

■ THE 'SOCIAL RESPONSIBILITY' GAP

Sweatshops Behind the Labels

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San Francisco 1994: Everyone agrees it's expensive to live here, yet residents still crowd the Bay Area's ubiquitous cafes, movie houses and trendy nightclubs. Tucked in among these are other buildings, storefronts covered with butcher paper. Walk past them and you'll hear the raspy hum of sewing machines. Hidden inside, Asian and Latina women sew outfit after outfit without stopping, some earning in ten hours what it costs for a movie and a box of popcorn. And what they sew—from jeans to fancy dresses—is sold to consumers for \$30 to hundreds of dollars.

A couple of miles away, in a warehouse district called China Basin, shoppers in the woodsy, airy outlet of the youth-oriented clothing company Esprit browse beneath giant posters hanging from the ceiling imploring them to "Be Informed. Be Involved. Make a Difference." The shoppers can select from Esprit's "Ecollection" line, made from organically grown cottons and wools tinted with natural dyes. "Socially and environmentally responsible clothing" is how Esprit's brochure describes it.

Politics at the level of consumption has been profitable for Esprit and such other leading apparel manufacturers as Levi Strauss and The Gap, which promote themselves as "socially responsible." In a different way, so has politics at the level of production, for while these companies invest in community projects and businesses that aid everyone from artists and environmentalists to single mothers and ethnic cooperatives, they also farm out some of their sewing and cutting to sweatshops that break labor laws. In their drive for low-cost labor, their behavior goes beyond irresponsibility; in some cases it means garment workers don't get paid.

Esprit, begun in 1968 by Doug and Susie Tompkins, has grown from an upstart clothing company with a couple of employees to one that employs 4,200 people worldwide. The work force at the company's main offices in San Francisco enjoys perks that range from a company gym and compensation for volunteer work on the cause of their choice, to an in-house lecture series featuring such figures as Earth First!-er Dave Foreman and Ms. founder Gloria Steinem. Esprit was a pioneer in developing a public education campaign to combat the bigotry associated with AIDS; its 1985 brochure, for example, included a full-page ad explaining that AIDS is not a gay disease. The company also supports a variety of cottage industries, including one in West Virginia that employs about thirty Appalachian women who knit sweaters out of organically grown wool. According to Esprit, the company has helped breathe new life into West Virginia's cash-

poor sheep-farming industry by purchasing wool at three times the rate that farmers had been getting.

For these and other accomplishments, Esprit has been showered with awards and citations. The Council on Economic Priorities nominated Esprit for a Corporate Conscience Award in 1992. The C.E.P. gave it A ratings in the environment, advancement of minorities and women, and disclosure of information in 1993. (Esprit slipped in 1994, getting only two A's.) Green Market Alert gave Esprit a leadership citation in 1991 in the "new-paradigm" category for companies on the cutting edge in terms of the environment.

That year Esprit also received much favorable publicity for a campaign that invited consumers to fill out cards finishing the sentence, *If I could change the world, I'd . . .* Esprit turned the responses into an \$8 million public education/ad campaign. "We thought, wouldn't it be great to give voice to these people. . . there was so much passion," explains Esprit public relations director Cassie Ederer. One respondent, an African-American woman, wrote in: "If I could change the world, I'd end racism and the killing of my people in the streets."

The shop contracted by Esprit paid workers only \$3.75 an hour with no overtime.

Had they been asked, some of the women who sew for Esprit might have said, "If I could change the world, I'd be paid a decent wage." Last year the Department of Labor raided a San Francisco garment shop that works on contract for Esprit and owed its workers \$127,000 in back wages. Although the minimum wage is barely livable at \$4.25 an hour, the shop contracted by Esprit paid only \$3.75 with no overtime. Just six months earlier, in a bust of eight Bay Area garment contractors, three of those cited were working for Esprit.

Those three, according to D.O.L. documents, were doctoring payroll records and not paying overtime. After the shops paid the back wages, at least one seamstress complained to the state Labor Commission that the employer was asking for kickbacks.

Esprit's affable spokesman Dan Imhoff says that garment workers should be paid a wage that "allows them a reasonable life style." But asked specifically about what Esprit could do to insure this, he shifts the responsibility back to the contractor. "The bottom line is Esprit has to pay its own workers a fair wage. Do you think a socially responsible business would survive if it would pay twice as much to its contractor? How can a company stay in business? This is getting in a very tough nerve.

