

FOIA MARKER

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OA/ID Number: 20237
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Folder Title:
Sweatshop Initiative [Binder] [2]

Stack:	Row:	Section:	Shelf:	Position:
S	17	7	1	1

MEMORANDUM

TO: Gene Sperling, FAX: 456-2878
Lael Brainerd, FAX: 395-6853
David Lane, FAX: 482-4636
Cheri Carter, FAX: 456-6218
Jennifer Hillman, FAX: 395-3639
Josh Gotbaum, FAX: 622-2633

FROM: Sally Sachar, PHONE: 219-6197, ext. 142

DATE: July 29, 1996

RE: Revised Talking Points for Use with CEO Calls

As we discussed, here are revised points for today's calls.
Please call me if you have any questions!!!

**TALKING POINTS: GARMENT - FOOTWEAR /CONSUMER
PRESIDENTIAL ANNOUNCEMENT**

- o The President and I hope that you will join us at a very important announcement at the White House on Friday, August 2.
- o Consumers want information so that they can make responsible decisions. That's why leaders in the fashion industry is gathering on Friday at the White House to meet with the President.
- o The President will be joined by a group of industry leaders from garment and footwear firms who agree to develop options -- including labelling, monitoring, and other symbols -- to assure consumers that the items they purchase are produced under acceptable labor conditions.
- o The voluntary consumer label will be highlighted as an example of the type of the thing the group will consider.
- o While the President will expect the group to come up with a label as one option, it will certainly not be the only option. Nor will it be the expectation that any single company would necessarily use the label.
- o Labor and NGO representatives will also participate.
- o [Company's] leadership on this issue is critical and would represent a critical breakthrough in our efforts.
- o As you may know, the Administration has been working with industry and labor over the past three years to eradicate sweatshops in the garment industry.
- o Just last week, Labor Secretary Reich held a Forum here in Washington where representatives from all aspects of the fashion industry participated in a day long discussion of the challenges embodied in eradicating sweatshops and the importance of taking tangible steps quickly.
- o We have received a lot of feedback from the industry, acknowledging the seriousness of the problem and the need to join together to identify solutions, especially strategies that mean something to consumers.
- o A recent survey indicated that sweatshops are an issue about which Americans care deeply. According to the survey, more than three-fourths of Americans would avoid shopping at stores if they were aware that the stores sold goods made in sweatshops. 81% said they would be willing to pay more for a garment if it were guaranteed to be made in a legitimate shop.

- o Consumers want to act responsibly, but they have virtually no information. Addressing this information gap will be among the topics the group will consider.
- o So far we have commitments to participate from, for example: Nike, Liz Claiborne, the NBA, Philips Van Heusen, LL Bean, and Nicole Miller.
- o The President and I view [company's] involvement in this effort as terribly important. I hope I can enlist you to join us at the White House in the next several days.

GENE,

BOB SPOKE WITH BOB HAAS AND THEY ARE NOT INTERESTED --
CONCERN ABOUT LABELLING -- EVEN WITH OUR FORMULATION.

AS SUCH, WE RECOMMEND INSTEAD THAT THE V.P. CALL SARA
LEE.

SEE ATTACHED.

-- SALLY

REEBOK**PAUL FIREMAN, CHAIRMAN AND CEO****617/341-5000**

NOTE:

We have been in touch with two Reebok staffers, Doug Kahn and Sharon Cohen, who have been relatively non-committal. They know that NIKE is on board, but haven't indicated one way or the other.

JOHN BRYAN, CEO, SARA LEE**312/726-2600**

NOTE:

Laura Tyson spoke to John Bryan last week and he indicated that the company would not participate. However, we have now broadened somewhat the agreement that the group will announce on Friday and think it is much more likely that Sara Lee will agree to participate if they do not have to make an up front commitment to use a label. By standing with the President on Friday they would agree to develop a variety of options to communicate to consumers, including labelling (but there would be no presumptive commitment they would necessarily use a label).

PHIL KNIGHT, NIKE, CEO**503/671-6453**

NOTE:

The purpose of this call is to confirm Nike's commitment to participate on Friday. Last week Brad Figel (Director, Govt. Affairs) conveyed to Andrew Samet, Associate Deputy Undersecretary at Laobr, Nike's desire to participate in the event with the President. We think a call from the Vice President is important to cementing the understanding.

**TALKING POINTS: GARMENT - FOOTWEAR /CONSUMER
PRESIDENTIAL ANNOUNCEMENT**

- o The President and I hope that you will join us at a very important announcement at the White House on Friday, August 2 at 10 a.m.
- o Consumers want information so that they can make responsible decisions. That's why leaders in the fashion industry are gathering on Friday at the White House to meet with the President.
- o The President will be joined by a group of industry leaders from garment and footwear firms who agree to develop options -- including labelling, monitoring, and other symbols -- to assure consumers that the items they purchase are

- produced under acceptable labor conditions.
- o The voluntary consumer label will be highlighted as an example of the type of the thing the group will consider.
 - o While the President will expect the group to come up with a label as one option, it will certainly not be the only option. Nor will it be the expectation that any single company would necessarily use the label.
 - o Labor and NGO representatives will also participate.
 - o [Company's] leadership on this issue is critical and would represent a critical breakthrough in our efforts.
 - o As you may know, the Administration has been working with industry and labor over the past three years to eradicate sweatshops in the garment industry.
 - o Just last week, Labor Secretary Reich held a Forum here in Washington where representatives from all aspects of the fashion industry participated in a day long discussion of the challenges embodied in eradicating sweatshops and the importance of taking tangible steps quickly.
 - o We have received a lot of feedback from the industry, acknowledging the seriousness of the problem and the need to join together to identify solutions, especially strategies that mean something to consumers.
 - o A recent survey indicated that sweatshops are an issue about which Americans care deeply. According to the survey, more than three-fourths of Americans would avoid shopping at stores if they were aware that the stores sold goods made in sweatshops. 81% said they would be willing to pay more for a garment if it were guaranteed to be made in a legitimate shop.
 - o Consumers want to act responsibly, but they have virtually no information. Addressing this information gap will be among the topics the group will consider.
 - o So far we have commitments to participate from, for example: Nike, Kathie Lee Gifford, Liz Claiborne, the NBA, Patagonia, Philips Van Heusen, LL Bean, and Nicole Miller.
 - o The President and I view [company's] involvement in this effort as terribly important. I hope I can enlist you to join us at the White House in the next several days.

MEMORANDUM

TO: Gene Sperling, FAX: 456-6687
 Josh Gotbaum, FAX: 622-2633
 David Lane, FAX: 482-4191
 Cheri Carter, FAX: 456-6218
 Jennifer Hillman, FAX: 395-3639
 Jennifer O'Connor, FAX: 456-2464
 Tracey Thornton, FAX: 456-2604

FROM: Sally Sachar, 219-6197, EXT. 142
 Suzanne Seiden, 219-8365

DATE: July 22, 1996

RE: Labelling: Materials for Tuesday 9:30 am Conference Call

Enclosed are:

- Agenda for Tuesday conference call
- Talking points for use in phone calls to CEO's;
- A Who-What-Where-When-How Piece on the labeling announcement;
- The list of firms/CEO's to shop around;
- Background fact sheet on the Labor Department's "No Sweat" initiative;
- The DOL Trendsetter List, recognizing companies that are taking extra steps to eradicate sweatshops (most importantly inspecting their production shops); and
- A few press clips from last week's Forum, labeling, and urging Michael Jordan to take steps

Of particular concern is the date of the event since Kathie Lee Gifford said she would participate, but will be on vacation beginning August 8th. We want to make sure we lock in a date and time on her schedule (if the event is in the afternoon, we can avoid a conflict with her show). Initial feedback from the calls also indicates some companies' desire to have a specific date to discuss with their principals.

If you have any suggested changes, please call Suzanne Seiden at 219-8365/66 (fax: 219-4753).

