

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: Public Liaison

Series/Staff Member: Maria Echaveste

Subseries:

OA/ID Number: 11671

FolderID:

Folder Title:

Department of Labor/Apparel Industry Partnership [2]

Stack:

S

Row:

30

Section:

7

Shelf:

6

Position:

3



Interfaith Center on Corporate Responsibility

475 Riverside Dr., Rm 566, New York, NY 10115 ph(212) 870-2295 fx(212) 870-2023

25 years of leadership

November 3, 1997

Maria Echaveste, Director
Office of Public Liaison
The White House

Dear Maria,

I am delighted that you are able to join us for the "Focus on Sweatshops -- New Approaches and Solutions." We are looking forward to seeing you!

The seminar begins at 3:45 p.m. at Bridgewaters, 11 Fulton Street, South Street Seaport. The panel made up of familiar faces! Pharis Harvey will speak first discussing reasons why the sweatshop issue has emerged in recent years and share some of his experiences with Rugmark, etc.; Roberta Karp will speak from Liz Claiborne's experience as a company that is trying to get a handle on issue, plus present the important role of the Apparel Industry Partnership; Susan Cowell will address some of the systemic challenges to overcoming abusive labor conditions from the union's perspective; then you will speak, and I will end with a presentation of religious perspectives on the issue.

It would be great if you would focus your remarks on the role of government in overcoming sweatshop abuses. Here you could speak from your experience as former administrator of the Wage and Hour Division and focus on the important anti-sweatshop efforts of the Department of Labor. If you would like to discuss this in more detail, please give me a call (212/870-2928). Each panelists is asked to speak for 8-10 minutes so that we can get into dialogue with the audience that will be eager to ask questions and make comments.

'Inspired by faith. committed to action'

I have arranged for our travel agent to send you a US Airways round trip ticket. If you arrive at the Bridgewaters by 3:30 p.m., that would give us sufficient time to start the seminar at 3:45 p.m.

Following the seminar, there will be a reception at 6:00 p.m. and dinner at 7:00 p.m. We hope you will be able to stay. Please let me know if you can be with us for dinner.

I look forward to seeing you on Wednesday. Thanks again for agreeing to be part of this event.

Best Wishes,



David M. Schilling
Interfaith Center on Corporate Responsibility
ph 212/870-2928
fax 212/870-2023



Interfaith Center on Corporate Responsibility

475 Riverside Dr., Rm 566, New York, NY 10115 ph(212) 870-2295 fx(212) 870-2023

25 years of Leadership

October 31, 1997

TO: Colleagues of ICCR

FROM: ICCR Staff

We invite you to attend the Interfaith Center on Corporate Responsibility's seminar entitled "Focus on Sweatshops -- New Approaches and Solutions." This seminar precedes ICCR's annual dinner, Wednesday, November 5th. 3:45-5:30 p.m. at Bridgewater's, 11 Fulton Street, South Street Seaport in New York City.

The seminar will include a panel made up of persons representing different constituencies who are at the center of initiatives to eliminate sweatshop conditions in the U.S. and abroad. Panelists include:

- **Susan Cowell**, Vice President, Union of Needle trades, Industrial and Textile Employees (UNITE).
- **Maria Echaveste**, Assistant to President Clinton and Director for Public Liaison, The White House.
- **Pharis Harvey**, Executive Director, International Labor Rights Fund.
- **Roberta Karp**, Vice President of Corporate Affairs and General Counsel, Liz Claiborne; Co-Chair, White House Apparel Industry Partnership.
- **David Schilling**, director, Global Corporate Accountability Programs, Interfaith Center on Corporate Responsibility.

The audience will be composed of people from religious groups affiliated with ICCR, companies, social responsible investments firms, unions and nongovernmental organizations. We encourage you to join us for the presentations and dialogue on this critical topic of finding ways to end sweatshop conditions in the global economy.

'Inspired by faith, committed to action'



Interfaith Center on Corporate Responsibility
475 Riverside Dr., Rm 566, New York, NY 10115 ph(212) 870-2295 fx(212) 870-2023

25 years of Leadership

September 25, 1997

Ms. Maria Eschevente
Office of Public Liaison
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Ms. Eschevente:

We're writing to invite you to join ICCR at a Seminar on November 5 "A Focus on Sweatshops - New Approaches and Solutions" as a panelist. The Seminar which will be held from 3:45 - 5:30 at Bridgewater in the South Street Seaport precedes ICCR's Annual Dinner that evening at which Rene Redwood, former Director of the Glass Ceiling Commission will speak.

We are planning the Seminar to begin with a panel with diverse views represented including labor, religious and human rights organizations, the corporate community, consumers and government. The panel members will each speak for 8 minutes on several theme questions. Then the moderator will open up the event to dialogue with participants attending. The panel will end approximately at 5:30P.M. and you are invited to join us for a reception and the ICCR Dinner as our guest.