"Perhaps," he continues, "Esprit isn't the shining example that you want. . . . [Esprit] can only change so many things at one time."

D.O.L. investigator Harry Hu is less philosophical: "Clothing manufacturers are responsible because the garment workers are sewing garments that belong to them." Indeed, to catch

manufacturers who turn a blind eye to contractor abuses, the D.O.L. has threatened to enforce the "hot goods" provision of the Fair Labor Standards Act of 1938. This allows the government to halt the shipment of goods out of state if a contractor violates child labor, minimum wage or overtime laws. The result? Potentially millions of dollars in losses for manufacturers due to late shipments.

But the D.O.L. so far has relied on voluntary compliance from manufacturers in holding up shipment, and it manages to disrupt only a small fraction of the activity taking place in these invisible shops. Many of them are dark, cramped and windowless, with bundles of clothing strewn across the floor. Although others are large and well ventilated, the women often sew with a bandanna over their nose and mouth to keep out the lint. Twelve-hour days with no days off and a break only for lunch are not uncommon. And in this wealthy, cosmopolitan city, many shops enforce draconian rules reminiscent of the nineteenth century.

"The workers were not allowed to talk to each other and they didn't allow us to go to the bathroom," says one Asian

garment worker, whom I'll call May Lee, of a sweatshop she worked at for seven years. "It wasn't a big room . . . but it had twenty sewing machines in it and the ventilation was no good." She says such conditions were typical of the sweatshops she applied to after arriving from Hong Kong seven years ago: "In all that time, I never saw any that were better."

Like many garment workers, Lee fears being blacklisted by garment factory owners for speaking out. After her sweatshop shut down, she was unable to find another that paid even an hourly wage, let alone the minimum. Weighing the pros and cons, she decided to work at home and take care of her family at the same time. Her average pay for ten hours' sewing: \$10.

Harry Hu says that gross wage violations such as these are especially rampant among sweatshops using older workers: "Ninety-nine percent of the garment shops pay a piece rate. If you have elderly workers, they're very slow. They average about 98 cents an hour."

The system extends far beyond the Bay Area. There are roughly 1 million garment workers in the United States—typically immigrant women who have few choices to eke out a

The Road to Hell...

In April the Council on Economic Priorities awarded Levi Strauss for its "unprecedented commitment to non-exploitative work practices in developing countries," a commitment the company boasts of, pointing to "sourcing" guidelines that pledge it to work only with contractors who provide a safe and healthy work environment, do not use child labor and "aspire to an ethical standard not unlike our own."

In Juárez, Mexico, there stands an abandoned plant called Maquilas Internacionales, *a k a* Intersew, which had made jeans on contract for Levi until its U.S. owner ran off last year. I talked to more than a dozen of the women who were stiffed of back wages. They allége:

§ At least ten children under 14 had worked at the plant.

§ In the rainy season, rain poured through the roof and collected in puddles on the floor, causing workers to get electric shocks from their sewing machines.

§ To sop up the water, managers would throw "dirty toilet tissues and used Kotex" on the floor. "It smelled really bad, and there were no windows," one worker said.

§ Workers were laid off for a few days if they went to the toilet too often.

The women say all these conditions were apparent to Pierre Darbonnier, a high-level Levi employee who they say worked regularly at their plant. An interoffice memo from a Levi division to Darbonnier indicates Darbonnier's close involvement with production at Intersew. Armando Ojeda, a Levi spokesman, denies all the allegations and says an audit of the plant last year found it to be "in compliance with our sourcing guidelines."

Intersew's owner, Donald Heath, owed \$400,000 in back wages; according to the workers' attorney, Rodol-

fo Solís Parga, under Mexican law, "whoever is the owner or manager has to pay, and Darbonnier was manager, so Levi's is responsible." Ojeda says the vanished owner is responsible. Levi offered a paltry \$15,000 for Intersew's equipment and \$69,300 for back goods, which the workers sold elsewhere for a better price.