**AGENDA
LABELLING CONFERENCE CALL**

JULY 23, 1996

9:30 am

- A. DATE OF ANNOUNCEMENT**
- B. CONGRESSIONAL STRATEGY -HARKIN/MILLER**
- C. FACT SHEET DISTRIBUTION (see attached)**
- D. OUTREACH**
 - 1. Business
 - 2. Labor
 - 3. Celebrities
 - 4. NGOs
 - 5. Consumers
 - 6. Players' associations
 - 7. Associations
- E. GOVERNMENT'S ROLE**

TALKING POINTS FOR CALLS TO CEO'S
PRESIDENTIAL LABELING ANNOUNCEMENT

- o I called to talk to you about the President's plan to announce in the next 10 to 15 days with leaders in the garment industry a voluntary, non-governmental effort to develop a consumer label indicating that clothes were made in compliance with labor standards — domestically and internationally.
- o As you may know, the Administration has been working with industry and labor over the past three years to eradicate sweatshops in the garment industry.
- o The problem has gained an enormous amount of attention in recent weeks with the revelation that some of the items for talk show host Kathie Lee Gifford's clothing line were made in a NY City sweatshop and in a Honduras plant under unacceptable conditions.

NOTE: This followed last summer's discovery in Los Angeles of a virtual "slave labor" camp, at which dozens of workers were held behind barbed wire and forced to sew clothing.

- o Just this past week, Labor Secretary Reich held a Forum in the Washington D.C. area where representatives from all aspects of the fashion industry participated in a day long discussion of the challenges embodied in eradicating sweatshops and the importance of taking tangible steps quickly.
- o We have received a lot of feedback from the industry, acknowledging the seriousness of the problem and the need to join together to identify solutions, especially strategies that mean something to consumers.
- o A recent survey indicated that sweatshops are an issue about which Americans care deeply. According to the survey, more than three-fourths of Americans would avoid shopping at stores if they were aware that the stores sold goods made in sweatshops. 81% said they would be willing to pay more for a garment if it were guaranteed to be made in a legitimate shop.

NOTE: The survey was conducted by Marymount University in November, 1995.

- o Consumers want to act responsibly, but they have virtually no information.
- o A label installed in a shirt, pair of pants, skirt, tie, dress, etc. would send a clear message to consumers and allow companies that don't use sweatshops to get credit.
- o In the next 10 to 15 days at the White House, the President will launch with leaders in the fashion industry a non-governmental, industry-driven effort to develop a voluntary

consumer label.

- o The leaders joining him in a couple of weeks will commit to:
 - (1) developing the standards for the label;
 - (2) designing the system to ensure that the label is legitimate (i.e. monitoring/inspections); and
 - (3) committing to use the label.

- o The group will also include representatives from labor and non-governmental organizations.

- o I hope you will join your colleagues in the industry in this effort.

- o I will follow up with you in the next couple of days.

NOTE: IF YOU WANT TO GIVE THE CEO A STAFF CONTACT, THE PERSON TO CALL AT DOL WILL BE SUZANNE SEIDEN AT 202/219-8365 OR 219-8366.

FACT SHEET: PRESIDENTIAL LABELING EVENT

WHO: A group representing all segments of the garment industry: chief executive officers from several well-known garment retail and manufacturing firms, designers, union officials and representatives of consumer groups and other non-governmental organizations.

WHAT: The group would join the President at a White House gathering, at which he would challenge them to work together to develop a label within 6 months. The label would indicate to consumers that the garment--whether produced in the U.S. or abroad--was made in accordance with acceptable labor standards. The label would be wholly independent of government. The President would urge the group to adopt standards for the label at least equal to those already found in the strongest codes of conduct (governing domestic and overseas production) adopted by some of the nation's leading apparel manufacturers and retailers. The President would also indicate that only a label backed up by a serious inspection mechanism (again, independent of government) would meet his challenge.

The members of the group would pledge to develop a label within 6 months--this would entail, for example, arriving at applicable labor standards and designing an effective inspection mechanism. Business representatives would also pledge to put the label (once developed) in garments manufactured by their firms (retailers would pledge to use the label in their own lines).

WHEN: The event would be held between July 30 and August 5.

HOW: The group assembled at the White House would subsequently determine the process for developing the label (i.e., how the relevant decisions would be made). The Secretary of Labor would be available to act as a facilitator if requested. In any event, the Secretary would be in regular contact with the key participants in the process to remain updated on their progress. The Department of Labor would offer to provide ongoing advice and technical assistance.

Working Draft
July 22, 1996 (6:07pm)

Contact List Possibilities

883 P07 JUL 22 '96 18:26
Miller (Karl) (DOL) (P)
Let me check
Capital (Karl)
Dign
Mason

Notes:

- "Trendsetters" are retailers and manufacturers which have taken extra steps to eradicate sweatshops (i.e., monitor working conditions through inspections). Currently, there are 36 organizations on DOL's *Trendsetter* list.
- DOL = DOL staff to contact.

- ① Jay Mazer
- ② Uthi Lee G. Ford
- ③ K/MART
- ④

Companies/Business Leaders

1. Liz Claiborne Inc. (DOL)
Trendsetter
CEO-level contact: Paul Charron
212/354-4900
Company staff person contact and number: **Roberta Karp**
DOL staff contact: Andrew Samet
Status: Positive
2. Nicole Miller (DOL)
Trendsetter
CEO-level contact: Bud Konheim, CEO
Company staff person contact and number: Bud Konheim
DOL staff contact: Suzanne Seiden
Status: NM
3. Marvin Traub, retired CEO of Bloomingdales (DOL)
4. Stanley Marcus, retired CEO of Neiman Marcus
5. Kmart
CEO-level contact: Floyd Hall
810/643-1000
Company staff person contact and number: lost a lot of money
DOL staff contact: Blanchard
Status:

Working Draft
July 22, 1996 (6:02pm)

6. WAL-MART

CEO-level contact: David Glass *Ms. Thi Lee*
501/273-4000
Company staff person contact and number: *Jenna for Atlanta*
DOL staff contact:
Status:

7. J.C. Penney

CEO-level contact: J.B. Oesterreicher Vice Chair of Board and CEO
214/431-1000
Company staff person contact and number: *Cheryl Corley*
DOL staff contact:
Status:

Alexis

8. Nordstrom's
Trendsetter

CEO-level contact: Ray Johnson, Co-Chairman of the Board
206/628-2111
Company staff person contact and number:
DOL staff contact:
Status:

Libor not recall Gene Good call

NO

Alexis

see Alex will call

9. Nike

CEO-level contact: Phil Knight
503/671-6453
Company staff person contact and number:
DOL staff contact:
Status:

Washington office open
helped for WHP

UP

Alexis will call

Phil Knight

10. The Walt Disney Company

CEO-level contact: Michael Eisner
Company staff person contact and number:
DOL staff contact:
Status:

Michael Eisner
Lois
John *UP*
Michael Eisner
Sandi - Libor
Gene
James
Midway

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11. NFL Properties (DOL)
Trendsetter
CEO-level contact: Sarah Levinson
212/838-0660
Company staff person contact and number:
DOL staff contact:
Status:

Fill in possible
Labor

12. Patagonia (DOL)
Trendsetter
CEO-level contact: Mike Olson
Company staff person contact and number:
DOL staff contact:
Status:

Bobch 46 47?

13. Levi Strauss and Company
Trendsetter
CEO-level contact: Bob Haas
415/544-6000
Company staff person contact and number:
DOL staff contact:
Status:

Alexis
June 8/96
Bill Murray
Commitment
Related

14. The Gap, Inc.
Trendsetter
CEO-level contact: Don Fisher or Michael Dixon (check)
415/952-4400
Company staff person contact and number:
DOL staff contact:
Status:

Special Counsel
Mick Bender
Mack
WH
JP
ADJ
Lumina

15. Gerber Baby Products
CEO-level contact: Dave Jones
Phone #:
Company staff person contact and number:
DOL staff contact:
Status:

hbar?