You are well aware of the importance of this issue since you have invested considerable energy and imagination in addressing codes of conduct, monitoring and vendor standards. We would be thrilled if you'd agree to join us on this important panel.

We believe the Seminar will attract several hundred persons representing a cross section of constituencies from religious investors to money managers, business representatives to human rights groups. It should prove to be a rich cross section of people to inform, educate and motivate.

We are hard at work planning this Seminar and would very much appreciate your being part of this event. We'll call to find out if your schedule will permit you to be with us.

Sincerely,

A handwritten signature in dark ink that reads "Tim Smith".

Timothy Smith
Executive Director

A handwritten signature in dark ink that reads "David Schilling".

David Schilling, Director
Global Corporate Accountability Programs

\lfw

'Inspired by faith, committed to action'

#4

**Directions to Bridgewaters & The Museum Club
11 Fulton Street
Atop the Fulton Market Building
at the South Street Seaport, New York City**

From the East Side of Manhattan: Take FDR Drive to Exit 2, "Brooklyn Bridge/Manhattan Civic Center." Bear Right down ramp toward the Civic Center. Make a left at end of ramp (at first stoplight) onto Pearl Street. Follow Water/Pearl Streets 3 blocks south to the seaport (on the left). See directions for parking below.

From the West Side, George Washington Bridge, Lincoln & Holland Tunnels: Take Westside Highway (West Street) south around the tip of Manhattan and follow signs for FDR Drive. Go through underpass. Take Exit 1, "South Street" (immediately on your right as you exit underpass). Follow South Street north to the Seaport. Pier 17 is on the right, Fulton Market Building is on the left. Make a left on Beekman Street and follow directions for parking below.

From the Brooklyn Battery Tunnel: Follow signs for FDR Drive. Take Exit 1, "South Street." Follow directions above "From the West Side."

From Brooklyn Bridge: Follow signs for FDR Drive/Pearl Street. Go down ramp to light and turn right onto Pearl St. Follow Water/Pearl Street 3 blocks south to the Seaport (on the Left). See directions for parking below.

Parking: Edison/ParkFast outdoor parking lot on the corner of Beekman and Pearl Streets is the most convenient. Entrance to the parking lot is on Pearl Street. After parking, walk east on Beekman Street one block and turn right on Front Street. Fulton Market Building is on the left.

Subway: Take the 2, 3, 4, 5, J, Z or M trains to Fulton Street; A and C trains to Broadway-Nassau; E train to World Trade Center; N and R trains to Cortlandt Street/World Trade Center. Walk east on Fulton Street (away from World Trade Center Towers) to Seaport.

By Bus: Take the M15 (South Ferry sign) down 2nd Avenue to Fulton Street.

TO ACCESS BRIDGEWATERS AND THE MUSEUM CLUB: Access through private entrance at corner of Beekman and Front Streets.

Clinton Presidential Records Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a publication.

Publications have not been scanned in their entirety for the purpose of digitization. To see the full publication please search online or visit the Clinton Presidential Library's Research Room.