Meanwhile, across the border in El Paso, Ojeda says, workers at Levi plants benefit from "profit-sharing, child care subsidies and enhanced health care." Still, this did not impress Milton Moskowitz, who last year removed Levi from his updated version of *The 100 Best Companies to Work For in America*. "There is a discrepancy about benefits—people in the headquarters have better benefits than workers in the factory," he says. He adds that Levi could not maintain its standing after closing a plant in San Antonio and heading for Costa Rica, leaving 1,100 workers jobless. Ojeda says Levi paid \$21 million to the community for the retraining of the former workers. To which Irene Reyna of Fuerza Unida, an advocacy group made up of the displaced workers, responds: "Neither the city nor Levi even notified former Levi workers that this money was available. When we found out about it—by word of mouth—and stood in line, not even a quarter of the former workers got any help." Three years later, Levi offered to help needy workers, but they are scattered and Fuerza Unida has no means to locate them all.

At other Levi plants, workers have been enlisted in a system called FAST, for Finishing and Sewing Teams, in which pay is tied to productivity. Reyna says team members at a plant in San Antonio have had fistfights in the parking lot, as slower workers are abused for bringing down the earnings of the team. The fights were news to Ojeda, who nevertheless says, "It's not inconsistent for people who go from individual piece rate into a team system, even with all the training, to have some friction." L.U.

living. A 1988 General Accounting Office report on sweatshops found that most workers were underpaid and laboring in unsafe and unhealthy conditions, warning that problems had become more severe during the last decade. Enforcement has been lax or underfunded, and many garment workers don't report violations, fearing repercussions in the Chinese community. In a state Labor Commission claim, for example, one worker left out her name "because the owner, he knows some youth gang people." Sergeant Dan Foley of the San Francisco Police Department's gang task force says gangs in Chinatown are "up for hire" for business owners who want them to go after dissident workers.

In San Francisco, Esprit is not the only clothing designer that's been taken to task in recent D.O.L. actions. Contract shops working for Banana Republic, owned by The Gap, as well as for Jessica McClintock, Macy's and Ralph Lauren, have also been raided.

The D.O.L. says Esprit has been cooperative in holding payment to contractors until investigations are finished. But Hu cautions that manufacturers aren't going far enough. "We don't agree with what Esprit is doing right now. . . . We want Esprit and other manufacturers not to ship the goods, but they ship them anyway."

Moreover, the apparel industry has been actively working to keep wages as low as possible. The Coalition of Apparel Industries in California, a political action group whose board Levi decorates in an honorary capacity, boasts that "CAIC helped keep the minimum wage at \$3.25 per hour for almost ten years, and . . . has on many occasions given testimony against such raises."

Aware of manufacturers' zeal for bargain-basement prices, the nearly 600 sewing contractors in the Bay Area engage in cutthroat competition—often a kind of Darwinian drive to the bottom. Many small contractors, who themselves start out working for another shop before marshaling the resources to buy a few sewing machines and rent a storefront, could go out of business overnight if they don't sew for the right price. In fact, bankruptcy has become just another part of business: Harry Hu laughs as he recalls one shop, Kin Hing, that closed its doors and filed for bankruptcy, only to be discovered a few months later on the other side of town as Hing Kin.

Then, too, manufacturers have another powerful chip to keep bids down. Katie Quan, a manager of the International Ladies Garment Workers Union in San Francisco, explains, "They say, 'If you don't take it, we'll just ship it overseas, and you won't get work and your workers will go hungry.'"

Esprit is certainly not the only "socially responsible" company in San Francisco with an image versus reality gap. In 1992 a D.O.L. investigation of garment shops on the U.S. protectorate of Saipan found conditions akin to indentured servitude: Chinese workers whose passports had been confiscated, putting in eighty-four-hour weeks at subminimum wages. Among companies embarrassed by the scandal were two of the largest U.S. clothing manufacturers, Levi and The Gap, both of them showered with awards for their corporate conscience.

Levi, like Esprit, has been regularly ranked among the best

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companies by the Council on Economic Priorities. In 1992 the Levi Strauss Foundation doled out more than \$6.6 million in charitable contributions to forty communities across the country. As for The Gap, the progressive investment rater Working Assets recently placed it on its list of acceptable companies to invest in. The United Way, which has benefited from the tax-deductible largesse of clothing company foundations, gave The Gap its corporate philanthropy award in 1993. The Gap Foundation supports community projects, helping to organize a benefit for AIDS research and patient services that raised \$2.5 million in 1992, according to its brochure, and funding job training in Los Angeles after the 1992 uprising.

A hundred workers making clothes for The Gap were not paid a penny for three weeks.

