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FACT SHEET

SWEATSHOPS

WHAT IS A SWEATSHOP?

The term 'sweatshop' commonly conjures up images of people, usually women and children, working long hours in hot, dusty factories, under conditions that are bad for their health, and usually for very low wages. The location of this stereotypical sweatshop is often in a developing nation.

That description is not far from reality, but there are many kinds of sweatshops and they are found all over the world. A sweatshop is any factory that does not treat its workers well. Mistreatment of workers can come in various forms. The United States Department of Labor defines a sweatshop as any factory that breaks one or more of the U.S. labor laws, such as not paying overtime or keeping a time card and not being paid on time. The U.S. Garment workers union, UNITE, says that any factory that does not respect a worker's right to form a union is a sweatshop. Outside of the U.S., other countries, organisations and unions have their own definitions of a sweatshop.

The International Labour Organisation (ILO) has identified the following eight labour standards, which should be followed by all companies. Failure to comply doesn't necessarily mean the workplace is a sweatshop, but it does indicate that the working conditions may need to improve.

- No forced labour.
- No discrimination.
- No child labour.
- Freedom of association and the right to collective bargaining.
- Payment of a living wage.
- No excessive overtime.
- A safe and healthy workplace.
- A legally binding labour contract.

CONDITIONS IN A SWEATSHOP

If any one of the above labour standards is not followed, life at a factory can be very unpleasant. Workers may have more demanded of them than is humanly possible, and may lose their jobs if they don't comply. Sweatshops are notorious for having unsafe conditions. Buildings that have been built quickly and without complying with building regulations can collapse on workers, machinery can be faulty and other hazards, including dangerous chemicals or electrical products, can all cause terrible injuries.

Excessive overtime is common in sweatshops. Working 12-hour days, six days a week is not uncommon in garment factories. Short-term contracts that favour the employer are also a very common problem. Often poor people or migrants, desperate to find work, will accept a position on the very loosest of contractual agreements and as a result, when the employer fails to pay people or simply fires them without good reason, they have few legal rights to fall back on to gain compensation.



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CAUSES OF THE MODERN DAY SWEATSHOP

Sweatshops have been in existence since people began to work for others. The modern sweatshop has its origins in the early factories in Europe at the beginning of the Industrial Revolution, in the late 1700s, when large-scale machines started to replace cottage industries. Machinery can operate over a 24-hour period, and does not need to stop to have lunch. In the 18th and 19th Centuries there were some horrific sweatshops where people worked long hours, with little or no respite, and often for very poor pay. Workplace accidents and deaths were common, and workers were rarely compensated for work-related injuries.

Over time the workers formed unions, and with their collective strength they bargained for better working conditions, better pay and respect from their employees. Governments were lobbied to pass laws that ensured workers were treated well at their workplace. The results of these laws and extra protections were that wages increased, accidents at work were reduced and people felt safer at their jobs. By the 1980s, in the developed world, sweatshops were uncommon, although some still existed illegally.

This situation changed with the advent of globalisation. One of the key causes of the modern day sweatshop is the free trade system of the globalised economy. Through the 1980s, 1990s and up to today, large corporations, and even smaller firms, have discovered that they can move their manufacturing base offshore to cheaper locations. The advantages of this are cheaper wages, less regulation and tax-free incentives by host countries. Companies have discovered that in the very competitive globalised world, there is '*a race to the bottom line*'. This means that if a company wants to stay ahead it has to produce its product at the lowest cost possible, and so they often relocate to the country that offers the cheapest labour.

In some countries, workers have unionised and have demanded higher wages and better conditions. However, large companies without any stake in the local economy rarely comply with these demands, and often shift somewhere else.

Aspects that have encouraged this *race to the bottom line*:

- Competition in the global economy drives prices down, often below what they actually cost to produce.
- Governments in developing nations are often instructed by large lending institutions, like the International Monetary Fund, to open up their country to foreign companies, and yet most of the profits stay with the companies, not the host country.
- 'Free Trade Zones': In some countries there are designated free trade zones where companies can set up, without regard to local labour laws, to achieve a maximum profit.
- Industries, like the garment industry, can pack up and shift warehouses full of equipment in a very short time.
- Labour laws are poorly enforced in some countries. Often multinational companies know that they can demand conditions from workers in poorer countries that would not be tolerated at home.
- Labour laws are not universal; they vary from country to country. The labour standards established by the ILO are not enforced internationally; they act as guidelines and standards that companies should aspire to.
- Workers are often desperate to have a job and agree to work in terrible conditions
- Workers are often paid by how much they produce, not an hourly rate. This unfairly disadvantages them, as the company can undercut the national minimum hourly wage by claiming that their workers could earn the same, if they worked at a rate that the company sets.
- When workers do speak up and raise concerns they are often mistreated and, in many cases, fired. Workers becoming unionised is often the first sign of trouble for a company and many will try to discourage unions from forming.



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THE GARMENT INDUSTRY

Every piece of clothing that you wear has had to be made by someone else. The material, the cut and the detail that goes into making a pair of jeans or a t-shirt, means that the garment industry cannot be fully mechanised. People are still needed to cut and sew the fabric. The sewing machine is the foundation of the garment industry, and is typically operated by a woman. The garment industry is a classic example of how an industry has made the most of the globalised economy. It is also a good example of how fashion and clothing companies have chased profit before worker's rights, sometimes leaving a country within a few months of setting up to relocate to a country where the workers will work for less.

