds out they send the workers to the manager's office and then they're fired. In May (2007) two workers were fired. A couple months later another worker was fired. They had wanted to form a small group, a union to defend the workers. The management didn't give them time to form the group. They just fired the workers. I haven't participated in the group because I'm scared to lose my job. There's no other work so I'm worried that I couldn't get another job.

The work arrangement is a problem. Typically 70 workers form a line but right now they are promoting cells. A product begins at the beginning of the cell and by the end of the cell it's finished. In each cell there are 10 workers. You have to stand all day long, 12 hours a day standing. Right now they are forming the fourth cell. They're going to make the whole plant that way to save space. It's so uncomfortable. People who are overweight leave because they can't handle it.

The company keeps increasing the production. They'll ask for 20 packets and then next they'll ask for 25 packets and give us the same time to make them.

If your machine breaks down, if the material runs out, or if there aren't enough orders, you don't get paid for your time because we're paid only by production. So if you only made 15 packets because you ran out of material or the machine was broken, and if you go and complain that your pay is so low, the boss says it's because you were taking so many breaks so it's not their fault. It's not fair.

We're not allowed to talk to the worker next to us. If we're caught talking, we're put on a disciplinary break. The company plays loud music all the time that it's not really possible to talk to your neighbor in the line. To go to the bathroom, you need to ask permission and limit the break to 5 or 10 minutes.

Every year, for the company birthday, a representative from Dickies in the U.S. comes to visit the plant. I've never been aware of any kind of monitoring organization visiting the factory. I only know of representatives visiting to check on product quality.

# Rocky Shoes in China: Made with Free Labor?

Our investigation of Rocky Brands (which owns EJ Footwear, Georgia Boot, Lehigh, and Durango brands) suppliers began when Chinese newspapers reported on a strike at the Quan Tak Footwear Company. Quan Tak is a subsidiary of the Taiwanese Enterprise Shing Tak Footwear Group, and a factory listed as a supplier to U.S. city and state contractors. On January 10, 2008, the *Nanfang Daily* reported that nearly 4,000 Quan Tak workers staged a wildcat strike demanding compensation for five years worth of unpaid overtime wages. “According to workers, the factory has embezzled 2-4 hours of workers’ wages and overtime compensation every day since 2002,” the newspaper reported. “Workers typically have to work on Sundays without any salary or any overtime compensation.”<sup>15</sup>

The *Nanfang Daily* article reports that Quan Tak has required workers to work until 10 pm or midnight every day since 2002. “Not only does the factory not pay overtime compensation for those 2-4 hours, workers are not even paid their normal wage,” the report alleges.

As evidence, the *Nanfang Daily* cites a worker in the logistics department who is responsible for attendance and wage calculation and payments who revealed that Quan Tak stops their punch card machine every day around 8 or 8:10 pm while the workers must continue to work until at least 10 pm, and sometimes until midnight.

Hours of work during this time period are not recorded and workers are not paid. According to the *Nanfang Daily*, this logistics worker further stated that, “workers normally do not get any rest days;” that “workers must work on Saturday and Sunday” if the factory has orders; and that “workers do not receive overtime compensation for Saturday work,” and “do not receive wages or overtime compensation for their work on Sundays.” The only time for rest is when the

factory does not have orders. The newspaper’s own interviews with workers confirm this account.

The *Jin Yang Online* news report quoted a woman Quan Tak worker who has worked in the factory for three years and has been forced to work seven days almost every week. “Here we have absolutely



On January 9, 2008, 4,000 workers from the Quan Tak Footwear Company took to the streets at Guangzhou’s Shisha Road to fight for their overtime compensation. Staff from the Baiyun Labor and Social Security Department came to intervene. Photo: *Nanfang Daily*

no weekend at all. We have to work on Saturdays and Sundays but even Sundays don’t count as overtime. We must show up!”

*Jin Yang Online* explains that she works from 7:20 am to 11:00 pm and never understands why the punch card only shows 9.5 or fewer hours per day. “If we are late even once we are fined 50 yuan (\$7.50) and if we are absent we are fined 90 yuan (\$13.50),” the three-year Quan Tak veteran exclaims. “Plus, we will not receive our end of the month attendance bonus [if we are late or absent]. We never see our wage slips. How is our monthly wage of approximately 1,100 yuan (\$165) even calculated? Where

# Subsidizing Sweatshops

did our overtime compensation go?”<sup>16</sup>

Unfortunately, Quan Tak closed shortly after this strike, and workers were forced to relocate. However, we soon learned about similar issues of nonpayment of wages and wildcat strikes in as many as four other Rocky Shoes suppliers in China.

On January 3, 2008, the *Nanfang Daily* reported that workers went on strike at W.W. Rubber last December as a result of the factory refusing to pay backlogged overtime compensation.<sup>17</sup>

On February 23, 2008, the *Nanfang Daily* reported that workers at Hongda staged a wildcat strike in response to the factory’s failure to pay their New Year’s bonus, as well as their long-time failure to pay overtime compensation.<sup>18</sup>

On May 28, 2008, the *Nanfang Daily* reported on a dispute between 72 workers and managers regarding unpaid overtime compensation at Shenzhen Xin-Eri-I-Chuan. Workers brought the case to the local Labor Dispute Arbitration Committee, which reportedly ruled in the favor of workers, declaring that they were owed 2 million yuan (\$290,000). The factory rejected the decision and took the case to court. The final settlement was for 400,000 yuan (\$58,000).<sup>19</sup>

Finally, on June 1, 2008, the *Nanfang Daily* reported that approximately 2,000 workers went on strike at C-Robert on May 31 to demand payment of overtime compensation. Other



More than 70 workers wear white masks and block the factory gate at Shenzhen Xin-Eri-I-Chuan. Photo: *Nanfang Daily*

violations cited in the article included excessive working hours (7:30 am to 10:00 pm). A worker was quoted as saying: “We start work everyday at 7:30am, take a break from 11:30 am to 1:00 pm, work until 5:00 pm, take a break until 5:30 pm, and then we must return to our workstations and work until 10:00 pm, sometimes even midnight; but we don’t get a single penny of overtime pay.” In the end what provoked workers to strike was the factory’s failure to pay the 100 yuan (\$15) loyalty bonus, to which workers certainly felt entitled after such long hours of unpaid overtime.<sup>20</sup>

## What will Rocky do?

The City of Los Angeles has advised their Rocky Brands vendor of the alleged worker rights violations in Chinese factories. Rocky Brands has not responded.

“Rocky Brands’ lack of response is concerning particularly because the chance of achieving meaningful remediation of any labor rights violations that have occurred is diminished as time passes,” the City wrote in a letter of April 30, 2008, to their vendor. “Intervention by Rocky Brands is necessary to ensure that the rights of workers producing City products at these factories are respected.”<sup>21</sup>

Because Rocky Brands continued to ignore the City of Los Angeles’ concerns about worker rights violations in Chinese factories, the City was eventually forced to remove Rocky Brands from their list of suppliers. It is appropriate that the City should not spend tax dollars on a company that ignores heinous worker rights violations. Yet, like the City, we would have hoped for a different outcome, in which Rocky Brands used its influence with factory suppliers to ensure that workers are paid for all the work they do, and that all their rights are fully realized. We still urge Rocky Brands to do the right thing for its workers in China.

# Eagle Industries in the United States: A Government-Subsidized Sweatshop

Eagle Industries is a manufacturer of tactical gear that supplies a contract with the state of New York and is a significant federal contractor for the U.S. Military. Although military manufacturers are insulated from offshore competition and required by law to remain in the U.S., Eagle pays many workers in its New Bedford, Massachusetts facility around \$8.50 per hour, only 50¢ more than the state minimum wage and below the federal poverty level for a family of four. A worker earning \$8.50 an hour for a forty hour week would have to pay around 80% of her salary, were she to purchase the family health insurance which Eagle offers at \$270 per week. Additionally, workers receive no paid sick days. When workers began exercising their right to join a union at Eagle, the company responded with numerous anti-union activities that have led to charges of violations of federal labor law being filed against Eagle with the National Labor Relations Board by the union UNITE HERE.

For Eagle workers, the frustration of laboring under these conditions is compounded by the

knowledge that eliminating the poor working conditions in this factory was once seen as a real possibility. Eagle acquired the New Bedford facility, and its Modular Lightweight Load-Carrying Equipment (MOLLE) contract, from Michael Bianco, Inc., in November 2007. In March 2007, Michael Bianco made headlines across the Northeast when Immigration and Customs Enforcement officials raided the factory and discovered what the U.S. Attorney labeled “sweatshop” conditions. Eagle is still trying to make the public story of the factory one of change and improvement. Eagle wants to be seen as a respectable out-of-town company promising to clean up a sweatshop. But for workers, day-to-day life remains difficult.

