

Summary: **Subsidizing Sweatshops: How Our Tax Dollars Fund the Race to the Bottom, and What Cities and States Can Do**, published by Sweatfree Communities (www.sweatfree.org/subsidizing for the full report)

This report is based on worker interviews in 12 factories in 9 countries. Some of the factories supplying goods to state, city, and federal agencies identified in this report were selected because a number of the 181 states, cities, counties, and school districts that have passed differing levels of sweatshop free purchasing laws and regulations require disclosure of names and locations of the factories where their supplying manufacturers produce their goods.

A brief summary of the findings in each particular factory will be at the end of this overall summary but here are the key findings from the 12 factories.

CHILD LABOR – in one factory there were underage workers, in another 14 to 18 year olds were working equal to other workers despite laws with applicable limits

POVERTY WAGES – some factories at below minimum wage, consistently all far below a living wage

FORCED OVERTIME – endemic in these factories with some not being paid for overtime and others reporting they would be fired if they refused 100 plus hours of monthly overtime

PHYSICAL AILMENTS – reports of pain from fixed sitting positions of more than 13 hours

VERBAL, PHYSICAL, & SEXUAL ABUSE – consistent reports of many forms of abuse

PREGNANCY TESTING – one factory has annual tests and told they must resign before giving birth. Others denying legal pregnancy leaves

NO FREEDOM of SPEECH or ASSOCIATION – nearly universal in all factories that a worker would be fired if making a complaint or are a part of organizing workers

FORCED to LIE to COMPANY AUDITORS – workers are trained in answers to tell auditors for their ‘pre-announced’ audits, managers alter reports, and child workers are told to “take the day off”

By naming the factories and the manufacturers in this report the goal is not to have public entities run away to alternate suppliers. The goal is to get companies to respond constructively in helping to improve conditions. And the listing of these particular factories is only representative of practices that are widespread in the industry. They are reflective of a number of trends. From 1973 the U.S. clothing industry has gone from 1.5 million workers to 200,000. Concurrently the trend of major brands to outsource and find “cut and sew” and “ready-made” garment factories around the world has created a cut-throat industry of competing costs and pressuring workers to work harder for less. Where there is cheap labor and weak regulation that market is that much more desirable. Even in the U.S., there are many sweatshops which are unregulated and employing poor immigrants who are in a difficult position to speak out for their rights.

Collectively public entities are a powerful market force. However, an emphasis on “lowest bidder” contracts can create an advantage for contractors who employ sweatshop labor by encouraging bidders to cut labor costs. In the absence of evaluating labor conditions, public entities encourage the “race to the bottom”. At the same time public entities pledge to uphold labor standards and be a market regulator but they can contradict this role as a market participant.

Here are some findings from the report.

Bob Barker, Arena Fashion Wear, LTD in Chittagong, Bangladesh

One of the largest suppliers to correctional facilities, state contracts, and uniforms for Guantanamo and Abu Ghraib. Besides sourcing their products in Bangladesh, they also work significantly in China, Pakistan, and India.

Drawing from interviews with 24 workers, one worker started at age 11 and earned \$6 a month. She worked at the Arena company’s factory (KTS) which in February of 2006 had a fire which killed 300 trapped workers behind locked exits. She is now 19 and works at this factory. Fire safety has been improved but other unsafe conditions exist. There is inadequate drinking water and at times workers must get water out of the toilets.

There is consistent verbal and more than half report physical abuse. Because production quotas are so difficult to fill there are 80 to 100 overtime hours a month but they are not paid for these extra hours. When emergency orders come in they work from 8 AM to 3 AM the next day. Although they legally have a national 16 week maternity leave, workers know that they will have to quit in order to get any time off.

And if complaints are made, they will be fired. When there is a company audit coming, the workers are instructed by management that they must lie about wages, leaves, working conditions. The management maintains a duplicate attendance card with inaccurate information to give to auditors.

Cintas, Lion Apparel, & Fechheimer Brothers, Alamode, a Korean owned factory in Siquatepeque, Honduras

The 500 to 800 workers supply public employee uniforms.

The Worker Rights Consortium (WRC), an independent monitoring organization, investigated after a 2001 union organizing campaign led to a 4 day strike which was met with severe police repression and firings of workers involved in the organizing. To this day workers fear to talk to monitors because they think they will lose their jobs. When they do, they report a consistent policy of forced and unpaid overtime. Their punch cards stop at the limit of what the Honduran labor laws allow. They report very hot and unsanitary working conditions. Although Honduran labor law provides for a 10 week paid maternity leave, these are not adhered to by the factory.

Propper, Suprema Manufacturing owned by Propper in San Pedro de Macorís Free Zone, Dominican Republic
They make uniforms for state and local governments as well as the U.S. Army

Although there is a certified union, it has been unable to negotiate any collective bargaining agreements. In 2000 the factory fired 300 union members citing a slowdown in work. Through interviews with workers by Fedotrazonas, an independent trade union federation of free trade zone workers where this factory is located, workers report not only work overloads by management demanding more, but extra hours for which they are not paid.

Many report respiratory problems with the dust from the threads. Although they are given masks, the factory is so hot and has no air conditioning such that no one wears the masks in the heat. Consequently they suffer the effects of the dust. The workers also report consistent verbal abuse from managers.