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July 22, 1996 (6:02pm)

16. The Limited
Trendsetter
CEO-level contact: Les Wexner → Alexis
614/479-7000 UP
Company staff person contact and number: knows
DOL staff contact: Sun Firm
Status:

17. Maidenform Alexis
CEO-level contact: Elizabeth Coleman
Phone #: lots of questions
Company staff person contact and number:
DOL staff contact:
Status:

18. Philips-Van Heusen (DOL) COO - open to it Yes
CEO-level contact: Bruce J. Klatsky, Chairman and CEO
212/541-5200
Company staff person contact and number:
DOL staff contact:
Status:

19. Sara Lee Corporation
CEO-level contact: John H. Bryan, Chairman and CEO
312/726-2600 Gabriel
Company staff person contact and number:
DOL staff contact:
Status:

20. Osh Kosh B'Gosh (DOL)
CEO-level contact:
Company staff person contact and number:
DOL staff contact:
Status:

Working Draft
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- 21. Eddie Bauer, Inc. (owned by Spiegel, Inc.) *Very Positive*
 Contacts: *John J. Shea* Vice Chairman, President, and CEO of Spiegel and Chairman of Eddie Bauer *Sharon Helms*
 708/769-2281
 Richard T. Fersch, President, Eddie Bauer, Inc.
 206/882-6100 or 708/769-2281

Company staff person contact and number:
DOL staff contact:
Status:

- 22. Reebok *WH*
 CEO-level contact: Paul Fireman *Alexis Sharon Colan* *Very positive questions*
 617/341-5000
 Company staff person contact and number:
 DOL staff contact:
 Status:

- 23. Depeche Mode (DOL)
 CEO-level contact:
 Company staff person contact and number:
 DOL staff contact:
 Status:

- 24. Fritzi (DOL)
 CEO-level contact: Bob Tandler
 Company staff person contact and number:
 DOL staff contact:
 Status:

- 25. Timberland
 Company staff person contact and number: ?
 DOL staff contact:
 Status:

- 26. L.L. Bean *Very positive* *YPS*
 Company staff person contact and number:
 DOL staff contact: *Leos*
 Status: *CEO Leos Goldman*

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27. Land's End (DOL)
Trendsetter List

CEO-level contact: Michael J. Smith, President and CEO
608/935-9341
Company staff person contact and number:
DOL staff contact:
Status:

Almost

Warner Bros.

28. Jones Apparel Ware (Jones New York) (DOL)
CEO-level contact:
Company staff person contact and number:
DOL staff contact:
Status:

29. Sears, Roebuck and Co.
CEO-level contact: Arthur C. Martinez, Chairman and CEO
847/286-2500
Company staff person contact and number:
DOL staff contact:
Status:

30. Tommy Hilfinger (DOL)
CEO-level contact:
Phone:
Company staff person contact and number:
DOL staff contact:
Status:

31. The May Company (DOL)
CEO-level contact:
Phone:
Company staff person contact and number:
DOL staff contact:
Status:

NiKE
WALMAN
NBA
Lac. Co.
ILLI
Um. H.
Ned Miller

Working Draft
July 22, 1996 (6:02pm)

Alexis

32. VF Corporation (DOL)
CEO-level contact:
Phone:
Company staff person contact and number:
DOL staff contact:
Status:

33. Fruit of the Loom (DOL)
CEO-level contact:
Phone:
Company staff person contact and number:
DOL staff contact:
Status: Hold for now

34. Warnaco (DOL)
CEO-level contact:
Phone:
Company staff person contact and number:
DOL staff contact:
Status:

35. Russell (DOL)
CEO-level contact:
Phone:
Company staff person contact and number:
DOL staff contact:
Status:

36. Gymboree
CEO-level contact:
Phone:
Company staff person contact and number:
DOL staff contact:
Status:

37. Dynasty
CEO-level contact:
Phone:
Company staff person contact and number:
DOL staff contact:
Status:

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38. Warner Brothers
CEO-level contact:
Phone:
Company staff person contact and number:
DOL staff contact:
Status:
39. Kellwood
CEO-level contact:
Phone:
Company staff person contact and number:
DOL staff contact:
Status:
40. John Moret (sp??)
CEO-level contact:
Phone:
Company staff person contact and number:
DOL staff contact:
Status:

Sports contacts

41. Major League Baseball Players Association
CEO-level contact:
Phone:
Company staff person contact and number:
DOL staff contact:
Status:
42. NBA Players Association
CEO-level contact:
Phone:
Company staff person contact and number:
DOL staff contact:
Status:

Working Draft
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43. Tennis -- players association (??)
CEO-level contact:
Phone:
Company staff person contact and number:
DOL staff contact:
Status:

44. USGA or PGA (?)
Company staff person contact and number:
DOL staff contact:
Status:

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Designers

1. Marie St. John
2. Joan Vass
3. Donna Karan

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Celebrities with Companies

1. Delta Burke (actress)
2. Ronnie Lott (football player, former San Francisco 49er)
3. Paul Warfield (football Hall of Famer)

Other Celebrities

1. Kathie Lee Gifford
2. Cheryl Tiegs

Industry Associations

1. Business for Social Responsibility
Contact: Bob Dunn
2. National Retailers' Federation
3. AAMA
4. Richard Reinis

Labor

1. UNITE
Contact: Jay Mazur
212/265-7000
2. International Textile Garment and Labor Workers Union
Contact: Neil Kearney, President
3. AFL/CIO
Contact: John Sweeney or Rich Trumka

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Consumers

1. **National Consumers League**
Contact: Linda Golodner, CEO
202/835-3323

Moral Voice*

*These groups have supported the minimum wage increase.

1. **United States Catholic Conference**
Contact: Rev. Brian Hehir
202/541-3000
2. **Evangelical Lutheran Church**
3. **American Friends Service**
4. **National Jewish Community Relations Advisory Council**
5. **Jewish Labor Committee**
6. **Church of the Brethren**
7. **U.S. Bishops' Conference**
8. **International Labor Rights Fund**
Contact: Pharis Harvey
202/544-7198
9. **International Human Rights Law Group**
Contact: Gay McDougal
202/232-8500
10. **Oberlin College**
Contact: Don Pease
216/775-8823
11. **AAFLI (??)**
Contact: Terry Collingsworth

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202/778-4500

12. **Interfaith Center on Corporate Responsibility**
Contact: Timothy Smith or David Schilling
212/870-2295
13. **LBJ School of Public Policy**
Contact: Ray Marshall
512/471-6242
14. **National Council of Churches**
Contact: Rev. Joan Campbell, General Secretary
202/544-2350
15. **Mennonite Central Committee**
Contact: ??? (environmental person?)
16. **Charlayne Hunter-Gault (journalist)**

NO SWEAT. NO SWEAT INITIATIVE

Fact Sheet

Background

Sweatshops conjure up a vision of dangerous turn-of-the-century garment factories, of rooms crowded with immigrant women and children hunched over sewing machines for a few dollars a day.

But, they still exist today.

Sweatshops are an ugly stain on American fashion, and it is up to all of us to remove it.

America's garment industry today grosses \$45 billion a year and employs more than one million workers.

Retailers dictate to manufacturers what, where, and when garments are produced. Manufacturers, in turn, purchase material and contract work among some 22,000 sewing contractors. Many of these contractors violate labor laws.

Independent surveys as well as federal and state compliance data show minimum wage and overtime violations of the Fair Labor Standards Act occurring in 40 percent to 60 percent of investigated establishments. Additionally, thousands of these shops have serious safety violations that threaten the health -- and lives -- of their workers.

Many companies in the American apparel industry provide good jobs, decent wages, and fine clothing, and they deserve our support.

But the firms that utilize and tolerate sweatshop labor make it harder for honest, law-abiding shops to compete in the marketplace. Both industry and labor have an interest in making sure that companies do not mistreat their employees.

For more information about the "No Sweat" sweatshop eradication initiative, contact the U.S. Department of Labor, Wage and Hour Division at (202) 219-8305 or the Office of Public Affairs at (202) 219-8211.

DOL/OPA 96

DOL's Garment Industry Strategy

The Department of Labor (DOL) has fewer than 800 investigators to protect the rights of one million garment workers and the other 110 million employees in 6.5 million workplaces. Enforcement, alone, cannot begin to address problems rampant in the garment industry.