### **Rosa, 37 years old, seamstress**

It is very hard for me to live on the wages that Eagle pays and to be able to pay my bills. In February, I went to the plant manager and asked for a raise, but he told me no. I told him that I am struggling trying to pay my mortgage but he still refused. He said that because the minimum wage was raised that he wasn't going to give me a raise. I can't afford to pay all my bills alone on what I earn at Eagle; my son has to help me out. Right now I am receiving \$171 a month on food stamps. I can't afford Eagle's health insurance either; it is too expensive. So I also have to rely on the state and use the MassHealth insurance because it is all I can afford for me and my family.

For the work I do each piece takes 15 minutes, but each piece I work on has 25 separate operations that I have to do on it. It is a lot of work. At the end of the day, I have a lot of pain in my hands and arms from the same repetitive motions that I do all day over and over. I get the material after it has gone through the burning process and the material has pieces that are hard and sharp which scrape my arms leaving cuts and scratches. I have scratches all over my arms from it.

We work hard at Eagle and we receive nothing. We deserve to have fair wages, job security, sick days, and vacation. I want to change things at Eagle so I can provide for my family. I want to have job security so I can do that.

## Background: A Sweatshop in Plain Sight

In March 2007, U.S. Attorney Michael Sullivan described Michael Bianco, Inc., as “the type of sweatshop you’d read about from the early 1900s.”<sup>22</sup> In a still pending federal court lawsuit, Bianco workers allege that they put in long hours for low wages and did not receive mandatory time-and-a-half pay for their frequent overtime hours.<sup>23</sup> Workers told reporters that the company kept the emergency exit locked and did not heat the factory during the winter.<sup>24</sup>

Working conditions were so poor and health-and-safety violations at the plant were so rampant that Bianco would be hit with a series of OSHA violations and pay \$37,500 in a settlement.<sup>25</sup> Workers were also subjected to a number of smaller indignities, ranging from prohibitions on talking at their work stations to management’s rationing of toilet paper and monitoring of bathroom breaks. In many cases, the target of management’s actions was workers’ wages themselves. Although hourly wages at Michael Bianco were above the legal minimum, workers were illegally docked 15 minutes of work time for every minute late they clocked in, and fined \$20 for leaving the work floor early.<sup>26</sup>

The Federal officials who raided Bianco expressed shock at the sweatshop conditions they found. But it should have been no surprise. As a military contractor Bianco was monitored by the Defense Contract Management Agency.<sup>27</sup> Where the sweatshops of old kept low profiles and steered clear of government inspectors, Michael Bianco violated multiple labor laws in plain sight of the Department of Defense quality inspector who had been assigned to the company. Workers recall that the inspector was friendly, and expressed heartfelt sympathy for their plight on the job.<sup>28</sup>

## Eagle Industries Acquires Michael Bianco, Promises Improvements

After entering into a state of limbo with the Department of Defense in the wake of the I.C.E. raids, the factory was returned to good standing when it was purchased by Eagle Industries of Fenton, Missouri, in November 2007. By acquiring the facility, Eagle also acquired Michael Bianco’s contract to manufacture Modular Lightweight Load-Carrying equipment (MOLLE) for the U.S. military. The contract had up to \$40 million remaining and positioned Eagle to move beyond its long-time niche of manufacturing military equipment for police and military enthusiasts and into the world of large-scale federal contracting. In the wake of the acquisition, Eagle executives emphasized the firm’s history as a small business, its dedication to providing a high-quality working environment, and the Blue Cross/Blue Shield Insurance Policy for which workers would be eligible.<sup>29</sup>

## Hope Betrayed

Less than half a year later, each of Eagle’s basic promises to employees – of “the best possible working environment” and access to health care – has eluded workers.

Michael Bianco paid its workers within one dollar of the minimum wage. Eagle has not changed this approach. Eagle workers received a wage increase in January, 2008, when the Massachusetts Minimum Wage was increased from \$7.50 to \$8.<sup>30</sup> In February, 2008, Eagle gave workers a raise of \$0.50.

As evidence of its intentions to reform bad employment practices at Michael Bianco, Eagle has publicized the fact that it offers Blue Cross/Blue Shield health insurance to its workers. However, this health insurance plan

# Subsidizing Sweatshops

is so expensive that it is unaffordable to many workers. Family premiums under Eagle's Blue Cross/Blue Shield insurance policy cost \$270 per week – a high figure that translates to \$1,080 per month and \$14,040 per year. For an Eagle worker employed 40 hours per week at \$8.50 per hour, this cost equals nearly 80% of pre-tax pay.

In a recent news article, a worker reported that three of her co-workers at Eagle had fainted at work due to the excessive heat inside the factory. The factory has no air conditioning.<sup>31</sup>

## Management Intimidates Workers

In April, 2008, Eagle workers began to collect union authorization cards in the hopes of joining UNITE HERE, an international union representing workers in the apparel and textile industry. The National Labor Relations Act guarantees workers the right to organize a union without interference from their employer and without threats (particularly acute for low-income workers with few cash reserves) of job loss. UNITE HERE has filed charges against Eagle alleging multiple violations of the Act.

According to workers interviewed by UNITE HERE, Eagle Industries has responded to workers' organizing by initiating an anti-union campaign to dissuade workers from exercising their right to join a union.

On Tuesday, April 29th, Eagle workers held an off-hours meeting to discuss union representation, the first meeting after the employer had become aware of the worker organizing campaign. However, when two supervisors arrived at the meeting the workers who attended the meeting had their union leanings disclosed to management.

In the days after management learned of the union-organizing drive, the company held a series of mandatory, anti-union meeting with workers. In these meetings, Eagle Supervisors fanned



The Immigration and Customs Enforcement (ICE) raid of March 6, 2007, left the New Bedford community devastated. Here family and community members gather after ICE officials detained 361 workers. Many of the detainees were mothers separated by force from their children. Photo: Massachusetts Immigrant and Refugee Advocacy Coalition

fears of job loss, threatening to close the plant.

For years, Eagle workers had entered and exited the workplace daily without encountering managers outside the plant. Once union organizers and pro-union workers began to legally greet workers in front of the plant and pass-out leaflets, Eagle supervisors began to stand on the factory's front steps as employees entered and exited the plant, and as they went outside for breaks.

## Will Conditions Improve?

As Rosa says, workers at Eagle “deserve to have fair wages, job security, sick days, and vacation.” Many workers believe conditions can improve if they can organize through a union to present ideas and demands collectively to management. Eagle would benefit from listening to these workers, rather than by attempting to deny their right to associate by disrupting meetings, threatening plant closing, and monitoring workers who support the union.

## What is to be done?

### What Workers Say

There are stories of success, where sweatshop abuses have been brought to light for U.S. consumers and where in turn those consumers have supported workers in their quest for humane working conditions. In this section, we encounter three of those stories from the workers themselves, and learn what can be done:

- Kamal, 31 years old, male, sample producer for 12 years at EPIC's Pearl Buying Services factory in Dhaka, Bangladesh
- Elisa, 31 years old, female, seamstress for four years at the Calypso Apparel factory in Masaya, Nicaragua
- Maly, age unknown, female, seamstress for two years at the New Wide Garment factory in Phnom Penh, Cambodia

Kamal, Elisa, and Maly all work on Dickies uniforms. Central to their stories and struggles are the interventions of independent factory monitoring organizations, such as the Worker Rights Consortium, which are able to conduct factory investigations free of corporate influence. These stories bring to life the hopeful reality that working conditions can be improved.<sup>32</sup>

### Kamal, Pearl Buying Services, Bangladesh

I am Kamal, a Bangladeshi. I was born in an urban area called Dokhin Horichondi in the District of Gaibandha. Gaibandha is the northern province of Bangladesh. I was born in 1977.

Since my childhood I have felt closely the pain of poverty. I was one of seven children and my father was the only wage-earning member of our family

My father was a day laborer and it was impossible for him to support his family with his small income. I can't remember how many days we had to pass without any food, only water. I could feel my father's pain but he had no way [to support us] and I wanted to continue my studies.

When I was nine, I left my village, my home, and went to another village. There I found a job at a wealthy man's house as a tutor. I taught the householder's sons and daughter for five years. I got food and accommodation and some papers and pencils in lieu of wages. There I spent eight years and passed my Secondary School Certificate Exam. Then I needed more money to continue my studies at a higher level but I had no way to afford it. That's why I had to stop my studies and come to Dhaka to seek a job. That was the beginning of 1994.

As I recall, it was April 1994, and my friend with whom I had been living in Dhaka informed me about a job vacancy at a garment factory named Hollywood Garments Ltd. I started my first job in that garment factory as a daily worker with a wage of \$10 per month.<sup>33</sup>

In May 1996, one of my friends informed me that a buying house [where samples are produced for buyers] of a renowned factory named EPIC Design Ltd was recruiting new workers. I thought that the buying house would be better than the garment factory where I was working because the factory took too much time to pay us our wages and the working conditions at the factory were not good. So considering these advantages, I resigned from the factory and started working at Pearl Buying Services, the sample producer for EPIC in June 1996.