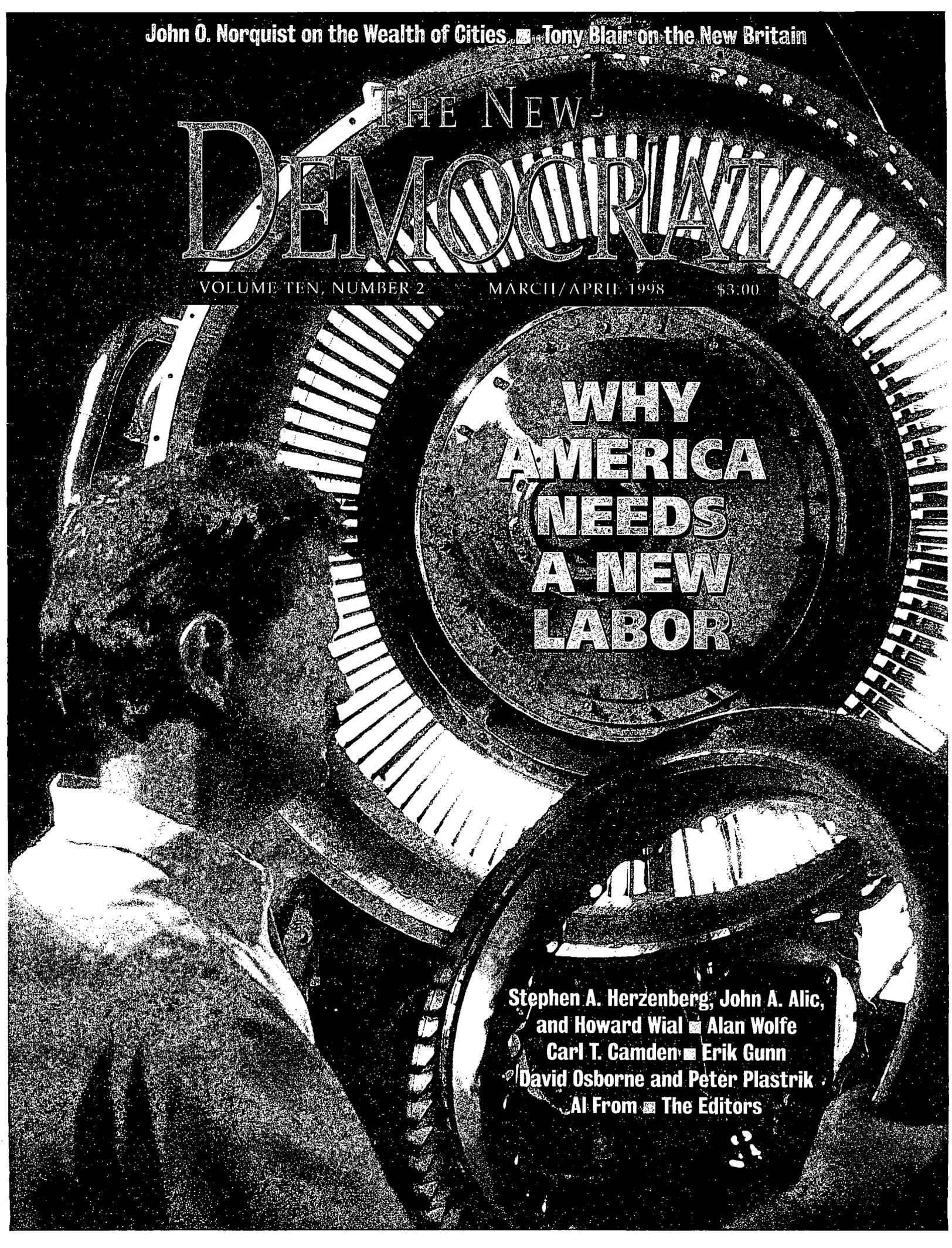
John O. Norquist on the Wealth of Cities ■ Tony Blair on the New Britain

THE NEW DEMOCRAT

VOLUME TEN, NUMBER 2

MARCH/APRIL 1998

\$3.00



**WHY
AMERICA
NEEDS
A NEW
LABOR**

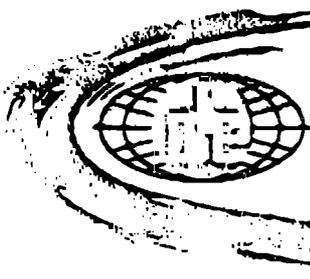
Stephen A. Herzenberg, John A. Alic,
and Howard Wial ■ Alan Wolfe
Carl T. Gamden ■ Erik Gunn
David Osborne and Peter Plastrik
Al From ■ The Editors



To: W. A. M. M. M.
Labor

Date Sent to File: _____





Department for Professional Employees, AFL-CIO
815 16th Street, N.W., Washington, D.C. 20006

March 4, 1998

The Honorable Orrin G. Hatch
Chairman, Senate Committee on the Judiciary
SD-224 Dirksen Senate Office Building
Washington, DC 20510-6275

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL

of pages = 9

To	Mania Echaveste	From	Frank
Dept./Agency	OPL	Phone #	
Fax #	456-2983	Fax #	
NSN 7540-01-317-7368		5089-101	GENERAL SERVICES ADMINISTRATION

Dear Chairman Hatch:

I write on behalf of the AFL-CIO Department for Professional Employees (DPE) regarding your committee's recent hearings on high tech workers and immigration policy. The DPE comprises 22 national union organizations that represent approximately three and a half million of America's most highly skilled professional and technical employees. I respectfully request that this letter be made a part of the record for these hearings.

Mr. Chairman, our affiliated organizations and the people they represent are deeply concerned with the issues being considered by your Committee and will be greatly affected by any decisions the Committee may make with regard to them. We are especially disturbed by proposals that would enlarge the number of non-immigrant professional "guest" workers beyond the numbers that now enter the country under an array of provisions in immigration law. We believe that in the long run legislative programs that encourage a greater dependence on overseas sources for high skilled workers will prove harmful to the interests of professional workers in America as well as a detriment to those who seek to encourage, educate and train a strong capable competitive work force that will help our country compete and prosper in the next century.

Without doubt the information technology (I.T.) industries are experiencing growing pains not unlike those endured by other new, evolving industries. They should be helped as they seek to better manage and develop the considerable wealth of human resources available in our country. Since these industries have chosen to rely heavily on a contingent work force - e.g., temporaries, part-timers, independent contractors - they face unique problems with regard to training, retraining and retention of personnel. With regard to training, they should be and are being helped by government at all levels, by educational institutions and by both private and public training programs.

Within the industry itself more must be done to retain and retrain experienced workers. The industry's record of retaining and employing older (over 40) workers has been strongly criticized (see enclosed New York Times article).