Following the Saipan scandal, Levi issued guidelines for choosing contractors. Company officials say they have since canceled thirty-five contracts with businesses that don't measure up to their principles. But good intentions don't always translate into practice [see page 666].

The Gap insists that it trains quality-assurance people on how to check out factories for "human rights abuses, working conditions and treatment of workers," among other things. But they seem to have been looking the other way at the Movie Star Garment company, where 100 workers making Gap clothes were not paid a penny for three weeks starting last December. "It was very hard, we had to borrow money from relatives," says one of the workers. For this period, bankruptcy court documents show, the workers are owed \$102,000. In addition, the D.O.L. tallied up \$137,000 in wage violations going back two years. The Gap's quality-assurance people "never talked to us or asked us about conditions," says one worker. "We're business people," Richard Crisman, a Gap spokesman, explains. "We talk with business people."

The contract system keeps manufacturers nicely insulated from most of the people who work for them. But the two-tier arrangement whereby generosity is lavished upon headquarters employees and restricted or withheld from the people who sew the clothes applies even when companies operate their own factories. In Esprit's case this was made abundantly clear when workers tried to unionize. In 1972, Esprit opened its own garment factory in San Francisco's Chinatown, the Great Chinese American Sewing Company, which employed about a hundred people. When the workers tried to organize soon afterward, Esprit busted the union. According to the National Labor Relations Board, Esprit threatened, harassed and intimidated the workers, and then shut down the would-be union plant. The N.L.R.B.—which awarded back pay, ordered Esprit to negotiate with workers and recommended that the factory be reopened—wrote a scathing criticism of Doug Tompkins's "thread of paternalism," lambasting him for

shutting down his plant in response to "perceived ingratitude." The N.L.R.B. says Tompkins's paternalism was also apparent in his description of the factory—his insistence, for example, that the shop was a "distinctive experiment," a "sort of model sewing shop in the social sense of the words."

Esprit vigorously challenged the N.L.R.B.'s decision in appellate court, which upheld the board and ordered payment of back wages. More than ten years after the plant closed, Esprit paid \$1.2 million to those of the former workers who could be tracked down. Tompkins no longer owns the company, and spokesman Imhoff, asked about the unionbusting, says only, "That's before my time." But, he ventures, "it's a private company, and I imagine they didn't want to go public." There have been no successful organizing efforts since at Esprit.

Outside the glamorous fashion world in San Francisco some sewing contractors talk guardedly of their frustrations with high-profile manufacturers. One says her shop stays away from Esprit because they "bid too low." Others complain that manufacturers will not even quote them a price for work until they finish a job. Contractor Louis Quan, who in the past worked for Esprit, makes the point: "When it gets down to the bottom line, they're going to use price as a guideline, whether a manufacturer is socially responsible or whatever."

"Manufacturers know what it takes. It's clear who's responsible when immigrant women get paid so low, or don't get paid at all," says Young Shin of Asian Immigrant Women Advocates in Oakland, which is leading a boycott of designer Jessica McClintock on behalf of workers owed back wages.

Meanwhile, the stepped-up raids in the Bay Area have resulted in what D.O.L. assistant district director Veva Graves calls "unprecedented" talks between manufacturers and contractors to iron out differences. She attributes such cooperation to the unwanted spotlight trained on manufacturers. "It's not very good for business if you have a reputation for paying slave wages. I've talked with manufacturers who have admitted they could pay more and still have a profit margin."

To that end, all three parties—representatives from D.O.L., Bay Area manufacturers and contractors—are fleshing out an agreement that would be enforceable for two years. It includes more money for rush orders to help pay for overtime, pre-arranged prices for contractors and more stringent licensing requirements of contract shops. Graves hopes that such deals will create in the Bay Area "a culture of compliance" that will set an example for other garment centers.

Whatever is hashed out in these meetings, the question remains, What does it mean to be a socially responsible company? Does helping some poor farmers in West Virginia and employing thirty Appalachian women balance out against buying the labor of thousands of anonymous workers at substandard levels and under substandard conditions? And even if you guarantee minimum wages and conditions, wouldn't that signal merely respect for the law rather than some special sensitivity deserving of accolades and "feel-good" self-promotion? The word is certainly out that "social responsibility" attracts consumers. " 'Good Causes' Make for Good Business," crowns an apparel industry ad. But a garment worker who sews this "socially responsible clothing" would put it another way. □

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