Blauer & Fechheimer, Hui Yang Charming Garments in Guangdong, China (owned by Charming Enterprises Ltd. Hong Kong)

Garments and uniforms are made for a variety of public entities.

Interviews were conducted by a worker rights non-governmental organization in Hong Kong (SACOM) with 12 workers from the factory. The owners have talked of their commitment to improving working conditions, but reports from these workers depict a conflicting reality. In excess of Chinese law, the workers have 13 hour or more shifts for 30 days in a month during peak order times. From being forced to be in a fixed sitting position they report physical difficulties and pain. Despite the protective laws for young workers, those young workers work the same as their older counterparts and there are some workers less than the legal age of 16. A portion of the work force, sewing machine operators, is paid by piece rate and that scale leads to very low wages including not receiving the legal overtime premium. Unit piece rate wages for sewing machine operators were recently reduced by 20%.

Before a pre-announced audit from a company there are training sessions for workers and they are told to lie about working conditions. Managers also prepare fake wage and hour reports. Interviewers were able to obtain

actual records from the workers. If you decide to quit the job, the worker must give 30 day notice and because pay is delayed, a worker quitting loses a large portion of pay for the month despite laws to the contrary.

Dickies, Williamson-Dickie Manufacturing Company in two factories in Karachi, Pakistan
Supplies a number of states and local governments with a variety of garments.

A local non-governmental labor education organization conducted interviews with 40 workers in both factories. Workers reported long work days with 12 to 14 hour days very consistently. The low pay they receive was compared to their living expenses and many report expenses that exceed their income. These factories are different in that they do not hire the workers but instead go through employment contractors. Workers must pay fees to the contractors in order to obtain jobs. And then as contracted workers they have even less input to address problems in the workplace. This makes their jobs more tenuous as work orders ebb and flow. They too were instructed by management on how to talk to auditors so the picture of working conditions appeared very differently for the Dickies auditors.

Rocky Shoes (EJ Footwear, Georgia Boot, Lehigh, Durango Brands), Quan Tak Footwear (a subsidiary of Taiwanese Enterprise Shing Tak Footwear Group, China
Supplies footwear to states and cities.

This investigation began with the Chinese newspaper, the *Nanfang Daily*, reporting a strike in January of 2008 by 4000 workers at Quan Tak Footwear over not being paid for 5 years of overtime labor. The workers claimed that the company had embezzled 2 to 4 hours of overtime every day. Workers asserted that since 2002 every day they had been required to work to 10 PM or midnight with even later hours when there were rush orders. Shortly after this strike, the factory was closed and many workers were relocated to other Quan Tak factories. Reports in the newspaper since then have recorded wildcat strikes over non-payment of wages in at least 4 other Quan Tak factories. Because the City of Los Angeles has sweatfree procurement policies, they informed their local vendor using Rocky Shoes of these infractions. Repeated attempts to get Rocky Shoes to address the city's concerns were met with no response. Finally the City removed Rocky Shoes from its lists of suppliers.

Eagle Industries, New Bedford, Massachusetts

Provides tactical gear for the State of New York and significant contracts with the U.S. military

Eagle acquired the factory from previous owner Michael Bianco, Inc. under whose ownership the factory was raided in November of 2007 for immigration violations and was at the time labeled as a "sweatshop". Eagle has committed to improving conditions. Pay rates are at \$8.50 an hour which is less than a living wage especially when other factors are added. The factory does not provide health care unless the worker pays for it. For a family of four the health care offered would take up 80% of the worker's pay. There are no allowable sick days and recent attempts by the workers to organize were met by management harassment and anti-union activities such that a complaint has been filed with the National Labor Relations Board for violations of federal labor law.

This report also tells the story of three garment workers – in Bangladesh, Nicaragua, and Cambodia, whose experience of workplace harassment, illegal firings, excessive overtime, and other worker violations was shared. However, these are three cases where some remediation and improvements occurred. The means by which this came about was either through workers talking to each other and successfully organizing, or the involvement of support from international allies, or the intervention of an independent monitor. The change depicted was limited and adds further to the perspective of the difficulties of creating change on an individual factory level when the problems are industry-wide.

Globalization has accentuated the process of brands or corporations or companies dictating the terms of production as they compete with each other by cutting labor costs and keeping low inventories that put

outsourced factories on tight production schedules, thereby shifting production risks to the factories and the burden of excessive, low-paying work upon the workers.

How can brands and factories be compelled to make appropriate changes in terms of improving the working conditions? A market share that is a force for change can of course be significant. Government spending in aggregate represents such a market force.

The historical precedent for government acting responsibly in the marketplace has its roots in what was passed in 1949 as the Labor Causes Convention (No. 94) of the International Labor Organization (ILO) to ensure that public purchasing did not depress working conditions. Without regulating according to these standards, public purchasing can encourage labor and human rights violators by acceding a competitive advantage to those utilizing sweatshop labor.

The idea of a consortium of public entities, which answers the problem of the limited resources of any single entity to adequately monitor and enforce a sweatfree purchasing policy, creates the possibility of a market force that can provoke change. A number of cities and states have met with the goal of developing the State and Local Government Sweatfree Consortium. Three primary goals were identified.

1. To create a database of contractors and factories producing for government procurement
2. To educate workers about their rights, to investigate reported violations, and to address code of conduct violations.
3. To identify vendors, manufacturers, and factories willing to meet standards to qualify for public contracts.

South Sound Clean Clothes Campaign document, July 2008