And there is room for the industry to greatly improve its recruitment of women and minorities. For example, while the participation rates of women in the various professions have increased dramatically in the past ten years, the involvement of women in key I.T. professions such as engineers, computer system analysts, etc., has lagged significantly.

Belatedly, the I.T. industries are beginning to recognize their shortcomings with regard to human resource management and they appear to be making corrections.

Is all of this activity too late and too little? We think not. We believe the outside assistance being provided and the industry reforms mentioned above are appropriate and sufficient responses to the magnitude of the current and potential demand for I.T. workers.

A quick fix solution such as that being contemplated in proposals to greatly expand the flow of foreign "guest" workers into these and other industries through the H-1(b) program is not justified. Like the use of a drug – it may temporarily relieve the pain but it could also encourage the postponement of any real treatment of the underlying cause (e.g., better and more education, training, retraining, retention and recruitment efforts, etc.). And it could be addictive. By encouraging a dependence on foreign rather than domestic sources for high skilled talent, the immigration option could be counterproductive and harmful to the best interests of the country and the industry.

Allegations of major shortages in the information technology (I.T.) occupations are unfounded.

Alarmist claims that our nation faces an extreme shortage of skilled workers to serve its growing information technology based industries rest largely on studies initiated and supported by those who stand to gain from an oversupply of such workers – the employers and "purchasers" of I.T. skills. Two such studies and the conclusions drawn by them have been cited repeatedly to the committee and to the media. One was prepared last year by the Information Technology Association of America (ITAA). The other is an update of this ITAA report done at the Virginia Polytechnic Institute.

In his testimony before the Committee on February 25 Dr. Robert Lerman, Professor of Economics at American University, raised serious doubts about the reliability of these studies. He is not the only one to question their usefulness. For example, Rochelle Garner and David Weldon writing in Computerworld, a leading observer of the information technology industries, have criticized both the methodology and the conclusions reached in these reports. (See *The Numbers Game* and *Transforming the Workforce*, Computerworld, Jan. 21, 1998 and Feb. 2, 1998.)

Both Computerworld and Dr. Lerman point out that an important indicator of a worker skill shortage is markedly rising salaries for the possessors of the skills in demand. Figures cited to the Committee by Dr. Lerman demonstrate that this has not happened with regard to I.T. workers. Computerworld also reports that in recent years it "has seen precious little growth in I.T. workers pay. Annual increases in I.T. salaries have often been below the national average for all industries." (Computerworld, 2/2/98, cited above). Despite widely publicized claims of high salaries to encourage new entrants into the I.T. fields, information gleaned by the Economic Policy Institute (EPI) from the National Association of Colleges and from employers' salary surveys between 1989 and 1996 indicate that salaries offered new college graduates in the fields of computer science, computer programming and computer engineering actually declined during the period (see attached chart).

Beginning in 1996, surveys indicate that a turn-around took place and that salaries are rising but the change is too recent to call a trend and the reasons for it are not yet clear.

One possible explanation could be found in the short-term shortage of programmers linked to the effort to resolve the Year 2000 "bug" to which Dr. Lerman refers in his testimony. BLS data shows a 4.6% increase in real median salaries for programmers between 1990 and 1997 but practically no increase for computer systems analysts and a 5.2% decline for electrical and electronic engineers during the same period.

It should be noted that this data and other wage information recently provided by private surveys do not take into account rising hours of work and a consequent reduction in hourly pay for I.T. salaried workers. For example, BLS reports that in 1997 the median weekly pay for computer systems analysts was \$918. However, as professionals, such workers are exempt from FLSA maximum hour regulation and many are known to work in excess of 40 hours per week. Assuming a fifty hour work week which is not uncommon among such professionals, the median hourly pay for a computer systems analyst in 1997 could actually be \$18.36 – not much better than union blue collar workers and less than many.

Clearly more information is needed before your committee and the Congress can properly judge the dimensions of the alleged shortage. What has been presented thus far indicates, at most, temporary "spot" shortages of some but not all I.T. skills. This is not an unusual situation for a growing industry and it hardly justifies a major revamping of policy that will affect all non-immigrants covered by the H-1(b) category. At this juncture we suggest that it would be far more prudent for the Committee to initiate a more carefully drawn investigation of the situation as has been suggested by Senator Warner in his bill, S 798 (now incorporated in S. 1186). This legislation calls for the establishment of an Information Technology Worker Shortage Commission that would "conduct a thorough study of all matters relating to the shortage of information technology workers in the U.S." Among the matters that would be studied are: (a) the causes of shortages, (b) the solutions and (c) the relative efficacy of programs to provide for an increase in the number of technology workers.

We would welcome an opportunity to work with members of the Committee and others to ensure that such an investigation is done thoroughly and expeditiously.

There is no "Crisis." The demand for I.T. workers doubled in the past ten years and was satisfied. The demand may double again in the next ten years but there are ample indications that again, it will be met.