The garment industry works in the form of a 'chain of command'. Retailers sit at the top of this chain of command and they place orders with manufacturers. These manufacturers then hire contractors, who then hire subcontractors to assemble and make the clothing to fit the orders. The manufacturers determine the price and the contractors are often forced to take the order, or be left out. The prices can be so low that the factories run by the contractors cannot pay the legal wages or comply with local health and safety regulations. However, big name manufacturers and retailers claim that they are not responsible for the conditions in the factories.

According to Fijian academic, Anand Chand, sweatshop conditions are occurring in the South Pacific. Many garment factories in Fiji and Samoa are reported as being difficult places to work in, with insufficient air conditioning, inadequate toilet facilities and overcrowding being commonplace. Workers have also complained about a lack of job security and sexual harassment. In Fiji there are close to 100 garment factories, 10 of which are New Zealand owned. Anand says that the New Zealand owners do not want their products to come from sweatshops, but they are under pressure due to the international competition, and are sometimes forced to use exploitative labour practises just to remain in business. (*The New Zealand Herald, July 29, 2005*)

WHAT DO WORKERS IN SWEATSHOPS EARN?

The standard of living varies from country to country, so it is not useful to compare the actual hourly wage of workers across different countries. A better way of comparing how well a person is being paid is whether or not they can support the basic needs of a family on their wage alone. This benchmark is often used rather than a country's minimum wage, as often the minimum wage is so low, people cannot realistically survive on it.

For example, in El Salvador, a seamstress earns just NZ\$ 0.80/hour, which is only about one third of the cost of living. Even the government of El Salvador says that this wage leaves a worker in 'abject poverty'.

According to a study funded by the multinational company Nike, two-thirds of the workers at seven of their subcontracted factories in Central and South America said they didn't earn enough to support others or to save.

"We're not against foreign investment in Nicaragua," a worker there has told workers' rights groups. "But we are against exploitation."

EXAMPLES OF UNIONS AND ACTIONS AGAINST SWEATSHOPS

UNITE (formerly the Union of Needletrades, Textiles and Industrial Employees) and HERE (Hotel Employees and Restaurant Employees International Union) merged in 2004 forming UNITE HERE. The union represents more than 440,000 active members and is one of the largest in North America. Both these unions have been very active in campaigning against sweatshops. UNITE created the "Behind the Label" campaign as part of its efforts in the global anti-sweatshop movement. HERE organized the Immigrant Workers Freedom Ride in 2003, an historic United States wide event that mobilized tens of thousands of immigrant workers and their allies to educate Americans about the contributions and struggles of immigrant workers in the United States.



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The Trade Union Congress of the Philippines has a special anti-sweatshops campaign in which they want to implement the eight ILO Labour standards in all factories in the Philippines. They have discovered that due to weak governmental regulation, many foreign multinational companies have taken advantage of Philippino workers and there are many cases of abuse in sweatshops. They have undertaken research to determine which companies and contractors are abusing their workers and they have organised activities and education workshops for employees so that they can be made aware of what proper working conditions should be. Currently they have worked with at least 70 enterprises and have helped them to improve their working conditions.

CONSUMER AWARENESS OF SWEATSHOPS

When making a purchase, it can be very difficult to know whether or not a garment, or a pair of shoes or even an electronic item has been made in a sweatshop. There is no definitive list of companies, brand names or even subcontractors, which can be published, as there are just too many. What consumers can watch out for is the following:

- Any label that shows that the workers are unionised will mean that the garment or item was not made in a sweatshop, as the union will have ensured conditions that both the workers and management agree to.
- Any company that is a workers' co-operative, or is collectively owned by the workers, will also ensure that the workers have not suffered sweatshop conditions.
- Any company or label that associates itself with a fair-trade or anti-sweatshop campaign or organisation.

As a consumer, a basic right is to know that what you are buying has been ethically produced. A way of finding out is to check the website of the company or brand name of a product and to see if they have a company policy on working conditions. A good site to start looking is <http://www.coopamerica.org/programs/rs/>. In the media, from time to time, companies are exposed as having subcontracted out their manufacturing to sweatshops. Avoiding their products sends a clear message of the need for them to change their subcontractors. Consumers in New Zealand can be assured that garments with a 'Made in New Zealand' label will not have been made overseas in a sweatshop. However, for garments and footwear made outside of New Zealand, it can be difficult to find out about the actual factory conditions the product was made under. The IFAT (International Fair Trade Association) label is one example of a label that is carried by 100% Fair Trade organisations (not individual products) which ensures that manufacturers have followed strict guidelines concerning conditions on the factory floor, wherever that factory may be.

www.sweatshopwatch.org

www.globalexchange.org

www.ilo.org

www.Unitehere.org

RELEVANT LINKS:

www.tradeaid.org.nz

www.ptree.co.uk

www.cws.org.nz

www.fta.org.au

www.unite.org.nz

www.union.org.nz

<http://www.coopamerica.org/programs/rs/>