To bring about change, DOL is relying on a three-pronged strategy of enforcement, recognition, and education:

Enforcement

DOL's Wage and Hour Division conducts targeted enforcement sweeps in major garment centers and notifies manufacturers of the "hot goods" provision of the Fair Labor Standards Act, which prohibits the shipment of goods made in violation of U.S. wage laws.

Recognition

In December 1995, DOL issued its first *Trendsetter* list, highlighting retailers and manufacturers that have assumed responsibility for monitoring the labor practices of contractors that make their garments. Firms that are monitored have significantly fewer violations of labor laws.

Education

DOL is spearheading a garment public service announcement initiative, which includes print and radio public service announcements and a new Internet World Wide Web site, to provide information to consumers interested in helping to combat sweatshops. No Sweat "Clues for Consumers" have been distributed to more than 50 million supporters of the sweatshop eradication initiative.

**NO
SWEAT..**

Fashion Trendsetters

March 25, 1996

U.S. Department of Labor, 200 Constitution Avenue, NW, Washington, DC 20210

The retailers and manufacturers listed below have all pledged to help eradicate sweatshops in America and to try to ensure that their shelves are stocked with only "NO SWEAT" garments.*

- | | |
|------------------------------|---------------------------------|
| Abercrombie and Fitch | Henri Bendel |
| Baby Superstore | Jessica McClintock |
| Banana Republic | Lands End |
| Bath & Body Works | Lane Bryant |
| Bergner's | Lerner New York |
| Boston Stores | Levi Strauss and Company |
| Brylane | Limited Too |
| Cacique | Liz Claiborne Inc. |
| Carson Pirie Scott | Mast Industries |
| Dana Buchman | NFL Properties |
| Elisabeth | Nicole Miller |
| Express | Nordstrom |
| Galyans Trading | Old Navy Clothing Store |
| GapKids | Patagonia |
| Gerber Childrenswear | Penhalligon's |
| Guess Inc. | Structure |

- Superior Surgical Mfg**
- The Limited**
- The Gap**
- Victoria's Secret Catalogue and Stores**

* This list is based on the voluntary efforts of the listed companies. They have agreed to demonstrate a commitment to labor laws; cooperate with law enforcement agencies when violations of the law are found; and monitor working conditions, for example by contracting with suppliers who monitor contractors or by conducting site visits of suppliers. (Companies not on this list may also follow these practices.)

The Trendsetters List is still open. Any company interested in joining the list may contact the U.S. Department of Labor at: Trendsetters, 200 Constitution Ave., NW, Washington, DC 20210. The Trendsetters List is not a "Where To Shop" list. A company's inclusion in the list does not constitute an endorsement by the U.S. Department of Labor.

JUL 17 1996

Celebs grapple with sweatshop solutions

ARLINGTON, Va. — Richard Simmons traded jogging togs for a suit, asked good questions and zipped out.

Cheryl Tiegs lamented the bumper crop of celebs now endorsing clothes, leaving stars little bargaining room to demand that vendors don't use sweatshops.

Delta Burke sent regrets, Kathy Ireland was a no-show and Kathie Lee Gifford nearly cried.

"The day that I stop crying is the day I die," Gifford told Tuesday's Fashion Industry Forum at Marymount University in an impassioned homily.

"I was raised in a great country by two great people," she began, addressing garment industry execs gathered to discuss the sweatshop dilemma.

"I remember the first time I held a crack baby in one arm and my own healthy baby in the other. It changed my life," Gifford said, describing reasons she chose to endorse a clothing line: to benefit charity. But "I never said it all went to charity."

Empowered by surviving her own sweatshop scandal, Gifford said, "maybe we can change the world."

Execs from well-known stores and brand-name gear outlined solutions to the problems.

Levi Strauss and Guess? laid out monitoring programs that are working for them. Kmart announced a new vice president in Hong Kong to oversee international production. Wal-Mart declared it has inspected



An eyelid: Richard Simmons greets model and fellow clothes endorser Cheryl Tiegs Tuesday.

all factories that made Gifford's line and all private lines in its stores.

Nicole Miller's Bud Konheim unveiled a new silk print to "honor this day," he said. Around Thanksgiving, look for ties, boxers and scarves covered with sewing needles, bobbins and threads. "Maybe we'll give (a bathrobe) to Frank Gifford."

By Karen Thomas

Labels may be remedy for sweatshops

By Karen Thomas
USA TODAY D /

ARLINGTON, Va. — Could a new labeling system be an antidote to sweatshops in the garment industry?

At Tuesday's first Fashion Industry Forum, manufacturers, retailers and consumer groups agreed that a special label on clothes made in law-abiding factories could be an industry-wide step to stamp out child labor and inhumane working conditions.

The U.S. Department of Labor will focus on a plan for labeling "in the next weeks," Secretary of Labor Robert Reich concluded at the day-long summit, which drew about 300.

Suggestions centered on using a nongovernmental, third-party group to monitor factories in the USA and around the world. Some wanted human rights organizations to do it. Most agreed inspectors should not be paid by retailers.

Jeans with a special black label could cost \$24, suggested Bud Konheim, CEO of Nicole Miller Ltd. No black label: \$23. "The problems I have are with the customer, to do the right thing," he said. The extra cost would cover inspections.

"We would not be sitting here if the public weren't concerned," Reich countered.

There was a white and-sweatshop label that was discontinued in 1918, said Linda Goldner, CEO of the National Consumers League. Today, "perhaps the easiest answer for consumers is labeling."

g

Women's Wear Daily

July 17, 1996

Reich Sees Summit As the 'Turning Point' In Sweatshop Wars

By Joanna Ramey

WASHINGTON — Labor Secretary Robert Reich, who's been dogging an often-reluctant fashion industry for more than a year to actively combat garment sweatshops, had a captive audience Tuesday.

About 300 officials — many from leading apparel retailers and manufacturers — showed up for a Labor Department-sponsored anti-sweatshop rap session where Reich held court, calling the meeting a "turning point" in his crusade.

No conclusions were reached as to how to wipe out sewing shops

that underpay or otherwise maltreat their workers, but many company officials spoke to a growing trend within the industry to grapple with the problem.

Some of the responses outlined during three panel discussions moderated by Reich included:

- Kmart Corp.'s plans to train its quality control inspectors worldwide to even more effectively detect workplace abuses. The company has also created an executive post to oversee the effort, which includes meeting with all vendors to discuss their factory conditions and that of their contractors.

- Wal-Mart's move, since the discovery in May that some of its Kathie Lee Gifford apparel was being produced in a New York City sweatshop, to launch an independent inspection program of sewing contractors producing the retail giant's private label apparel. It has also met with The Gap to discuss the retailer's pilot independent monitoring program of a contractor in El Salvador.

- Levi Strauss & Co., with a company-wide inspection program in place for several years, recently met with J.C. Penney Co. executives to share its anti-sweatshop strategies. The meeting was part of Levi's emphasis on forging strong partnerships with stores, as well as contractors that produce its apparel, in order to increase control of its business.

Dubbed the Fashion Industry Forum, the gathering, held at Marymount University in suburban Virginia, was intended as a sweatshop brainstorming session for all aspects of the industry. The meeting reflected the clout Reich has gained since he took on the issue aggressively almost a year ago after the discovery of a sewing shop in El Monte, Calif., where illegal Thai workers were being held in peonage to sew brand-name label garments.

The emphasis of Reich's campaign has been to pressure retailers and manufacturers to deal only in garments produced in sewing shops monitored for labor law compliance. He has gotten a lot of resistance, particularly from retailers. To ratchet up the pressure, his agency has hit national chains and big manufacturers with bad publicity when sweatshop-made garments have been traced to their companies.

Reich, in addressing the executives he's been pushing to change, reiterated his call for industry to help police garment contractors.

"For the last year and a half I've been saying government can't do it all," Reich said. "I don't expect major headlines to

come out of this today. What I do expect is renewed commitment."

If the attendance at Tuesday's meeting was any measure, the industry's attention is now widely fixed on the issue of sweatshops, both domestic and foreign. Among the companies with officials in attendance were Federated Department Stores, May Department Stores Co., J.C. Penney, Neiman Marcus, Nordstrom, Tweeds, Liz Claiborne, Kellwood Co., Leslie Fay, Playtex Apparel, Sara Lee Knit Products and Fruit of the Loom. Celebrity endorsers at-



“I don't expect major headlines to come out of this today. What I do expect is renewed commitment.”