I came to PBS to try my luck but alas, I was wrong! From the very beginning I experienced various forms of discrimination. The management

## Subsidizing Sweatshops

harassed us if we made any mistake in the work, illegally fired workers whenever they wished, verbally abused us, deducted wages when we were absent, deducted our wages for talking during work time even if we were talking about work-related topics, forced us to work excessive hours of overtime, did not allow us to take leave, forced us to work on the weekend, and did not pay us for this excessive overtime or weekend work.

If we were absent for one day, the management deducted three days' wages. They deducted 10 days' wages for talking during work time. We didn't get any leave even if there was a medical emergency; moreover we had to work on government holidays. Eventually, we suffering workers felt it necessary to protest against this mistreatment by the management. This consciousness united the workers.

Then, in 2005, the workers tried to form a union to demand our labor rights. We collected the required documents for formation of the union and submitted them to the JDL (Joint Director of Labor) office on December 26, 2005. JDL office reviewed our union documents and granted us our union registration on February 15, 2006. Then we notified the factory management about the union.

All of the workers supported [the union's] leadership. The leaders submitted our demands to the factory management in writing. The management accepted a few of our demands.

We had many demands but here I would like to mention one important demand: our regular working hours were 12 to 14 hours per day without overtime, and our demand was to change it to 8 hours. The management accepted [this demand] and reached an agreement with us that our regular working schedule would be 8 hours [per day]. After 12 long years, the factory changed its regular working hours from 14 hours to 8 hours per day!

But at that time we didn't have any idea about the

squeeze that would be coming.

In the month of October 2007 the factory closed for the festival holiday. All of the workers got our wages and [festival/holiday] bonuses and went to [our home] villages to spend the Eid holiday. On the 19th of October, all of the workers came back to the factory to return to work in the morning but we found lots of police officers at the factory. The elite law enforcement agency, Rapid Action Battalion (RAB), was present there and a notice was hanging in front of the factory gate. The notice said that all of us had been terminated by the management and also that we should collect our termination benefits as early as possible.

The situation made us puzzled. We couldn't figure out what we should do. We felt like we had fallen into a dark hole. Where should we go? How will we support our families?

Then our leaders contacted the Garment Research Group, an NGO. They also contacted a trade union federation that assists workers and provides legal aid. These organizations had helped us previously, when we were building our union. They provided help with all kinds of legal requirements and even gave us papers, pencils, and pens. They also allowed us to use their office for union activities, to use their computer, etc. GRG took a stand beside us. They helped us in every way.

Then we found a new helping hand, the Worker Rights Consortium, which we found through GRG. WRC talked to us about the termination event and began an investigation. The management of PBS had terminated 144 workers on October 19, and all 144 workers got reinstated within one month. Here WRC played a key role. Their activities helped us to get reinstated more quickly than we would have thought.

Currently, I live with my wife and only daughter in a small room which is 12 feet wide and 13 feet long. I can't afford to support my family with



# Subsidizing Sweatshops

my low income. Often, I can't meet my family's daily needs. I get help from my brothers. I can't buy food or medicine for my family and parents and I can't help my other family members. This is something I greatly regret. I want to send my child to school. I want her to be literate so she can get a better job than me and can lead a better life. This is my only hope for my daughter. This hope gives me strength and inspiration to wake up every morning.

## Elisa, Calypso Apparel, Nicaragua

My name is Elisa and I work at Calypso Apparel in Masaya, Nicaragua. I am 31 years old and I live with my husband and my two children—my son is nine years old and my daughter recently turned two. The salary that I earn at Calypso is very important for our family because my husband is a bricklayer and he doesn't always have steady work. In addition to our two children, we also support my mother and father who live nearby and are no longer working. We are a very close-knit family and my mother takes care of my children while I go to work.

I have been working at maquila factories for more than eight years and I started working at Calypso four years ago. At our plant, I work as a seamstress and we make uniform shirts and medical and chef uniforms. When I first started working at the plant, there were a lot of problems and our rights were being violated. The workers felt a lot of pressure and there was repression by the managers and supervisors if you didn't follow strict orders. Our bosses were verbally abusive and we were often forced to work overtime without any additional pay.

Given the tough conditions that we were working under, a group of my co-workers and I decided to form a union in July 2006. It wasn't long until the company found out that we had formed the union and, on August 3, I was fired along with the rest

of the union's leaders and other union members; thirty workers in total.

We contacted organizations both in Nicaragua and internationally to get support for our case. One of the international organizations told us that people in the United States would not want to have these kinds of problems in the factory that made their clothes, and they pressured the factory to rehire us. It took more than two months, but in October 2006, we were finally rehired at Calypso.

Things are better now at our factory. There is respect for our union and we have a good relationship with the managers. We have monthly meetings to talk about the problems that the workers are facing. We aren't always able to resolve the problems, but at least our voices and opinions are heard.

Our union has grown a lot since it first started. We now have more than 600 members and we are trying to work on updating the factory's collective bargaining agreement so that there will be more benefits for the workers.

I feel that being a part of a union is very important. When you are organized, you have a better chance of being heard. International support has been very important to our union struggle. In addition to helping us to get rehired, many international groups continue to support us and offer us trainings on how to develop our union. If we don't understand how things work and if we don't get this kind of support, we won't be able to defend our rights.

We are thankful to the people in other countries who have supported us. If more people were informed about what conditions are like for the workers who make their clothes, I think that our situation would be different and there wouldn't be as many violations in the factories.

Sometimes workers don't organize because they are scared that they will be fired. But if they knew that they were being supported, they wouldn't be

## Subsidizing Sweatshops

so afraid. We hope that people in other countries will continue to support us and that we can all progress together.

### **Maly, New Wide Garment, Cambodia**

I work at the New Wide Garment factory, located in Phnom Penh, Cambodia. I have two daughters, ages 14 and 10. They are studying today. I am a single mother, divorced in 2005. Since then, I have had a very hard time trying to feed my kids. I am the only source of income for the family. I can read but I cannot write very well because I did not finish primary school, due to family difficulty. Today, I live with my two kids in a one-room house that is built on the corner of my sister's property.

I started work at New Wide in July 2006. I have to get up at 5 am to catch the truck to work at around 5:30 am in order to reach factory before 7 am. The normal working schedule is from 7 am to 4 pm with a one hour lunch break from 11-12. In addition to this, I always work two hours of overtime per day. Because my salary is not enough to support family, I am motivated to work overtime and I can't afford to buy breakfast. I eat only lunch and dinner.

When I first started working at the factory, I saw many problems such as dirty toilets and water. It was difficult to access the toilets and clinic, and it was hard to get permission to get sick leave. Workers were required to sign six month contracts and workers did not have the chance to raise suggestions to management at all. Shop stewards were not allowed to bring workers' issues to managers. The contracts of pregnant workers were not renewed and we didn't see any workers get maternity leave back then.

Around mid-2007, a union organizer contacted me and other workers at New Wide to suggest that we form a plant union in order to improve working conditions. I started approaching other

workers and explaining to them the benefits of joining the union. We distributed registration forms and planned to set a date for a union leadership election. Workers always approached me asking for help when they had a problem with their supervisors. When managers learned of our plans and activities the supervisor called me to his office and expressed serious discontent.

It wasn't long after this that I was required to work in an isolated room where the supervisors did not allow me to meet other workers. The manager observed me constantly. Then my employment contract was not renewed and I was out of work for about three or four months.<sup>34</sup> In that period, I didn't have any income and I took out a loan in order to survive.

Fortunately, I was told by a co-worker to contact a U.S. organization. I asked this organization to help me and I told them about my case. Later, we came to an agreement and the employer agreed to reinstate me with back pay. I was so happy to see this resolution and I felt very relieved because I was able to pay off my debt.

After I got back to work at New Wide, I saw that the working conditions were better than before. However, the supervisors still kept a close eye on me and treated me differently from the others. Although the supervisor agreed that I could keep my position as a line leader, this was just window dressing at first. But in early May, their treatment of me began to improve. I hope it will get even better soon.

In the end, I am grateful and thank the U.S. organizations and other supporters around the world that helped to improve the working conditions and especially helped me to have a chance to get back to work at New Wide. This support is very important for workers. I hope this support will prevail.

## Lessons from Kamal, Elisa, and Maly

Kamal in Bangladesh, Elisa in Nicaragua, and Maly in Cambodia are three workers in the global uniform industry with different stories. They are from different points of the globe, but the similarities of their work lives present important lessons for our work.

Like other workers in this report they talk about workplace harassment, illegal firings, excessive overtime, and other egregious worker rights violations. But they also talk about the possibility of change. They tell us that workers themselves create change by talking with one another about the problems they face, discussing solutions, and presenting their ideas and demands collectively to management. Workers' freedom to create change is fundamental to any attempt to improve working conditions, a freedom which is recognized internationally as "freedom of association" and the "right to collective bargaining."<sup>35</sup>

Kamal, Elisa, and Maly also speak of the importance of international support for their struggles, especially in the form of independent investigations of workplace violations that can help impress the necessity for change and compel factories and companies to take action. Outsourcing of production and the growing physical distance between consumers and producers does not require a complete separation between people who sew the clothes and people who wear them. Indeed, as Elisa observes, "people in the United States would not want to have these kinds of problems in the factory that make their clothes." One promising development that helps connect people as consumers and as producers across international boundaries, and create corporate accountability for working conditions in supplier factories, is independent factory monitoring on behalf of institutional buyers: cities, states, universities, and others.