According to the Department of Labor, employment in the computers and data processing services industries will double between 1996 and 2006. This is impressive and, on the surface, may appear to pose an overwhelming challenge until one recognizes that employment in this sector already doubled during the past ten years without recourse to major increases in I.T. workers from abroad.

Our affiliated organizations and the professional and technical workers who comprise their membership are well aware of previous occasions when employers seeking a larger than needed labor pool cried "wolf" in order to prompt Congress and others into serving their purposes. Some of us also recall the dire warnings of economic decline if more key punch operators were not available; others remember a time when it was predicted there could never be enough switchboard operators to operate the manual switching systems in use before the development of automated systems. We have members who were among the thousands of young Americans who were urged to train and educate themselves in the sciences and engineering only to suffer the vicissitudes of changing technology, defense and space related budgets, and corporate "re-engineering" or downsizing. Once again we are being treated to glowing predictions of a booming demand for workers and warnings of looming skill shortages. But, as before, there are changes in the wind that temper these predictions. Below are some which the Committee must take into consideration:

1. The current effort to address the "millenium problem" is employing countless thousands of I.T. workers. In part driven by this unique situation, American companies may spend as much as 9% of their revenue on information technology this year. However, this expenditure is expected to decline to a more reasonable 5-7% in the next few years. (See *Pressure Gap: Transforming the I.T. Work Force*, Computerworld, 2/2/98). With the end of year 2000 projects, demand for I.T. labor will cool and large numbers of I.T. people will again be "at liberty."
2. New technologies being introduced with increasing rapidity are making possible far more efficient ways to produce software, store and retrieve data, speed up computations and in other ways improve the productivity of the I.T. work force. Ironically, the new technologies being developed by the I.T. industries serve to increase productivity and reduce the amount of labor needed within the I.T. industries as well as in others. (See *The Software and Engineering Industries: Threatened by Technological Change*, William Goodman, *Monthly Labor Review*, 8/96.)

3. **Cut backs in defense spending and related purchases of engineering and computer services that began with the ending of the cold war can be expected to continue. This, too, will have the effect of loosening up the labor market for other I.T. work. (See Monthly Labor Review article cited above.)**
4. **Advances in communications technologies are making it easier and cheaper to have some engineering and programming work done abroad. Firms such as Texas Instruments, IBM and Motorola have operated in Bangalore, India for several years. The main draw is the ready availability of "extremely cheap talent" (EIU Viewswire, 5/95). As their markets expand overseas, American I.T. firms will develop operations that are closer to those markets and, to the extent that the new technology makes it possible, they will export jobs to where the labor costs are the cheapest.**
5. **The number of computer science degrees (bachelors, masters and doctorates) has been rising since 1992 according to Rochelle Garner writing in Computerworld (2/2/98). She goes on to report anecdotal evidence indicating that "45,000 to 50,000 students per year will graduate from universities during the next few years with I.T. related degrees." Speakers at the national I.T. Work Force Conference that took place in California at Berkeley in January confirmed Ms. Garner's observations. Professors Lynn (University of California at Berkeley), Spencer of Penn State University and Matloff of the University of California at Davis all took issue with those who claimed that enrollments were declining. Add the growing numbers of college educated people who, historically, retrained or cross-trained to provide the bulk of I.T. employment and, as Ms. Garner says, "its quite possible that the nation could get its annual dose of 95,000 workers" – the number which the rosiest predictions say will be needed. According to the National Science Foundation, only 29% of all computer professionals now working received their degrees in computer fields. Others were educated in engineering, the natural sciences and liberal arts.**

There is a strong promise, therefore, that as the I.T. industries continue to improve salaries and working conditions they will find an ample pool of skilled and able workers. A surge of low-paid, temporary workers from abroad, however, could discourage this from happening.

Removing the cap on H-1(b) visas is a "scatter shot" approach to the problems of the I.T. industry.

The H-1(b) provision provides for the importation of highly trained people engaged in numerous professions from music teachers to physicists; micro-biologists to fashion models. Not all of these people are in short supply and no argument has been made that the H-1(b) cap should be raised for all of them. Nevertheless, the problems of the I.T. industry are being used as an excuse to open wide the gates for all professional workers. If this happens, some occupations will face an oversupply, a diminishment of pay and benefits and – eventually – a migration of American workers out of the impacted occupations. Dr. Lerman noted that such a counterproductive effect could be

experienced in the I.T. sector as well. Others have noted that legislative programs to expand employment opportunities for foreign nurses during the 1980's (the now defunct H-1(a) program) actually exacerbated a shortage by encouraging employers to rely on overseas sources rather than increasing training, improving working conditions and adopting other more effective methods for promoting nursing within the U.S. Since this program ended, the supply of nurses and the strength of the nursing professions have been improving.

Expansion of the H-1(b) program so as to encourage a greater reliance on foreign skilled workers regardless of occupation is uncalled for and we urge you to reject such an approach.