— Labor Secretary
Robert Reich

tending included Cheryl Tiegs, Kathy Ireland, Richard Simmons and, of course, Kathie Lee Gifford, who has become a leading figure in the anti-sweatshop drive since the revelation of worker abuse in connection with her line.

If there was any consensus at all to come out of forum, it was that the fashion industry has just started to scratch the surface in finding ways to keep better tabs on their production.

"There is no recipe to follow in this area," said Roberta Katz, Claiborne's general counsel. "It's groundbreaking."

"As an industry we have to decide if we want to make [sweatshops] an acceptable labor practice," said John Ermatinger, vice president of sourcing for Levi's in the U.S. in an interview. Ermatinger also spoke during the meeting. "I believe that 90 percent of the industry hasn't looked at those business practices."

Continued

Anti-Sweatshop Session Draws 300

Ermatinger said another way Levi's is keeping track of contractor conditions worldwide is by narrowing the number of suppliers it uses. This practice of streamlining to gain greater efficiency and control can also translate into keeping better tabs on working conditions. It's a strategy that Warren Flick, Kmart's president of merchandising said is also being employed at the mass merchant chain.

"We are concentrating on our national brands and our brands," Flick said. "We are looking for the right vendor partnerships, where we can have a strategic meeting of the minds on what we need."

Flick said the reduction of suppliers and the number of countries where it sources, in combination with greater scrutiny of its vendors, will reduce the likelihood of buying sweatshop-made apparel. Kmart's apparel production, both private and branded labels, is split about evenly between the U.S. and abroad.

"We are a big, powerful customer, and therefore we can have influence," Flick said. "We're going to take this issue to a new level of assurance that the workers who make goods for us are properly taken care of."

Lee Scott, executive vice president for merchandising at Wal-Mart, which has done its share of streamlining, questioned the virtue of excluding all small vendors, however.

"One of the problems is that as you move to the largest and best vendors (you have to make sure) you're not squeezing out the small and innovative vendors that are on their way up," he said.

While the effectiveness of monitoring contractors was not in dispute, what role retailers have in demanding or conducting the monitoring was debated among panel participants.

Gale Cottle, executive vice



“We also heard today there isn't one quick fix. What we've come to is the collective conclusion we need a partnership.”

— Tracy Mullin, NRF

president of women's apparel at Nordstrom, described how the specialty chain's quality control staff is trained to look for labor abuses at contractors that produce the chain's private label apparel.

But when it comes to buying brand-name merchandise, buyers have no clue as to the apparel's origin, she said.

"It is the vendor's responsibility to ensure their contractors are in compliance," she said. "A buyer can't identify a sweatshop item based on price in a showroom."

Richard Reinis, who is the head of a cooperative contractor-monitoring group of Los Angeles manufacturers, said retailers should require manufactur-

ers to monitor their contractors.

"You can't do it without retail involvement," Reinis said. "[Retailers] sit in a monolithic position, and (they) have the power to cause real reform."

Tracy Mullin, president, National Retail Federation, said retailers are very eager to help stop sweatshop abuses but reiterated the need for a fashion-industry-wide approach to solving the problem. The NRF is opposed to requiring retailers to participate in monitoring but is willing to educate vendors about the need for following labor laws and discontinuing suppliers that violate laws.

"One thing is very clear: No one wants to sell a product made in a sweatshop," Mullin said. "We also heard today there isn't one quick fix. What we've come to is the collective conclusion we need a partnership."

The cost of insuring that the estimated 22,000 garment sewing shops in the country operate legitimately was also on the mind of panelists.

Cheryl Tiegs, whose apparel accessory and shoe line sold at Sears from 1980 to 1990, said price-conscious retailers may have to pay more for apparel that's guaranteed to be sweatshop-free.

"They may have to accept the responsibility that they'll have to pay more than the rock-bottom prices," she said. "In other words, they can't have their cake and eat it too."

Tiegs also reflected on how the concentration of retailing among fewer players may be playing a role in perpetuating sweatshops as stores look to keep prices down and stay competitive.

"When I started in 1980, the big discount operations weren't as powerful as they are today," she said. "Consumers are getting spoiled. The reason is because there are sweatshops. I think it's gotten much worse."

Jay Allen, Wal-Mart's vice president for corporate affairs, said he doesn't anticipate increase of apparel prices, arguing that manufacturers are finding increased efficiencies by dealing only with legitimate contractors.

"Too many are proving it can be done," Allen said. "We're not convinced higher prices are necessary. Our customers have grown to expect everyday low prices at Wal-Mart."

Chicago Tribune

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Wednesday, July 17, 1996

12 Section 1

An impertinent message to Michael

So Michael Jordan has his new deal: \$25 million for one year! Or is that \$30 million?

Whatever, it's a staggering amount of money—more than all but a few of us will make in a lifetime. And to the extent any such salary can be considered "deserved," Jordan's is.

He has put up the numbers; he wears the rings. In an era when the mantra of American business is pay-for-performance, he has a stronger argument for his megabucks than anybody else we can think of. Jordan has earned his.

That said, Jordan's big payday brings another thought to mind. It's captured in an old biblical saying: "Of him to whom much is given much shall be expected."

Jordan needs no lectures from us or anyone else about charity or civic responsibility. He was too well-raised for that. But the fact is that Michael Jordan is a leader, and the challenge of our age is to find leaders who will not just take the money and run but will inspire all of us, by word and deed, to be better and do better, morally, spiritually and every other way. Jordan owes us.

He could begin by having a serious talk with the folks at Nike, whose sneakers he has made famous, about its efforts to police the subcontractors who make its shoes in places like Indonesia. Jordan gave a response worthy of Pontius Pilate when he was asked during the playoffs about allegations of sweatshop conditions in Nike factories. Ignorance is not an acceptable excuse for inaction.

But it shouldn't stop there. Jordan and all the other sports superstars owe us leadership—with youth, who idolize them and their gargantuan salaries and pant after their shoes and their jerseys. They owe it to us in all departments of our national life—because they are citizens of this nation (and especially blessed citizens at that), because most of them have or will have children who must grow up in this society.

Another old biblical admonition says that almsgiving and good works ought to be done quietly, without calling attention to themselves. In Jordan's case, we think an exception is in order.

Use your leadership, Michael. Challenge us all, including some of those high-paid corporate executives, to follow you. Remember, you owe us.

8:30

Visceral

Announce

No Sweet Ck

No Sweet Consumer Prob

No Sweet

Nike - visceral

Commission to develop

- ① Nike Lec 6. Ford / Time
- ② Kiz Collaborat 6.4
- ③ Nike Miller
- ④ Wal-Mart (Nike Lec 6. Ford) (Mack)
- ⑤ Nike

~~7.4 by point in label~~

~~7.4 by point in label~~

TO: Gene Sperling
FROM: Sally Sachar
RE: Follow Up on Labelling
DATE: July 25, 1996

I wanted to follow up on a few things from our conversation last night.

!!RECENT ADDITION!!: We just got the NBA to agree. In the call, we brought up the issue of Michael Jordan. Harvey Benjamin (Senior V.P.) -- the guy Suzanne Seiden spoke to -- said that the V.P. should definitely ask Phil Knight about Jordan, but that we should also have the President call Michael Jordan directly. You just indicated that you would follow up with Todd Stern.

THE DATE (and getting commitments): For us to do this announcement on July 31st, I really think we need to get that nailed TODAY. Also, if we are going to deliver any of those major companies (Reebok, Disney, The Gap, or Sara Lee) those calls also really need to be made by the V.P. and Laura today.

Sealing the deal with Nike today (by the V.P.) is also important.

FINESSING WITH LIZ CLAIBORNE AND OTHERS: Regarding finessing the "what" with Liz Claiborne and others, we have slightly revised the way we would characterize the commitment we are seeking. Please see the "what" in the attached fact sheet. We want to go ahead and fax this out to a few who have asked for it. Please call me AS SOON AS POSSIBLE if you have problems with this. I still think the President could stand up with the companies and the visual of a label and talk about the commitment to develop the label.