Despite marked improvements in the working conditions for Kamal, Elisa, Maly, and their coworkers, there is still more work to be done to create a truly humane workplace. Kamal, for example, laments: "I can't afford to support my family with my low income. Often I can't meet my family's daily needs. ... I can't buy food or medicine for my family and my other family members. This is something I greatly regret." Surely any humane workplace, any humane industry, should ensure that even the lowest paid workers are paid wages that allow them to meet their very basic needs and to lead a dignified life.

In Maly's case, the independent investigation of New Wide Garment, carried out by the Worker Rights Consortium on behalf of the City of Los Angeles, resulted in remarkable improvements for workers and a more humane working environment. The factory reinstated her to her previous position with no loss of seniority and with full back pay. The factory also adopted a policy of non-discrimination against pregnant workers and compensated a pregnant worker who had been terminated unjustly. A special pass for pregnant workers now allows them to leave five minutes early at the lunch hour and at the end of the day. The factory ceased the practice of restricting workers' access to the toilets during the work day. It adopted a policy of prohibiting verbal harassment and abuse. And it agreed to provide paid sick leave, which it is required to do by law.

These are significant improvements for Maly and her 1,400 coworkers. Yet their wages remain abysmally low, so low that most workers live in squalid conditions, sharing small dormitory rooms of 12-15 square meters with three to five roommates, and one toilet with 50 other people. Their children usually stay with grandparents in the countryside as workers do not have the means to look after them. New

## Subsidizing Sweatshops

Wide workers earn between \$0.24 and \$0.30 per hour, a legal wage in Cambodia, but a violation of Los Angeles' sweatfree ordinance, which requires a "procurement living wage," which in Cambodia's case would be \$0.63 per hour, more than twice workers' actual wages.

Despite the successful investigation and remediation effort at New Wide Garment, the Worker Rights Consortium is not currently suggesting that the City of Los Angeles should attempt to enforce its living wage requirement. The independent monitor explains in a report to the City:

This is not a matter that can be solved by the factory alone; any approach to bringing wages at New Wide to the level of the procurement living wage would require changes not only at the factory level but also, more importantly, in the sourcing practices of New Wide's buyers. [It] would require that one or more of New Wide's customers pay a higher price to the factory sufficient to allow New Wide to increase wages.<sup>36</sup>

In other words, the problem of poverty wages is not just a factory problem, but an industry problem. Part of that problem lies in the purchasing and sourcing practices of major industry brands, practices that impact wages, working hours, and working conditions in supplier factories. Prices paid to factories may not be sufficient to enable them to meet the costs of compliance with the sweatfree code. Tight production schedules, emergency orders, and other logistical requirements that brands impose on factories may induce violations of hours and overtime regulations, and other labor rights and human rights. When brands seek to compete by cutting labor costs, maintaining low inventories through "just-in-time" production, and shifting production risks to factories, workers often bear the burden. What appears as sound competitive strategy to brands means long and erratic working hours, low wages, and

oppressive working conditions for workers.

If the solution to sweatshops in the uniform industry requires changes not solely on the factory level, but also in the sourcing and purchasing practices of major brands, we need to ensure a market large enough to compel both brands and factories to make the appropriate changes. This market is larger than any single state, city, school district, or local government agency can provide, but it is not larger than the combined government purchasing market, a market that can coalesce through a cooperative effort.

## What Cities and States Can Do

One hundred and eighty-one U.S. public entities—states, cities, counties, school districts and public schools—have committed to ending purchasing from sweatshops. In 1997, North Olmstead, Ohio, became the first city in the country to adopt a “sweatfree” procurement ordinance in the wake of a wave of media revelations linking major apparel brands and stars like Kathy Lee Gifford and Michael Jordan to sweatshops and child labor.

“I am sure you have heard over the past year about clothing made under sweatshop conditions,” North Olmstead Mayor Ed Boyle told his city staff upon adopting the nation’s first sweatfree purchasing policy. “Apparently many of the items produced in third world nations are done so through the exploitation of workers, under unsafe and unfair conditions and through the utilization of child work forces. The City of North Olmstead will not be a party to this.”<sup>37</sup>

A number of other Ohio cities and counties soon followed North Olmstead’s example. Nationwide an inspired grassroots sweatfree movement emerged in a variety of places led by community organizations, people of faith, labor unions, high school students, and others. In 2001, the state of Maine became the first state in the nation to commit to ending public purchasing from sweatshops as legislators joined a broad “clean clothes” coalition of human rights groups, unions, religious organizations, small businesses, student groups, women’s groups, laid-off shoe workers, and others. In 2003, similar sweatfree campaigns from around the country founded a new organization, SweatFree Communities, to support and coordinate this national movement. To date, seven states, 38 cities, 15 counties, four Catholic dioceses, 118 public school districts, and three individual high schools have joined the movement to end taxpayer support for sweatshops.

We have a moral obligation to ensure [the sweatshop] practice is not rewarded through state contracts and taxpayer dollars. . . . By using our combined state procurement power, we can impart real change.

— Governor Edward G. Rendell, Pennsylvania

There’s power in numbers. . . . If we team up with other states we’ll have even more influence in the global marketplace. Workers around the world deserve any influence or leverage we can bring to the table.

— Governor John E. Baldacci, Maine

The positive impact of each city’s sweatfree policies is maximized by collaborating across jurisdictional boundaries. By consolidating our purchasing power and coordinating enforcement, our cities can better assure that anti-sweatshop policies achieve their intent.

— Mayor Gavin Newsom, San Francisco

I will not allow our government to be party to the exploitation of workers of any age in any country.

— Mayor Ed Boyle, North Olmstead, Ohio, announcing his first-in-the-nation sweatfree purchasing policy, January 30, 1997

Internationally, the sweatfree movement may be dated to 1949 when the International Labor Organization (ILO) established the Labor Clauses (Public Contracts) Convention (No. 94) to ensure that public purchases of goods and services did not have the effect of depressing working conditions, an issue of high importance in the context of the massive publicly financed rebuilding efforts after World War II. In its preparatory work for Convention 94 the ILO studied United States Federal Public Contracts Law, specifically referencing U.S.

## Subsidizing Sweatshops

uses of labor standards criteria in contracts for procurement of imported materials. According to the ILO, the United States Government accepted responsibility “for securing the observance of fair conditions of employment on work done for its account” by including “a [contract] clause designed to maximize production by the maintenance of certain minimum standards of working conditions under which the production is to be carried out.” The reasoning behind that clause was:

“...the belief that men and women who work under decent conditions produce more per person than those who work under less desirable conditions; that work stoppages and labor shortages are less likely under better working conditions and that loss of man hours from accident or occupational disease is reduced by a program of safety and sanitation.”<sup>38</sup>

In 2008, the ILO affirmed the continued relevance of Convention 94. The combination of a highly globalized economy and procurement practices that promote “competition at all costs among potential contractors” results in “bidding enterprises [that] compress labor costs [to qualify as lowest bidder] which most often results in reduced wages, longer hours, and poorer conditions,” said the ILO in its analysis of government purchasing. “Governments should not be seen as entering into contracts involving the employment of workers under a certain level of social protection, but, on the contrary, as setting an example by acting as model employers.”<sup>39</sup>

Thus, the sweatfree purchasing principles - that public spending should not encourage violations of labor rights and human rights, and that sweatshop exploitation ought not to be a competitive advantage - are well established in the United States and internationally.<sup>40</sup> However, implementing those principles through standards and procedures that are both meaningful and feasible is more

The International Labor Conference in 1949 decided that state power in the market place, exercised via the labor clauses placed in public contracts, would also be an appropriate mechanism for preventing the downward pressure on labor rights. Equally compelling was the proposition that public funds should be used in socially responsible ways, including in the support of favorable conditions of work achieved through the exercise of the fundamental right to freedom of association and to collective bargaining, or as a result of government intervention on behalf of workers in inherently vulnerable labor market conditions.

— International Labor Organization, “Labor Clauses in Public Contracts,” 2008

challenging than simply affirming them.

No single state or local government has the resources to monitor working conditions in supplier factories beyond their immediate jurisdiction and enforce sweatfree purchasing policies on its own. However, a large number of public entities committed to sweatfree procurement can facilitate policy enforcement by pooling resources, sharing knowledge and expertise, and coordinating standards and code compliance activities.