Furthermore, the H-1(b) program is a flawed program. This was documented in a 1996 audit conducted by the Labor Department's Inspector General. The H-1(b) program, it said, "serves as a probationary try-out employment program for illegal aliens, foreign students and foreign visitors." The Department has responded to this criticism with many constructive suggestions the most recent of which are outlined in the testimony given this committee by Mr. Ray Uhalde, Acting Assistant Secretary. We commend his proposals and urge you to endorse changes in the law that would:

- prevent employers from recruiting foreign workers to replace laid-off "or otherwise displaced" U.S. workers;
- require that prospective employers demonstrate they have made a bona fide attempt to recruit workers domestically;
- limit the H-1(b) visa to three years – a term which should be sufficient to tide an employer over until sources for U.S. based workers can be located and developed. The original intent of the H-1(b) provision was to provide temporary assistance to employers who find their labor market in temporary short supply. This change will help get the H-1(b) program back on course.

We note that employers appearing before your Committee claim a desire to recruit the "best and the brightest" from wherever they can be found. And yet, as the Inspector General found, the H-1(b) provision is being used to recruit inexperienced, entry-level personnel. To deter this practice in the future, we recommend that employers of H-1(b) talent be required to pay at least 5% above the prevailing wage for such workers. This may not ensure that only the "best and brightest" will be recruited but it will discourage the promiscuous use of these visas for workers boasting little more than average skills and experience – easily found within the U.S. labor market. For the same reason we also suggest that – with regard to the recruitment of aliens who are only recently graduated and lacking any real experience – a requirement be added that they show evidence of having graduated in at least the top tenth percentile of their class.

Mr. Uhalde contends that the reforms he suggests would do much to return the H-1(b) program to the purposes for which it was originally intended and discourage abusers of the program. We agree. Reform of the H-1(b) program along the lines suggested above would, by screening

out abusers and others who do not face skill shortages, preserve thousands of visas for workers whose employers truly need them to supplement rather than supplant U.S. based workers.

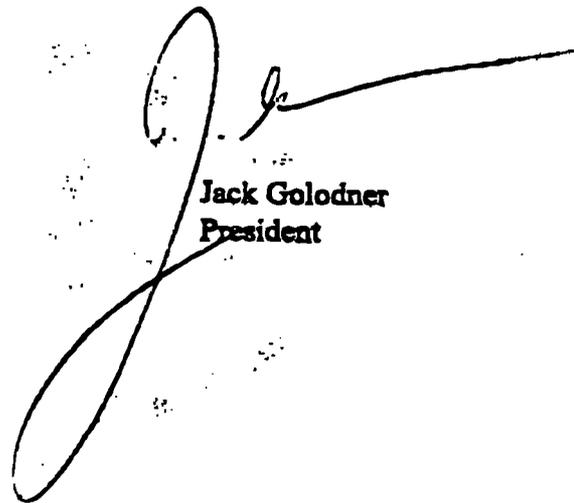
In conclusion ---

We are convinced that America's superior higher education institutions coupled with training programs that are adequately supported at all levels of government and joined by the efforts of I.T. industries willing to improve their human resources management will produce a work force that will continue to make our I.T. industries the envy of the world. We believe that an over-weaning, unjustified policy that encourages a dependence on non-immigrant workers for skilled human resources will inevitably undermine this effort and damage our nation's long-term competitive position.

Two years ago Secretary Reich pointed out: "Too many employers are using the H-1(b) program to avoid their responsibility to train U.S. workers for high tech jobs." And former Senator Alan Simpson (R-WY) agreed (Hearing, Senate Subcommittee on Immigration, September 28, 1995).

For these reasons we urge you and your Committee to improve the H-1(b) along the lines suggested above and reject proposals to expand the number of foreign workers that can be imported under this program.

Sincerely,

A large, stylized handwritten signature in black ink, consisting of a large loop and a long horizontal stroke extending to the right.

**Jack Golodner
President**

JG/ml

cc: **Members of the Committee**

Enclosures

Now Hiring! If You're Young

By Norman Matloff

DAVIS, Calif.

Readers of recent reports about a shortage of computer programmers would be baffled if they also knew that Microsoft hires only 2 percent of its applicants for software positions. Even among those applicants whom Microsoft invites to its headquarters for interviews, according to David Fritchard, the director of recruiting, the company makes offers to only one in four.