TODAY'S PHONE CALLS:

You are going to talk to the V.P.'s office about him calling:

- Nike (to confirm)
- Reebok
- Disney (unless Kantor can do it)

Laura is going to call:

- Gap (NOTE: The CEO is Mickey Drexler)
- Sara Lee

I am attaching talking points for the calls the V.P. will make.

I assume we will talk later. Just so you have it, my home phone number is 301/718-0670. (I usually leave here about 6 p.m. to meet my nanny, but you can call me in the evening at home if that's an easier time from your perspective to catch me.)

GENE --

ANDREW AND I THINK THIS NEW FACT SHEET IS A BETTER WAY TO CHARACTERIZE THE ANNOUNCEMENT, AND WILL ALLOW US TO ADDRESS CONCERNS LIKE THOSE RAISED BY LIZ CLAIBORNE AND POSSIBLY SARA LEE.

IGNORE THE VERSION I SENT 1 HOUR AGO.

-- SALLY

A handwritten signature in black ink, appearing to be 'Sally', written in a cursive style. The signature starts with a large 'S' and ends with a long, sweeping tail.

Rosen

FACT SHEET
CONSUMER LABEL ANNOUNCEMENT WITH PRESIDENT

- WHO:** A group including: chief executive officers from several well-known garment and footwear retail and manufacturing firms, designers, union officials and representatives of non-governmental organizations.
- WHAT:** The group would join the President at a White House gathering, at which he would announce the group's agreement to work to develop a consumer information label (or equivalent symbol) and monitoring system within 6 months. The label or other symbol would indicate to consumers that the garment--whether produced in the U.S. or abroad--was made in accordance with acceptable labor standards. The label/symbol would be wholly independent of government. The President would urge the group to adopt standards for the label/symbol based upon existing codes of conduct adopted by some of the nation's leading apparel manufacturers and retailers.
- The group might also work to identify additional strategies to ensure consumers that the products they buy are produced under acceptable labor standards.
- WHEN:** The event at the White House would be held between July 31 and August 6.
- HOW:** The group would subsequently determine the process for developing the label/symbol and monitoring system. The Secretary of Labor would be in regular contact with the key participants in the process to remain updated on their progress. The Department of Labor would offer to provide ongoing advice and technical assistance.

Questions should be directed to:

Sally Sachar, Associate Assistant Secretary for Policy, U.S. Department of Labor
(202) 219-6197, extension 142

Andrew Samet, Associate Deputy Undersecretary, U.S. Department of Labor
(202) 219-6043

Suzanne Seiden
Director of Special Projects, Wage and Hour Division, U.S. Department of Labor
(202) 219-8365/66

PHIL KNIGHT, NIKE, CEO**Phone: 503/671-6453**

NOTE: The purpose of this call is to confirm Nike's commitment to participate. Two days ago Brad Figel (Director, Government Affairs, Nike) conveyed to Andrew Samet, Associate Deputy Undersecretary at Labor, Nike's desire to participate in the labeling announcement with the President. We think it is important for the Vice President to confirm our understanding with Phil Knight directly..

- o The President and I are thrilled that Nike has agreed to join the President at an announcement in the next ten days of a voluntary consumer label that will be developed by the industry to signal that garments were made in compliance with labor laws.
- o Nike's leadership on this issue is critical and really represents a breakthrough in our efforts.
- o It would also be terrific if Michael Jordan could join us. Will you help us to enlist him?.
- o As you may know, the Administration has been working with industry and labor over the past three years to eradicate sweatshops in the garment industry.
- o Just last week, Labor Secretary Reich held a Forum here in Washington where representatives from all aspects of the fashion industry participated in a day long discussion of the challenges embodied in eradicating sweatshops and the importance of taking tangible steps quickly. I know a number of Nike representatives attended the meeting.
- o We have received a lot of feedback from the industry, acknowledging the seriousness of the problem and the need to join together to identify solutions, especially strategies that mean something to consumers.
- o A recent survey indicated that sweatshops are an issue about which Americans care deeply. According to the survey, more than three-fourths of Americans would avoid shopping at stores if they were aware that the stores sold goods made in sweatshops. 81% said they would be willing to pay more for a garment if it were guaranteed to be made in a legitimate shop.
- o Consumers want to act responsibly, but they have virtually no information. A label -- whether sewn into the garment (or shoe) or a sign hanging in a retail shop -- would send a clear message to consumers and allow companies that don't use sweatshops to get credit.
- o Nike's involvement is critically important. I am so pleased you will be joining us.

REEBOK INTERNATIONAL, PAUL FIREMAN, CHAIRMAN AND CEO

Phone: 617/341-5000

- o The President and I hope that you will join us at an announcement at the White House in the next ten days of a voluntary consumer label that will be developed by the industry to signal that garments were made in compliance with labor laws.
- o Reebok's leadership on this issue is critical and would really represent an important breakthrough in our efforts.
- o As you may know, the Administration has been working with industry and labor over the past three years to eradicate sweatshops in the garment industry.
- o Just last week, Labor Secretary Reich held a Forum here in Washington where representatives from all aspects of the fashion industry participated in a day long discussion of the challenges embodied in eradicating sweatshops and the importance of taking tangible steps quickly.
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- o Consumers want to act responsibly, but they have virtually no information. A label -- whether sewn into the garment (or shoe) or a sign hanging in a retail shop -- would send a clear message to consumers and allow companies that don't use sweatshops to get credit.
- o So far we have commitments from, for example: Nike, the NBA, Philips Van Heusen, LL Bean, and Nicole Miller to participate.
- o The President and I view Reebok's involvement in this effort as terribly important. I hope I can enlist you to join us in the next ten days.

THE WALT DISNEY COMPANY, MICHAEL EISNER, CHAIRMAN AND CEO

Phone: 818/560-1000

- o The President and I hope that you will join us at an announcement at the White House in the next ten days of a voluntary consumer label that will be developed by the industry to signal that garments were made in compliance with labor laws.
- o Disney's leadership on this issue is critical and would really represent an important breakthrough in our efforts.
- o As you may know, the Administration has been working with industry and labor over the past three years to eradicate sweatshops in the garment industry.
- o Just last week, Labor Secretary Reich held a Forum here in Washington where representatives from all aspects of the fashion industry participated in a day long discussion of the challenges embodied in eradicating sweatshops and the importance of taking tangible steps quickly.
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- o The President and I view Disney's involvement in this effort as terribly important. I hope I can enlist you to join us at the White House in the next ten days.

GARMENT INITIATIVE OPTIONS

July 18, 1996

Background

America's garment industry today grosses more than \$45 billion annually and employs over one million workers. Retailers tell manufacturers what, where and when garments are to be produced. Manufacturers, in turn, purchase material from and contract work among some 22,000 sewing contractors in the United States, and thousands more in dozens of foreign countries--about half of all garments sold in the U.S. are imported. Many of the domestic contractors fail to pay the minimum wage or overtime as required by the Fair Labor Standards Act (FLSA); violations of basic labor standards are also common in overseas production. Unfortunately, too few manufacturers and retailers take responsibility for the practices of their contractors.

The Department of Labor has been working for the last three years to eradicate sweatshops. The Department's Wage and Hour Administration has fewer than 800 investigators to protect the rights of not only the one million garment workers, but also 110 million other employees in 6.5 million workplaces outside the garment industry. Recognizing that enforcement efforts alone cannot end the abuses in the apparel industry, we have adopted a three-pronged strategy to address the problem domestically.

1. *Enforcement.* Major sweeps of garment centers by Wage and Hour investigators; notifying manufacturers about the "hot goods" provision of the FLSA, which prohibits the shipment of goods made in violation of the Act.
2. *Recognition.* Praising retailers and manufacturers that monitor their contractors, while also publicizing those found to be manufacturing/selling goods made under sweatshop conditions.
3. *Education.* A garment public service announcement campaign to provide information to consumers interested in helping to combat sweatshops. "Clues for Consumers" has been distributed to more than 50 million supporters of DOL's sweatshop eradication initiative. As part of the education effort, the Labor Department hosted a Fashion Industry Forum on Tuesday, July 16, at which representatives from all aspects of the industry discussed strategies to ensure that garments are made in compliance with labor laws.