In November 2005, San Francisco’s Mayor Gavin Newsom called for a “consortium of public jurisdictions to...better assure that anti-sweatshop policies achieve their intent.” Mayor Newsom proposed independent monitoring of supplier factories, coordination of policy enforcement, and consolidated purchasing from sweatfree suppliers.<sup>41</sup> Several U.S. cities and counties (Albany, New York; Austin, Texas; Berkeley, California; Los Angeles; Lucas County, Ohio; Madison, Wisconsin; Portland, Oregon; Providence, Rhode Island; and San Francisco) have also called for collaboration with other public jurisdictions for more effective sweatfree policy enforcement.

# Subsidizing Sweatshops

In February 2006, Governor John Baldacci of Maine invited fellow governors to join a collaborative effort for sweatfree purchasing, calling for a Governors' Coalition for Sweatfree Procurement and Worker Rights.<sup>42</sup> In September 2006, Governor Jon Corzine of New Jersey and Governor Edward Rendell of Pennsylvania joined the Coalition. The governors agreed to develop:

- Best practices and procurement policies to end taxpayer support for sweatshop abusers, including binding codes of conduct, disclosure of supplier factories, independent investigations of factories, and remediation of worker rights violations.
- Cost-effective and reliable independent monitoring mechanisms and inspections of contractor and subcontractor places of manufacturing.
- A purchasing consortium to facilitate procurement from sweatfree supplier factories.

The next significant step towards cooperation in sweatfree purchasing was the Harrisburg meeting on sweatfree procurement hosted by the Department of General Services of the State of Pennsylvania on March 29, 2007. This meeting of government officials from states and cities across the country, factory monitoring experts, and human rights advocates conceived the State and Local Government Sweatfree Consortium, which merges previous state and city collaborative efforts in sweatfree procurement.<sup>43</sup>

Initially focused on the working conditions in production facilities that manufacture uniforms and other apparel for its members, the Sweatfree Consortium plans to take three significant steps to end public purchasing from sweatshops. First, it will create a database of contractors and factories producing for the state and local government procurement market. Second, it will educate workers on their rights under the Sweatfree Consortium, investigate



"Our union requires us to buy union-made when possible, and I support that. It's become harder to find union-made products but we do what we can. I support a living wage for the workers who make my gear and will do what I can to help out." — Mark McCormick, President of Northampton Firefighters (IAFF Local 108), Massachusetts. Photo: SweatFree Communities, June 2008

allegations of worker rights violations in supplier factories, and remediate code of conduct violations. Finally, it will identify and prescreen both vendors and factories that are willing to take the high road to win public contracts.

Transparency, independence, and fairness are the values that will guide the work of the Sweatfree Consortium. Vendors must be transparent in order to qualify for public contracts, disclosing the names and locations of the factories where the uniforms and other items sold to states and local governments are made. The Consortium's investigations of working conditions in supplier factories must be fully independent from any companies being investigated both financially and structurally. Prescreened sweatfree

## Subsidizing Sweatshops



Governor James Douglas of Vermont signs the seventh state sweatfree purchasing bill into law on April 28, 2008, accompanied by high school students who advocated for the law. Photo: SweatFree Communities

vendors and factories must be committed to fair purchasing practices and fair treatment of workers. Vendors (buyers) must be committed to a fair deal with their suppliers (factories), because without fair pricing of products, fair delivery schedules, and fair and dependable business relationships factories will have neither the resources nor the incentive to give workers a fair deal. But in return for fair purchasing practices, factories must commit to full code compliance in order to be eligible to supply members of the Sweatfree Consortium.

Because most apparel factories have a large number of customers, producing relatively small amounts for each one, the simplest way to ensure fair purchasing practices in the supply chain for states and local governments is to consolidate production for this market in a smaller number of factories that produce a larger share of the products for each customer. By encouraging consolidation of production the Sweatfree Consortium will maximize the positive influence of vendors who are committed to fair purchasing and fair labor practices. On the buyer end, the Consortium intends to develop a joint purchasing program, in which public entities will have the opportunity to buy similar products in bulk, thus increasing their

influence on vendors while reducing their costs.

The Sweatfree Consortium can mark a significant breakthrough in efforts to address the problem of global sweatshops simply by leveraging the economic relationships of states and local governments with both domestic and overseas suppliers. By operating as a consortium, public entities can ensure that there will be no duplication of government budgets and staff efforts in conducting investigations of contractors and subcontractors. Vendors will benefit from more uniform sweatfree procurement rules across jurisdictions that are members of the Sweatfree Consortium. At the same time the Consortium will provide vendors with easy access to a reliable and up-to-date information clearinghouse showing where they can obtain sweatfree products, and which manufacturers may be off limits for sweatfree bids. Easier access to information, more choices for vendors, and more streamlined bidding requirements will result in a larger pool of qualified bidders, more competitive bidding, and ultimately lower prices. Factories will benefit from fair purchasing practices, fair pricing, and consolidation of orders. Workers, finally, will be able to enjoy and exercise their basic human rights and labor rights within a system of purchasing and production that allows – and expects – decent and humane working conditions.



## Conclusion

Alma Leticia Puente (her real name) is a single mother of two children. They live with Alma's parents in Piedras Negras, Mexico. As a child, Alma only went to school for six years. She "didn't continue because there was no money for shoes or notebooks." When she was 17 years old, she worked at a Dickies factory in Piedras Negras, but only for four months because the work was "heavy and tiresome" and "there was a lot of pressure, a lot of hurrying." Now 35, she works at a small sewing cooperative, called "Dignity & Justice," with half a dozen other women, making t-shirts and tote bags primarily for U.S. consumers.

Alma compares working at the Dickies factory to her work at Dignity & Justice. SweatFree Communities talked with her at the cooperative.

I was young when I worked at Dickies so I didn't question it much. They said I had to work long hours and I did. The pay was low but I didn't know better. They said I had to work Saturday and I did.

First of all, the schedule is a big difference. Now I can bathe my children in the morning and take them to school. At a typical maquila I couldn't do that. Here we decide together on our production quota. Here the wages are much better. Here I work from nine in the morning until five in the evening. I never work past five.

What I notice most are the differences in schedules and wages, and that here we don't have a boss that orders you or punishes you. Here we don't have any of that – there's no boss looking over your shoulder. Here you can choose your work hours. If you need to take time off for something, your pay isn't docked like it is at other factories.

I feel very good. I feel that now I am



Alma Leticia Puente, former Dickies worker, currently works at the Dignity & Justice cooperative in Piedras Negras, Mexico. Photo: SweatFree Communities, February 25, 2008

somebody. I feel that I can make decisions together with others about what we are going to do. No one is ordering me. I feel very good.

Imagine Alma as the face of the global uniform industry. Imagine that the workers at Arena Fashion Wear in Bangladesh could enjoy safe drinking water and did not need to drink water from toilets. Imagine that workers at the Alamode factory in Honduras were not scared to talk with independent factory monitors. Imagine that the workers at Suprema Manufacturing in the Dominican Republic did not have to choose between suffocating heat and the asphyxiating dust stirred up by the fans. Imagine that the workers at Charming Garments in China did not have to work more than the legal 40-hour work week, instead of the 13-hour days and 91-hour weeks they are forced to toil now. Imagine that the workers in the Pakistani factories had even an employment contract with the factory where they work, and that the factory was accountable for the working conditions. Imagine the thousands of workers in Rocky Brands' factories in China actually being paid for all the hours they work.

## Subsidizing Sweatshops

Imagine the workers at Eagle Industries in New Bedford, Massachusetts, earning enough to survive without food stamps. Imagine all these workers receiving a decent living wage for a reasonable day's work.

Is this really too much to ask?

Is it too much to ask for workers in the uniform industry to work under conditions like Alma's? Alma lives very simply and on a tight budget. But the conditions are humane. "I feel that now I am somebody," she says. "I feel very good." All people, all workers, have the right to a life with dignity and respect, with adequate compensation for a day's work and decent conditions at the workplace.

We do not believe this is too much to ask. Decent, humane working conditions in the uniform industry are possible and achievable. But it requires all of us – companies, governments, workers, taxpayers, community organizers, educators, and everyone else – to do our part, working together to alter the current systems of production, sourcing, and purchasing.

As we learned from the stories of Kamal, Elisa, and Maly, factories and their buyers must respect workers' freedom to create change. Workers need the liberty to talk about problems they face and present their solutions to management collectively. Freedom of speech, freedom of association, and the right to collective bargaining are fundamental.

Our states, cities, counties, school districts, and local government agencies should join the Sweatfree Consortium to create a market that will induce companies to begin a process of cooperation to reform the industry, and reward factories that take the highroad in the global economy.

Companies should welcome the development of the Sweatfree Consortium as an opportunity to do the right thing, to compete on the basis of quality, service, style, and anything else except



Carmencita Abad, a Filipina who worked in a sweatshop in the U.S. territory of Saipan for six years, speaks to Portland, Oregon, City Council in support of a sweatfree purchasing law on August 30, 2007. Photo: Chris Leck

low price generated from the exploitation of workers. Companies should publicly disclose all production facilities to enable independent investigations of working conditions and they should fully cooperate with those investigations. Companies should commit to implementing the highest possible labor standards, including living wages, in their supplier factories and ensure that their business and sourcing practices facilitate factory compliance with such standards.

