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Folder #7 [White House Staffing Memo July 23 re Sweatshop Initiative]

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Lee
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WHITE HOUSE STAFFING MEMORANDUM

DATE: 7-23 ACTION/CONCURRENCE/COMMENT DUE BY: 7-24 Noon

SUBJECT: Sweats hop initiative

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	McCURRY	<input type="checkbox"/>	<input checked="" type="checkbox"/>
PANETTA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	McGINTY	<input type="checkbox"/>	<input type="checkbox"/>
McLARTY	<input type="checkbox"/>	<input type="checkbox"/>	NASH	<input type="checkbox"/>	<input type="checkbox"/>
ICKES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	QUINN	<input type="checkbox"/>	<input type="checkbox"/>
LIEBERMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	RASCO	<input type="checkbox"/>	<input type="checkbox"/>
LEW	<input type="checkbox"/>	<input type="checkbox"/>	REED	<input type="checkbox"/>	<input type="checkbox"/>
BAER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SOSNIK	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CURRY	<input type="checkbox"/>	<input type="checkbox"/>	STEPHANOPOULOS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EMANUEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	STIGLITZ	<input type="checkbox"/>	<input type="checkbox"/>
GIBBONS	<input type="checkbox"/>	<input type="checkbox"/>	STREETT	<input type="checkbox"/>	<input type="checkbox"/>
HALE	<input type="checkbox"/>	<input type="checkbox"/>	TYSON	<input type="checkbox"/>	<input type="checkbox"/>
HERMAN →	<input checked="" type="checkbox"/>	<input type="checkbox"/>	HAWLEY	<input type="checkbox"/>	<input type="checkbox"/>
HIGGINS	<input type="checkbox"/>	<input type="checkbox"/>	WILLIAMS	<input type="checkbox"/>	<input type="checkbox"/>
HILLEY	<input type="checkbox"/>	<input type="checkbox"/>	<u>Angell</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
KLAIN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
LAKE	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
LINDSEY	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: Any comment?

RESPONSE: _____

THE WHITE HOUSE
WASHINGTON

96 JUL 23 P1:42

July 22, 1996

MEMORANDUM TO THE PRESIDENT

From: Laura Tyson *LOT*
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.

~~XX~~ ASAP ~~XX~~

Time sensitive
to Lee, Cheri,

Betsy (x67311)

FROM Ruby

4 pages 7/23/96

3pm