At the same time, the Administration has been seeking wider implementation of basic labor standards internationally through the International Labor Organization and the World Trade Organization. In addition, the Administration supports nongovernmental initiatives to improve labor standards, including labeling campaigns and other consumer efforts. For example, a voluntary labeling program, "Rugmark," has been established in India--the label certifies that child labor was not employed and wages were paid in the production of the rug. Rugmark is now being established in Nepal, and Pakistan may follow suit.

These efforts are meeting with considerable success, as we approach the first anniversary of the discovery of the particularly dreadful sweatshop in El Monte, California, last August 2. The

involvement of Kathie Lee Gifford (who served as a panelist at the Forum as well as testifying before Congress) has attracted considerable press and public attention to the sweatshop problem. A sizeable number of the retailers and manufacturers attending the Forum acknowledged the extent of the problem and the need for action. With respect to the international arena, we have begun to build a consensus around our position that respect for core labor standards is not dependent on the level of economic development, and private initiatives such as Rugmark are having an impact.

The following are two options for building on the progress made thus far.

OPTION ONE: Consumer Information Label

- The President could call on all segments of the garment industry--business, labor, consumer groups and nongovernmental organizations (NGOs)--to work together to establish a label. This label would serve to assure consumers that the garment was made in accordance with acceptable labor standards; there would be a serious inspection mechanism (independent of government) behind the label.

The labeling initiative would not be government-directed; manufacturer/retailer participation would be voluntary. The President would invite executives from several well-known garment retail and manufacturing firms, labor and consumer group/NGO representatives to a gathering at the White House and challenge the group to develop a (nongovernmental) labeling proposal within 6 months; garments made in the U.S. or abroad should be eligible for the label.

The President could urge the group to set standards for the label comparable to those already found in the strongest codes of conduct (governing domestic and overseas production) already adopted by some of the nation's leading apparel manufacturers and retailers. The following are among the requirements for contractors commonly found in the codes:

- 1) No child labor (under the greater of 14 or the compulsory school age)
- 2) No prison/forced labor
- 3) Compliance with applicable national wage law (or payment of prevailing industry wage)
- 4) Safe and healthy workplace
- 5) Non-discrimination in employment

The codes of conduct adopted by other retailers and manufacturers (e.g., the Gap, Reebok) call for freedom of association and collective bargaining, in addition to the above standards.

To guard against business domination of the label development process, the "Label Leaders" invited to the White House would, as noted above, include representatives of all segments of the garment industry. For example, the group could be composed as follows:

Chief executive officers from several well-known garment retail and manufacturing firms
Designers
Union officials
Consumer group representatives
Non-governmental organization representatives

This group would decide on the process for developing the label. The Secretary of Labor would be in regular contact with the key participants in the process to remain updated on their progress; DOL would offer to provide ongoing advice and assistance.

The President would not be pledging Administration support *ex ante* (at the meeting); instead, he would indicate that only a labeling proposal developed with extensive labor and consumer group/NGO participation and including an effective monitoring procedure would meet his challenge.

PRO:

1. A label which was accompanied by serious monitoring could be an effective weapon against sweatshops; as government shrinks it makes sense to encourage greater private sector efforts in areas such as sweatshop eradication.
2. Capitalizes on existing interest among some retailers/manufacturers in developing a label; not vulnerable to charges of heavy-handed government intervention.
3. Work on developing the label could begin immediately.
4. Responds to consumer interest.
5. A voluntary labeling initiative, as opposed to a government-controlled effort, would avoid Federal Advisory Committee Act (FACA) issues. [Alternately, the Administration could establish an official advisory group to devise a labeling proposal. It would then be necessary to comply with all the FACA requirements.]

CON:

1. If the monitoring process proves to be weak, the Administration could be perceived as having given its blessing to a meaningless label.
2. Devising labor standards applicable to both domestic and foreign production could prove challenging.
3. The labeling group may be unable to come up with a proposal.

OPTION TWO: "Apparel Responsibility Act "

In addition to calling for the nongovernmental consumer information label, the President could propose or endorse an "Apparel Responsibility Act."

- The "Apparel Responsibility Act" would extend liability to garment manufacturers and retailers for violations of the Fair Labor Standards Act by their garment contractors, while offering a "safe harbor" (i.e., exemption) from the extended liability for firms that have in place monitoring programs meeting DOL regulations. The safe harbor would be separate from the consumer information label, i.e., having the label would not in itself qualify a retailer or manufacturer for the safe harbor--it would still need to have a DOL-approved monitoring program.

UNITE (Union of Needletrades, Industrial and Textile Employees, AFL-CIO) has been working on legislation similar to this proposal for several months with Representative Bill Clay and, more recently, Senator Ted Kennedy. The Labor Department has been consulting with the union regarding development of the legislation. The President could do either of the following:

- (1) Introduce an Administration legislative proposal along these lines (the announcement could be made at the meeting on the consumer information label, or separately); or
- (2) Express support for the Clay/Kennedy bills but not introduce Administration legislation.

PRO:

1. Would allow DOL's Wage and Hour Administration to hold retailers and manufacturers responsible for selling clothes made in violation of the FLSA, without having to trace particular items back to the offending contractors (which is necessary for use of the "hot goods" provision described above).
2. The safe harbor would effectively reward firms that implement their own monitoring programs.
3. Coupling the announcement of the label initiative with proposal/endorsement of the apparel legislation would insulate the Administration against charges that nongovernmental monitoring would have no impact on the sweatshop problem.

CON:

1. Could face strong opposition from retailers and manufacturers (the safe harbor *might* mitigate this opposition to some degree); endorsement/proposal of legislation along these lines could alienate firms which currently support the principle of labeling
2. Unlikely to be enacted. --
3. Could leave the Administration open to charges of ultimately favoring big government solutions (despite supporting the labeling initiative).

NOTE:

Both Senator Tom Harkin and Representative George Miller intend in the next several weeks to introduce legislation to establish labeling programs. Harkin's bill would establish a label attesting garments were made without child labor. Miller's labeling proposal is broader; it will probably cover both domestic and overseas production, and a full range of labor standards.

GARMENT INITIATIVE OPTIONS

July 18, 1996

Temporary
Be made
200

- ① Agree to do it
- ② + w.h. level
- ③ Show self-motiv
- ④

Background

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1. *Enforcement.* Major sweeps of garment centers by Wage and Hour investigators; notifying manufacturers about the "hot goods" provision of the FLSA, which prohibits the shipment of goods made in violation of the Act.
2. *Recognition.* Praising retailers and manufacturers that monitor their contractors, while also publicizing those found to be manufacturing/selling goods made under sweatshop conditions.
3. *Education.* A garment public service announcement campaign to provide information to consumers interested in helping to combat sweatshops. "Clues for Consumers" has been distributed to more than 50 million supporters of DOL's sweatshop eradication initiative. As part of the education effort, the Labor Department hosted a Fashion Industry Forum on Tuesday, July 16, at which representatives from all aspects of the industry discussed strategies to ensure that garments are made in compliance with labor laws.

At the same time, the Administration has been seeking wider implementation of basic labor standards internationally through the International Labor Organization and the World Trade Organization. In addition, the Administration supports nongovernmental initiatives to improve labor standards, including labeling campaigns and other consumer efforts. For example, a voluntary labeling program, "Rugmark," has been established in India--the label certifies that child labor was not employed and wages were paid in the production of the rug. Rugmark is now being established in Nepal, and Pakistan may follow suit.

These efforts are meeting with considerable success, as we approach the first anniversary of the discovery of the particularly dreadful sweatshop in El Monte, California, last August 2. The

involvement of Kathie Lee Gifford (who served as a panelist at the Forum as well as testifying before Congress) has attracted considerable press and public attention to the sweatshop problem. A sizeable number of the retailers and manufacturers attending the Forum acknowledged the extent of the problem and the need for action. With respect to the international arena, we have begun to build a consensus around our position that respect for core labor standards is not dependent on the level of economic development, and private initiatives such as Rugmark are having an impact.