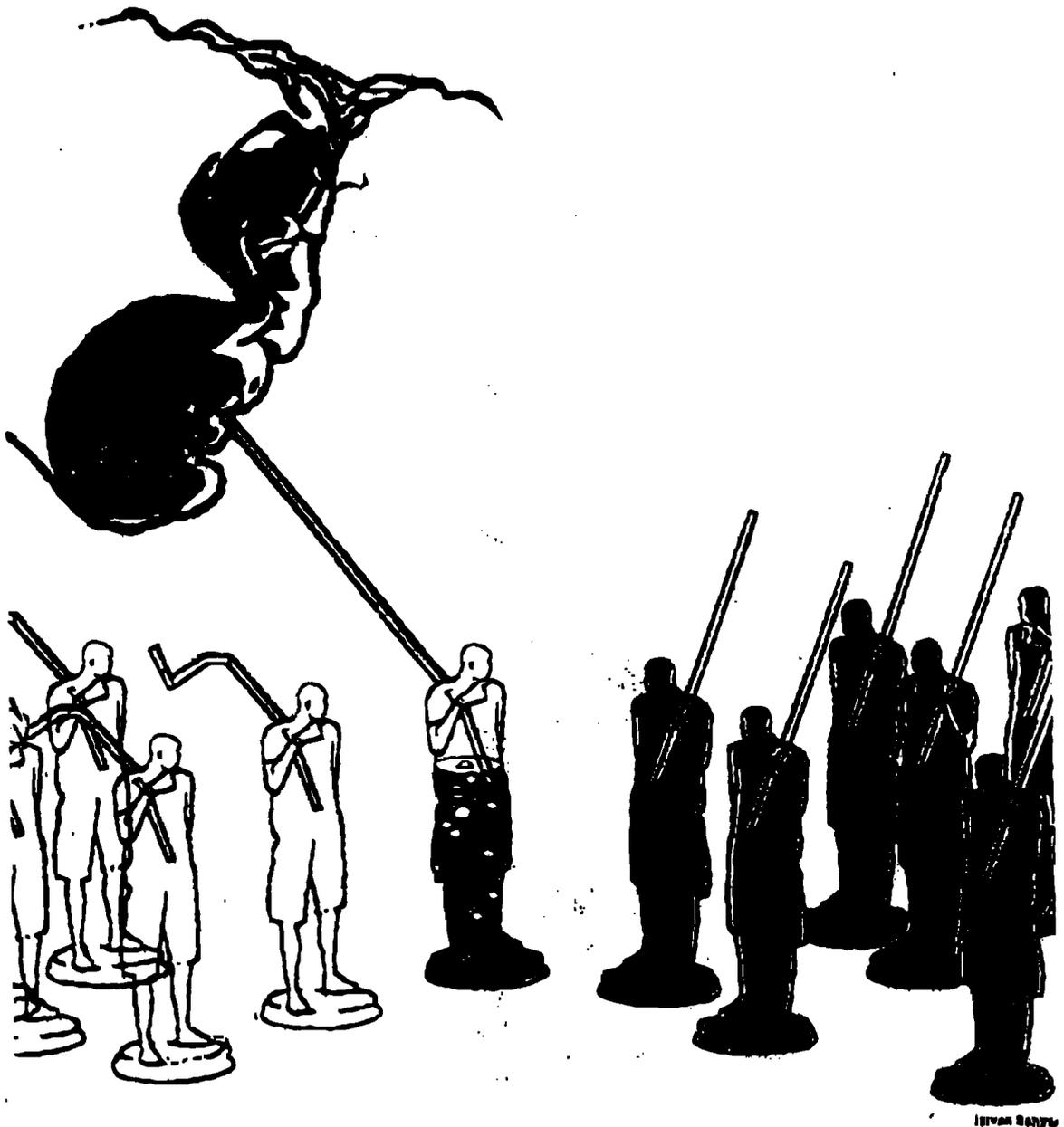
You don't have to be a "techie" to see that such a low ratio, typical for the industry, contradicts the claims of a software labor shortage. If companies were that desperate, they simply could not be so picky.

The real story here is more profound: the rampant age discrimination in the industry. High-tech companies save money by shunning most midcareer programmers and focusing their hiring on new or recent college graduates, who are cheaper and can work lots of overtime.

As a result, careers in the programming field tend to be short-lived. According to a survey conducted by the National Science Foundation and the Census Bureau, six years after finishing college, 97 percent of computer science graduates are working as programmers; at 18 years the figure drops to 34 percent, and at 20 years — when most are still only in their early 40's — it is down to 19 percent. In contrast, the figures for civil engineering are 61 percent, 52 percent and 52 percent. As one industry executive stated a few years ago at a stockholders' meeting when asked about corporate downsizing, "The half-life of an engineer, software or hardware, is only a few years."

Those claiming a software labor shortage point to low unemployment rates, but such data have little relevance.

Norman Matloff is a professor of computer science at the University of California at Davis.



ance. A programmer who becomes, say, an insurance agent after failing to find programming work counts in the statistics as an employed insurance seller, not an unemployed software worker.

Nor do salary trends indicate a shortage. The average increase in wages for programmers in the past year was only 7 percent — and that figure is skewed upward by the lucky few with hot new software skills who command higher pay.

Employers justify shunning aside midcareer programmers on the ground that they lack skills in the latest software languages. Yet even if a programmer takes a course in, say, the new Java language, employers will still tend not hire him or her for a Java project. "Taking a course is just not going to work for a senior

Age discrimination in the computer industry.

person, given his salary," said Maryann Rousseau, an employment agent. Why hire a retrained but more expensive 40-year-old when a cheaper new graduate is available?