Finally, concerned people should continue to advocate for change. We can write to our elected officials and to companies. We can join our neighbors in sweatfree campaigns. We can organize unions at our workplaces. We can educate each other about exploitation in the garment industry and the possibilities for change. We can make our voices heard in many ways. And we can be confident that if we do not give up we will help to create more humane workplaces in the global economy.

## Appendix I

### Sample Letters from States to Brands in this Report



**JIM DOYLE**  
GOVERNOR

**MICHAEL L. MORGAN**  
SECRETARY

Office of the Secretary  
Post Office Box 7864  
Madison, WI 53707-7864  
Voice (608) 266-1741  
Fax (608) 267-3842

June 27, 2008

Bob Barker Co., Inc.  
PO Box 429  
Fuquay-Varina NC 27525

Dear Bob Barker Co.:

The State of Wisconsin was recently informed by SweatFree Communities, a national fair labor advocacy organization, that it will soon issue a report on working conditions at foreign factories that manufacture apparel and other products for US companies. We understand that one or more of the factories may supply products to your company.

The State of Wisconsin is committed to protecting the rights of workers who produce the products that we purchase. As such, we are sensitive to reports that our vendors may obtain products from suppliers that may engage in labor and/or human rights violations.

We expect that your company will carefully review the information contained in the report. We also expect you will take all appropriate steps to work with your suppliers to ensure that any labor rights and human rights violations are corrected and conditions for workers are improved. We encourage you to remain fully engaged with the factories and use whatever influence you have to improve conditions for affected workers.

Thank you and we look forward to our continued relationship.

Sincerely,

Michael L. Morgan  
Secretary of Administration

cc: State Bureau of Procurement

# Subsidizing Sweatshops



STATE OF MAINE  
DEPARTMENT OF ADMINISTRATIVE & FINANCIAL SERVICES  
DIVISION OF PURCHASES  
BURTON M. CROSS BUILDING, 4<sup>TH</sup> FLOOR  
9 STATE HOUSE STATION  
AUGUSTA, MAINE 04333-0009

JOHN ELIAS BALDACCI  
GOVERNOR

REBECCA M WYKE  
COMMISSIONER

BETTY M. LAMOREAU  
DIRECTOR

June 17, 2008

Rob McKillop  
Cintas Corporation  
88 Spiller Drive  
Westbrook, ME 04092-2002

Dear Rob:

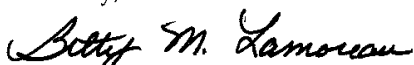
SweatFree Communities, a national network of individuals and organizations advocating for fair labor standards in public procurement, has informed me that it is preparing to release a report concerning working conditions at a number of factories around the world producing for the public procurement market. I understand that one or more of the factories that will be featured are suppliers to your company.

The State of Maine has a long-standing commitment to protecting the rights of workers who produce the apparel and other products that we purchase. As such, the State of Maine supports efforts like those of SweatFree Communities to raise public awareness about working conditions in factories that manufacture goods for our state. I know that it is difficult when information critical of your company is raised in a public report. Indeed it is also difficult for us to learn of labor rights and human rights violations in factories with which we have a connection. However, in a globalized apparel industry where these violations are widespread (and by no means unique to the public procurement supply chains), we appreciate that gathering information about problems is an important first step in our effort to ensure full respect for the rights of the workers that our policies are designed to help.

We expect that you will respond constructively to the report, by working with your suppliers, the State of Maine and other organizations as necessary to ensure that any labor rights and human rights violations are corrected and conditions for workers are improved. We also expect that you will maintain your business with these facilities. "Cutting and running" from factories where worker rights violations have occurred does nothing for the affected workers and will be viewed by the State of Maine as a serious violation of our anti-sweatshop requirements.

I look forward to our continued relationship.

Sincerely,

  
Betty M. Lamoreau, Director  
Division of Purchases

PHONE: (207) 624-7340

[www.Maine.gov](http://www.Maine.gov)

FAX: (207) 287-6578

# Subsidizing Sweatshops



COMMONWEALTH OF PENNSYLVANIA  
**DEPARTMENT OF GENERAL SERVICES**  
BUREAU OF PROCUREMENT  
555 Walnut St., 6<sup>th</sup> Floor  
**Harrisburg, PA 17105-2675**

June 27, 2008

Jill Skethway  
Atlantic Tactical  
772 Corporate Circle  
New Cumberland, PA 17070

Dear Ms. Skethway:

SweatFree Communities, a national network of individuals and organizations advocating for fair labor standards in public procurement, has informed me that it is preparing to release a report concerning working conditions at a number of factories around the world producing for the public procurement market. I understand that one or more of the factories that will be featured are suppliers to your company.

The Commonwealth of Pennsylvania (COPA) has a long-standing commitment to protecting the rights of workers who produce the apparel and other products that we purchase. As such, the COPA supports efforts like those of SweatFree Communities to raise public awareness about working conditions in factories that manufacture goods for the use by our state agencies. I understand that it is difficult when information critical of your suppliers is raised in a public report. Indeed, it is also difficult for us to learn of labor rights and human rights violations in factories with which we have a connection. However, in a globalized apparel industry where these violations are widespread (and by no means unique to the public procurement supply chains), we appreciate that gathering information about problems is an important first step in our effort to ensure full respect for the rights of the workers that our policies are designed to help.

We expect that you will work with your suppliers, the COPA, and other organizations as necessary to ensure that any labor rights and human rights violations are corrected and conditions for workers are improved. We also expect that you will maintain your business with these facilities. "Cutting and running" from factories where worker rights violations have occurred does nothing for the affected workers and will be viewed by the COPA as a serious violation of our anti-sweatshop requirements.

I look forward to our continued relationship.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey I. Mandel".

Jeffrey I. Mandel, C.P.M.  
Chief Procurement Officer  
Department of General Services

cc: Curtis M. Topper  
Terry Rohrer

# Subsidizing Sweatshops



## City of Austin

Founded by Congress, Republic of Texas, 1839  
Municipal Building, Eighth at Colorado, P.O. Box 1088, Austin, Texas 78767 Telephone 512/499-2000

### **Financial and Administrative Services Department Purchasing Office, Materials Management**

P. O. Box 1088, Austin, TX 78767

Mr. Brian Duffy  
Fechheimer Brothers Company  
4545 Marlsbary Road  
Cincinnati, OH 45242

Mr. Duffy,

SweatFree Communities, a national network of individuals and organizations advocating for fair labor standards in public procurement, has informed me that it is preparing a report concerning working conditions at a number of factories around the world producing apparel and other items for the public procurement market. I understand that one or more of the factories that will be featured are suppliers to your company.

The City of Austin has a long-standing commitment to protecting the rights of workers who produce the apparel and other products that we purchase. As such the City of Austin supports efforts like those of SweatFree Communities to raise public awareness about working conditions in factories that manufacture goods for our city. I know that it is difficult when information critical of your company is raised in a public report. Indeed it is also difficult for us to learn of labor rights and human rights violations in factories with which we have a connection. However in a globalized apparel industry where these violations are widespread (and by no means unique to the public procurement supply chains), we appreciate that gathering information about problems is an important first step in our effort to ensure full respect for the rights of the workers that our policies are designed to help.

We encourage your cooperation and expect that you will respond constructively to the report by working with your suppliers, the City of Austin, and other organizations as necessary to ensure that any labor rights and human rights violations are corrected and conditions for workers are improved. We also appreciate you maintaining business with these facilities. Terminating business with these suppliers does nothing for the affected workers and will be viewed by the City of Austin as a negative response to our anti-sweatshop efforts.

We look forward to a combined effort by all parties concerned to eliminate the harassment and abuse of workers around the world who work to provide outstanding products to the people of the City of Austin and the United States.

I look forward to our continued relationship.

Sincerely,

A handwritten signature in black ink that reads "Sam D. Dominguez".

Sam D. Dominguez  
Material Control Manager, City of Austin

CC: Mr. Byron Johnson—Purchasing Officer, City of Austin  
Mr. Bjorn Claeson—Executive Director, Sweatfree Communities

# Subsidizing Sweatshops

Ohio Department of Administrative Services  
Ted Strickland, *Governor*  
Hugh Quill, *Director*

General Services Division  
Office of Procurement Services  
4200 Surface Road  
Columbus, Ohio 43228

614.466.5090 voice  
614.644.1785 fax  
[www.ohio.gov/procure](http://www.ohio.gov/procure)

Ohio **DAS**

July 1, 2008

Lion Apparel  
Mr. Jay Salyers  
6450 Poe Avenue, Ste. 300  
P.O. Box 13576  
Dayton, Ohio 45413

Dear Mr. Salyers:

Your company has been named in a report issued by an organization called SweatFree Communities. The report contains allegations of forced and unpaid overtime, illegal wages, discrimination, and unsafe working conditions. The report is now available at the following website: <http://www.sweatfree.org/>

The allegations are serious in nature, and if found to be true, would represent numerous violations of the state's contract terms and conditions. In the event of breach of contract, the state has several remedies at its disposal, up to and including contract termination and debarment.