The following are two options for building on the progress made thus far.

OPTION ONE: Consumer Information Label

- The President could call on all segments of the garment industry--business, labor, consumer groups and nongovernmental organizations (NGOs)--to work together to establish a label. This label would serve to assure consumers that the garment was made in accordance with acceptable labor standards; there would be a serious inspection mechanism (independent of government) behind the label.

The labeling initiative would not be government-directed; manufacturer/retailer participation would be voluntary. The President would invite executives from several well-known garment retail and manufacturing firms, labor and consumer group/NGO representatives to a gathering at the White House and challenge the group to develop a (nongovernmental) labeling proposal within 6 months; garments made in the U.S. or abroad should be eligible for the label.

The President could urge the group to set standards for the label comparable to those already found in the strongest codes of conduct (governing domestic and overseas production) already adopted by some of the nation's leading apparel manufacturers and retailers. The following are among the requirements for contractors commonly found in the codes:

- 1) No child labor (under the greater of 14 or the compulsory school age)
- 2) No prison/forced labor
- 3) Compliance with applicable national wage law (or payment of prevailing industry wage)
- 4) Safe and healthy workplace
- 5) Non-discrimination in employment

The codes of conduct adopted by other retailers and manufacturers (e.g., the Gap, Reebok) call for freedom of association and collective bargaining, in addition to the above standards.

To guard against business domination of the label development process, the "Label Leaders" invited to the White House would, as noted above, include representatives of all segments of the garment industry. For example, the group could be composed as follows:

Chief executive officers from several well-known garment retail and manufacturing firms
Designers
Union officials
Consumer group representatives
Non-governmental organization representatives

This group would decide on the process for developing the label. The Secretary of Labor would be in regular contact with the key participants in the process to remain updated on their progress; DOL would offer to provide ongoing advice and assistance.

The President would not be pledging Administration support *ex ante* (at the meeting); instead, he would indicate that only a labeling proposal developed with extensive labor and consumer group/NGO participation and including an effective monitoring procedure would meet his challenge.

PRO:

1. A label which was accompanied by serious monitoring could be an effective weapon against sweatshops; as government shrinks it makes sense to encourage greater private sector efforts in areas such as sweatshop eradication.
2. Capitalizes on existing interest among some retailers/manufacturers in developing a label; not vulnerable to charges of heavy-handed government intervention.
3. Work on developing the label could begin immediately.
4. Responds to consumer interest.
5. A voluntary labeling initiative, as opposed to a government-controlled effort, would avoid Federal Advisory Committee Act (FACA) issues. [Alternately, the Administration could establish an official advisory group to devise a labeling proposal. It would then be necessary to comply with all the FACA requirements.]

CON:

1. If the monitoring process proves to be weak, the Administration could be perceived as having given its blessing to a meaningless label.
2. Devising labor standards applicable to both domestic and foreign production could prove challenging.
3. The labeling group may be unable to come up with a proposal.

OPTION TWO: "Apparel Responsibility Act "

In addition to calling for the nongovernmental consumer information label, the President could propose or endorse an "Apparel Responsibility Act."

- The "Apparel Responsibility Act" would extend liability to garment manufacturers and retailers for violations of the Fair Labor Standards Act by their garment contractors, while offering a "safe harbor" (i.e., exemption) from the extended liability for firms that have in place monitoring programs meeting DOL regulations. The safe harbor would be separate from the consumer information label, i.e., having the label would not in itself qualify a retailer or manufacturer for the safe harbor--it would still need to have a DOL-approved monitoring program.

UNITE (Union of Needletrades, Industrial and Textile Employees, AFL-CIO) has been working on legislation similar to this proposal for several months with Representative Bill Clay and, more recently, Senator Ted Kennedy. The Labor Department has been consulting with the union regarding development of the legislation. The President could do either of the following:

- (1) Introduce an Administration legislative proposal along these lines (the announcement could be made at the meeting on the consumer information label, or separately); or
- (2) Express support for the Clay/Kennedy bills but not introduce Administration legislation.

PRO:

1. Would allow DOL's Wage and Hour Administration to hold retailers and manufacturers responsible for selling clothes made in violation of the FLSA, without having to trace particular items back to the offending contractors (which is necessary for use of the "hot goods" provision described above).
2. The safe harbor would effectively reward firms that implement their own monitoring programs.
3. Coupling the announcement of the label initiative with proposal/endorsement of the apparel legislation would insulate the Administration against charges that nongovernmental monitoring would have no impact on the sweatshop problem.

CON:

1. Could face strong opposition from retailers and manufacturers (the safe harbor *might* mitigate this opposition to some degree); endorsement/proposal of legislation along these lines could alienate firms which currently support the principle of labeling
2. Unlikely to be enacted. --
3. Could leave the Administration open to charges of ultimately favoring big government solutions (despite supporting the labeling initiative).

NOTE:

Both Senator Tom Harkin and Representative George Miller intend in the next several weeks to introduce legislation to establish labeling programs. Harkin's bill would establish a label attesting garments were made without child labor. Miller's labeling proposal is broader; it will probably cover both domestic and overseas production, and a full range of labor standards.

THE WHITE HOUSE
WASHINGTON

July 22, 1996

MEMORANDUM TO THE PRESIDENT

From: Laura Tyson *LTY*
Subject: Proposed Garment Labeling Initiative

Background: During the last three years, the Department of Labor has been working tirelessly to eradicate sweatshops in the garment industry. This problem has gained significant media attention in recent weeks with the revelation that some of the items sold under talk show host Kathie Lee Gifford's clothing line were made in a NYC sweatshop. Just last week, Secretary Reich held a forum at which representatives from all aspects of the fashion industry discussed how to eradicate sweatshop conditions. And a recent survey indicates that sweatshops are an issue about which Americans care deeply, with more than eighty percent of the respondents indicating that they would be willing to pay more for a garment if it were guaranteed to be made in a legitimate shop.

Capitol Hill Initiatives: Interest in the sweatshop issue has grown on Capitol Hill, and there are a variety of related legislative initiatives that members have introduced or plan to introduce. Some of these initiatives would mandate labels indicating the labor conditions under which garments were produced, while others would simply ban the import of products made with child labor. (The latter approach was proposed in the Families First Agenda and was raised in discussions in the Democratic Platform.) Most, if not all, of these legislative approaches would probably provoke a serious challenge in the World Trade Organization.

Although it is unlikely that any of the legislative approaches will move very far during the remaining days of this Congress, they are causing growing concern among the business community. At the same time, business leaders have also become concerned about the unfavorable publicity that results from selling products that are found to be produced under sweatshop conditions.

Recommended Administration Initiative: Secretary Reich has brought to the NEC two options for you to consider. We have reviewed them at both the deputy level and principal level at the NEC with involvement from NEC staff, USTR, Treasury, Commerce and Labor. The first option is an industry-led, voluntary labeling initiative. The second option couples the labeling initiative with legislation to hold retailers and manufacturers responsible for their subcontractors' labor practices and to provide a safe harbor to companies that put monitoring programs in place.

Last week the NEC principals held a meeting on both of these options and unanimously agreed to recommend to you that we move forward quickly on the first option. This option has many desirable features: it allows you to demonstrate your leadership on a compelling issue without waiting for legislative action; it builds on your corporate responsibility message; and it allows you to postpone or avoid top-down regulatory or legislative remedies--such as the ones now under consideration on the Hill--that will antagonize and split the garment industry and that threaten to violate our international trading agreements.

While it is possible that some in the unions or on the Hill will be disappointed that we have not called for a legislative action, we can say that we wanted to first give an industry self-monitoring solution a chance and then, if the industry did not meet this challenge, legislative solutions would be considered.

The NEC Principals are very enthusiastic about Secretary Reich's voluntary labeling option, and our staffs have already begun to speak to CEOs to see if we can get the groundwork necessary for its announcement ready in the next few weeks. Please let me know if you want us to move forward on Option 1 and if you have any suggestions about how to improve it.