The contract in question is #7784200208. Please research these issues and respond to me in writing by close of business on July 10, 2008. We appreciate in advance your timely cooperation.

Regards,



Maureen McGuire, CPPB  
Procurement Manager, State Term Schedule

## Appendix II

### Company Contact Information

#### **Bob Barker Company**

134 N. Main Street  
Fuquay-Varina, NC 27526  
Toll Free: 888-772-0242  
Fax: 800-322-7537  
www.bobbarker.com

#### **Cintas Corporation**

6800 Cintas Boulevard  
Mason, OH 45040  
Phone: 513-459-1200  
Toll Free: 800-246-8271  
Fax: 513-573-4030  
www.cintas.com

#### **Eagle Industries**

1000 Biltmore Drive  
Fenton, MO 63026  
Toll Free: 888-343-7547  
Fax: 636-343-3002  
www.eagleindustries.com

#### **Fechheimer Brothers Company**

4545 Malsbury Road  
Cincinnati, OH 45242  
Phone: 513-793-5400  
Toll Free: 800-543-1939  
Fax: 513-793-7819  
www.fechheimer.com

#### **Lion Apparel**

6450 Poe Avenue, Suite 300  
Dayton, OH 45414  
Phone: 937-898-1949  
Fax: 937-898-2848

#### **Propper International**

520 Huber Court  
St. Charles, MO 63304  
Toll Free: 866-433-9690 or 800-296-9690  
Fax: 636-685-1005  
www.propper.com

#### **Rocky Brands, Inc.**

39 East Canal Street  
Nelsonville, OH 45764  
Phone: 740-753-1951  
Fax: 740-753-4024  
www.rockyboots.com

#### **Williamson-Dickie Manufacturing Company**

509 West Vickery Boulevard  
Fort Worth, TX 76104  
Toll Free: 866-411-1501  
Fax: 817-810-4344  
www.dickies.com



## End Notes

<sup>1</sup> See, for example, Clean Clothes Campaign, “Looking for a Quick Fix: How Weak Social Auditing is Keeping Workers in Sweatshops,” November 2005, available at: [http://www.cleanclothes.org/publications/quick\\_fix.htm](http://www.cleanclothes.org/publications/quick_fix.htm), accessed May 5, 2008.

<sup>2</sup> The Organization for Economic Co-operation and Development (OECD) estimates that U.S. government procurement accounts for 20% of the U.S. Gross Domestic Product (GDP); 13% is state and local government procurement, and 7% is federal procurement. Excluding compensation of government employees, U.S. procurement accounts for 9% of GDP, of which 5% is state and local government procurement. (See OECD, “The Size of Government Procurement Markets,” (OECD, 2002), available at [http://www.oecd.org/document/63/0,3343,en\\_2649\\_201185\\_1845951\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/63/0,3343,en_2649_201185_1845951_1_1_1_1,00.html), accessed June 21, 2008). Worldwide, public procurement is estimated at 15% of the world’s GDP (figure cited in International Labor Office, “Labor clauses in public contracts,” (ILO, 2008), available at [http://www.ipsu.org/IMG/pdf/Gen\\_Surv\\_Final\\_C\\_94.pdf](http://www.ipsu.org/IMG/pdf/Gen_Surv_Final_C_94.pdf), accessed June 21, 2008).

<sup>3</sup> The sheer size of the public procurement market can encourage developments for the general market. For example, Japan has successfully used green government procurement of low emission cars to stimulate technological innovation in the motor industry (See Christopher McCrudden, “Corporate Social Responsibility and Public Procurement,” in *The New Corporate Accountability: Corporate Social Responsibility and the Law*, (Doreen McBarnet, Aurora Voiculescu and Tom Campbell, eds.) (2007), available at <http://papers.ssrn.com/>, accessed June 21, 2008).

<sup>4</sup> See, for example, the Davis-Bacon and Related Acts (DBRA) and the Contract Work Hours and Safety Standards Act (CWHSSA), available at <http://www.dol.gov/dol/topic/wages/govtcontracts.htm>, accessed June 20, 2008.

<sup>5</sup> Harrison Institute for Public Law, Georgetown

University Law Center, “Procurement & Decent Work,” Draft of May 30, 2008, version 1a.

<sup>6</sup> McCrudden, *ibid*, p. 2.

<sup>7</sup> Between 1995 and 2001 the U.S. Department of Labor repeatedly surveyed cutting and sewing shops in the major United States apparel centers: New York, northern New Jersey, and Los Angeles in particular. Each of these surveys found that 50-60% of the shops failed to pay either the minimum wage, or overtime, or both. In 1996 California state labor investigators found that 72% of the garment firms in Southern California had serious health or safety violations as well. The data indicate that sweatshop conditions are “normal” at the heart of the United States apparel industry. See:

U.S. Department of Labor. 1996. Office of Public Affairs Press Release” Industry Monitoring Credited For Improved Garment Industry Compliance With Minimum Wage and Overtime Laws” May 9.

\_\_\_\_\_. 1997. AOPA Press Release: U.S. Department of Labor Compliance Survey Finds More Than Half of New York City Garment Shops in Violation of Labor Laws [10/16/97].

\_\_\_\_\_. 1998. OPA Press Release: U.S. Department of Labor Announces Latest Los Angeles Garment Survey Results [05/27/98].

United States Department of Labor. 2002. “U.S. Department of Labor 2001 New York City Garment Compliance Survey.” Available online at: [http://www.dol.gov/Opa/Media/Press/Opa/NewYork\\_Survey.htm#survey1](http://www.dol.gov/Opa/Media/Press/Opa/NewYork_Survey.htm#survey1), accessed June 22, 2008.

<sup>8</sup> Most of the factory disclosure data for this study comes from publicly available records from the State of Maine, and the Cities of Los Angeles, Milwaukee, and San Francisco.

<sup>9</sup> The following public entities have also declared their intention to cooperate with other public jurisdictions to enforce their sweatfree purchasing policies: the States of Maine, New Jersey, Pennsylvania, and Vermont, and the Cities of Albany, NY, Austin, TX, Madison, WI, Los Angeles, CA,

# Subsidizing Sweatshops

Providence, RI, and San Francisco, CA.

<sup>10</sup> The Garment Research Group (GRG) conducted the research for this case study. GRG is a pseudonym for a non-governmental research organization with no political affiliation. Founded and directed by former Bangladeshi garment workers, the GRG is respected domestically and internationally, enjoys the trust of garment workers, and has a track record of producing thorough and credible research in the apparel sector. For the sake of the safety of staff members, we are concealing the identity of GRG because of the suspension of civil liberties and crackdown on worker rights advocacy under Bangladesh's current Emergency Power Rules.

<sup>11</sup> The exchange rate used here and elsewhere in this section is 68.675 Bangladesh takas per U.S. dollar.

<sup>12</sup> This cost of living analysis is based on interviews with thirty-seven garment workers in Dhaka in February of 2008. According to the GRG, the cost of basic necessities in Dhaka and Chittagong are equivalent. The rent is typically for a room shared with three or four other workers.

<sup>13</sup> "Strike in the Only Maquila in Siquatepeque", *Vida Laboral*, April 5, 2001, available at: <http://www.honduraslaboral.org/leer.php/384>, accessed June 26, 2008.

<sup>14</sup> Bureau of Democracy, Human Rights, and Labor, "Pakistan: Country Reports on Human Rights Practices," February 28, 2005, available at <http://www.state.gov/g/drl/hrrpt/2004/41743.htm>, accessed June 25, 2008.

<sup>15</sup> See, <http://en.maquilasolidarity.org/currentcampaigns/vaquerosnavarra/>

<sup>16</sup> "5 Years of Uncompensated Sunday Overtime; 4000 Workers from a company on Shisha Road block the street to protest; Baiyun District Labor Department comes to intervene; high level management talk things over," *Nanfang Daily*, January 10, 2008. The Chinese article is available here: [http://epaper.nddaily.com/G/html/2008-01/10/content\\_363066.htm](http://epaper.nddaily.com/G/html/2008-01/10/content_363066.htm), accessed June 26, 2008.

<sup>17</sup> Quan Tak Shoe Factory: 2000 Workers Leave Their Work Stations to Collectively Demand

Overtime Pay, Jin Yang Online, January 10, 2008. The Chinese report is available here: [http://www.ycwb.com/ycwb/2008-01/10/content\\_1750952.htm](http://www.ycwb.com/ycwb/2008-01/10/content_1750952.htm), accessed June 26, 2008.

<sup>18</sup> *Nanfang Daily* article in Chinese is available here: [http://epaper.nddaily.com/G/html/2008-01/03/content\\_357149.htm](http://epaper.nddaily.com/G/html/2008-01/03/content_357149.htm), accessed June 26, 2008.

<sup>19</sup> *Nanfang Daily* article in Chinese is available here: <http://www.nanfangdaily.com.cn/epaper/nfrb/PDF/20080223/A02.PDF>, accessed June 26, 2008.

<sup>20</sup> *Nanfang Daily* article in Chinese is available here: [http://epaper.nddaily.com/H/html/2008-05/28/content\\_478172.htm](http://epaper.nddaily.com/H/html/2008-05/28/content_478172.htm), accessed June 26, 2008.

<sup>21</sup> *Nanfang Daily* article in Chinese is available here: [http://epaper.nfdaily.cn/html/2008-06/01/content\\_6660707.htm](http://epaper.nfdaily.cn/html/2008-06/01/content_6660707.htm), accessed June 26, 2008.

Letter to Galls, Inc. from Tony M. Royster, Interim Manager and City Purchasing Agent, and John Trevoda, Supplier and Customer Relations, April 30, 2008. Letter is available at: <http://www.sweatfree.org/docs/lettertoGalls.pdf>

<sup>22</sup> Sweet, Laurel J. "Feds Nab Five in Sweatshop Raid." *Boston Globe*, March 7, 2007.

<sup>23</sup> Chach et al. vs. Michael Bianco, Inc. et al, Civil Action No. 10-10915, United States District Court, District of Massachusetts. See also Levenson, Michael. "Workers Sue over Pay at New Bedford Plant." *Boston Globe*, May 16, 2007.

<sup>24</sup> Ziner, Karen Lee. "Inspector's History Troubled." *Providence Journal*, April 15, 2007. [The "emergency" exit reference is better supported by "Jobs, but no dignity."]

<sup>25</sup> Nicodemus, Aaron. "Bianco Concedes to Safety Violations for Lowered Fine." *New Bedford Standard-Times*, July 18, 2007; Ziner, Karen Lee. "Inspector's History Troubled." *Providence Journal*, April 15, 2007.

<sup>26</sup> Kibbe, David. "Five Arraigned in Illegal Immigration Sweep in New Bedford." *New Bedford Standard Times*, March 7, 2007. See also the sworn Affidavit of U.S. Agent Melvin

# Subsidizing Sweatshops

Graham, United States of American vs. Francesco Insolia et al., 2007, which puts the typical Bianco wage at \$7.20 per hour without benefits.

<sup>27</sup> Ziner, Karen Lee. "Inspector's History Troubled." *Providence Journal*, April 15, 2007. See also Massachusetts EDIP Annual Reporting Form, FY2006-FY-2007, filed by Michael Bianco with the Massachusetts Department of Community Development and obtained via public-records request, March 2008. See also Murdoch, Mark. Personal E-mail to Michael Corcoran of the Commonwealth of Massachusetts Division of Career Services, March 9, 2004. Acquired via public-records request, March 2008.

<sup>28</sup> Ziner, Karen Lee. "Jobs, but no Dignity." *Providence Journal Bulletin*. March 9, 2007.

<sup>29</sup> Eagle Industries. "Eagle Industries Acquires Michael Bianco." November 3, 2007.

<sup>30</sup> U.S. Department of Labor, Wage and Hour Division. "Minimum Wage Laws in the States – January 1, 2008." At: <http://www.dol.gov/esa/minwage/america.htm#Massachusetts>

<sup>31</sup> Evens, Becky W. "Workers at former Bianco plant rally." *New Bedford Standard Times*. June 18, 2008.

<sup>32</sup> SweatFree Communities individual consultants in Bangladesh, Cambodia, and Nicaragua conducted the interviews.

<sup>33</sup> A daily worker is an employee who has no appointment letter or labor contract and earns a set daily wage. Daily workers can be fired by management at any time and are not entitled to the same benefits as regular workers.

<sup>34</sup> The abuse of fixed duration contracts (FDCs) is a significant problem facing workers and unions in Cambodia today. In many factories, more than half of the workforce is employed under FDCs, providing management with an excuse to terminate workers involved in union activities. Although workers with FDCs in Cambodia are legally allowed to join the union of their choice, many are afraid to exercise their associational rights because they fear not having their contracts renewed.

<sup>35</sup> The International Labor Organization (ILO), a tripartite United Nations agency that brings together governments, employers and workers of its member states to promote decent working conditions throughout the world, has defined certain labor rights as fundamental to the rights of human beings at work irrespective of countries' levels of development. Among these core labor right are the freedom of association and the right to collective bargaining (ILO Conventions 87 and 98). These conventions protect the right of all workers to form and join organizations of their own choosing, and protect them against acts of anti-union discrimination. According to the ILO, the core labor rights "set the basis for social justice in the workplace and provide a framework to ensure that people fairly share in the wealth that they have helped generate."

<sup>36</sup> The Worker Rights Consortium report on New Wide Garment is available here: <http://www.workersrights.org/freports/NewWide.asp>, accessed June 29, 2008.

<sup>37</sup> "Our administrative policy," memo from Ed Boyle to all directors and all division leaders, January 20, 1997. On file with SweatFree Communities.

<sup>38</sup> The U.S. labor clause for public contracts contained five main points, which are worth noting because -- similar to today's sweatfree procurement policies -- they emphasize contractors' responsibility to improve condition among their suppliers rather than cutting and running from problems. These points are: "(1) a general obligation to maintain such conditions of labor as will maximize production; (2) an obligation to comply with all laws of the country of origin, so far as they affect labor relations, enumerating illustrative statutes; (3) a series of specific obligations regardless of the actual provisions of the law; (4) an obligation to consult with the buyer as to whether the wage scale is such as to maximize production; and (5) a provision that the seller will co-operate in a plan to improve conditions of health and sanitation and will pay half the costs of the improvements, if the United States Government will pay the other half, it being understood that the total cost shall not exceed an amount stated in the contract." See: "Labor conditions in war contracts with special reference to

## Subsidizing Sweatshops

Canada, Great Britain, and the United States,” ILO, Montreal, 1943, pp. 55-56, quoted in “Labor clauses in public contracts,” ILO, Geneva, 2008, pp. 3-4.

<sup>39</sup> *Ibid.*, p. 5.

<sup>40</sup> Cities and provinces in the following countries have also committed to ending public purchasing from sweatshops: Australia, Belgium, Canada, France, Germany, the Netherlands, Spain, and Sweden.

<sup>41</sup> Mayor Newsom’s letter, sent to several dozen mayors including mayors of all cities that have adopted sweatfree procurement policies, is available at: <http://www.sweatfree.org/consortium/lettertomayors.pdf>

<sup>42</sup> Governor Baldacci’s letter to the nation’s governors is available at: <http://www.sweatfree.org/consortium/baldacciletter.pdf>

<sup>43</sup> The Consortium initiative is currently led by an interim Steering Committee consisting of government representatives from three states, two cities, and one school district as well as human rights advocates and labor rights experts. Affiliation is open to all public entities that adopt a sweatfree code of conduct with strong protections for workers’ rights in apparel factories; require contractors to publicly disclose names and addresses of production facilities; pay annual dues; and, as soon as contractually possible, require contractors to commit to fair purchasing with their suppliers. The interim Steering Committee estimates the cost of participating in the Consortium at approximately one percent of the relevant apparel procurement value, payable in annual dues. Some public entities plan to generate these dues through vendor fees in order to avoid increasing the cost of the procurement itself. There also is ongoing discussion among the interested parties as to whether any dues structure will include a minimum or maximum level. The final determination of the cost of participation and all other necessary decisions about an initial governance and financial structure will be determined by the members themselves once the Consortium has commitments from potential affiliates representing over \$100 million in annual apparel purchasing. At that point, a formal Board of Directors will be constituted with majority representation from government officials, alongside a smaller number

of public representatives with a worker rights background. The Board will be elected by an Affiliates Caucus, with each affiliate public entity appointing one representative to the Caucus. The parties that have signed on to the initiative will have a voice in making those initial determinations. Parties that join the effort subsequently would participate under the initial rules, but the Consortium intends to have periodic opportunities for governance and financial issues to be reviewed and updated to reflect the collective will of its members. More information is available at: <http://www.sweatfree.org/whitepaper>.

<sup>44</sup> [www.newagebd.com/2007/aug/17/front.html](http://www.newagebd.com/2007/aug/17/front.html)



**A Network for Local Action Against Sweatshops**

**140 Pine St., Suite 10, Florence MA 01062, USA**

**Tel: 413-586-0974**

**Fax: 413-584-8987**

**1631 S. Main St., Goshen IN 46526, USA**

**Tel: 574-975-6207**

**Fax: 574-537-0582**

**30 Blackstone St., Bangor ME 04401, USA**

**Tel: 207-262-7277**

**Fax: 207-433-1600**

**Email: [info@sweatfree.org](mailto:info@sweatfree.org)**

**Web: [www.sweatfree.org](http://www.sweatfree.org)**