And the skills issue is a red herring: any competent programmer, if given a chance to learn on the job, can become productive in a new software technology within a few weeks.

Nevertheless, the Information Technology Association of America,

an industry trade group, is asking the Federal Government for financing to increase the number of students enrolled as computer science majors. The trade group also wants an increased quota of temporary work visas for foreign programmers, in spite of a Labor Department finding that abuse in the program, like paying foreign workers lower salaries, is rampant. From 1990 to 1996, employer applications for visas for foreign programmers mushroomed by 350 percent, even though software jobs increased by only 40 percent in this period.

College computer science enrollments exploded by 40 percent last year. But once word gets out that the half-life of a techie is only a few years, how many will see it as the fast track to money and success? □

Wage Offers to New College Graduates, 1989-96

<u>Major</u>	<u>Annual Salary (\$1996)</u>		<u>Percent Change</u>
	<u>1989</u>	<u>1996</u>	
Computers:			
Computer Science	\$ 36,263	\$ 35,222	-2.9%
Computer Programming	\$ 35,829	\$ 32,546	-9.2%
Computer Engineer	\$ 38,268	\$ 37,529	-1.9%

Source: EPI analysis of National Association of Colleges and Employers' salary surveys.

February 7, 1998

MEMORANDUM TO KITTY HIGGINS
GENE SPERLING
BRUCE REED
ANN LEWIS
THURGOOD MARSHALL
JOSH GOTTBAUM
PAUL DONOVAN
MONICA DIXON
BILL SAMUELS

FROM: KAREN A. TRAMONTANO

SUBJECT: FOLLOW-UP MEETING WITH LABOR

As many of you know, Podesta and I brought together members of the Administration and labor leaders in December to begin a dialogue about issues effecting working men and women and the right to organize. At that meeting, we agreed to meet with labor to continue the dialogue. This memorandum briefly outlines the dinner and Monday's agenda.

Attending the dinner for labor were John Sweeney, Rich Trumka, George Becker, Robert Georgine, Jay Mazur, Doug Dority, Andy Stern and Sandy Feldman. From the Administration, Secretary Herman, Daly, Deputy Secretary Higgins, Frank Raines, John Podesta, Gene Sperling, Monica Dixon and me. The Vice President stopped by at the beginning. Podesta facilitated the meeting. By all accounts, I think it was a good discussion. Several important issues were raised among which was the following:

- CEA reports that weekly earnings for unionized workers are about one third higher than those of non-unionized workers. After adjusting for econometric studies that try to control for factors other than unionization, unionized workers' earnings are about 10% - 15% higher.

In the discussion labor asked that we consider the way in which the President and the Vice President talk about workers and organizing in particular; the way that Cabinet officials talk about workers and organizing; the employer examples, venues and issues we highlight and how Administration decisions impact workers and their right to choose.

We agreed that using the "bully pulpit" is essential to changing the prevailing culture around organizing and workers' right to choose. We also agreed that *what* the Administration says about workers and organizing, *where* we go and *who* we talk with is important.

The meeting on Monday is to discuss these issues and to identify specific areas where we can move forward.

Questions to consider:

- Can we use Chiefs of Staff meetings and/or Cabinet meetings to discuss and educate about these issues? If so, what are the next steps?
- How can we use POTUS/VPOTUS scheduling meetings to consider the example and venue issues on the table? How do we get better examples and venues?
- What is the most effective process for conferring and receiving information about these issues before we make decisions? Is there a joint NEC/DPC process that we can use? What about the agencies?
- How and where do we raise the message issue? How can these messages get included in more than one forum?
- What should happen at the AFL-CIO annual meeting to reflect this focus?

If you would give some thought to these issues and responses before Monday's meeting, it would help the discussion greatly. I would like the agenda to flow from these issues and responses. Additionally, if you have other issues/questions that you want to discuss please let me know or just raise them at the meeting.

Thank you for agreeing to participate. I am sending copies of some of the material we received at the dinner to those of you who did not attend.

DEC-17-97 15:00 FROM AFL-CIO

Restoring the Right to Organize Message Points

The message for restoring the right to organize has complementary, interdependent planks: Joining together in unions is an important way working families improve their lives and, consequently, their communities. The right to join a union is a basic civil right; they are an avenue to equality and economic stability for working people, and for them to have a voice at work. Some employers recognize that. But because most employers have been allowed to interfere with employees' free choice to join a union, working families' incomes and futures have been depressed. This is unacceptable. It's time for working families and their allies to come together to support workers organizing today, and to create a new framework in which working people's lives, values and choices are respected.

*** *Unions make life better for working families.*** Unions give working Americans a way to work together to solve problems and participate in decisions that affect their jobs, their safety and their security. Unions give workers a voice in how best to get the work done. They help workers get fairly compensated for the contributions they make: Union workers earn an average 33 percent more than nonunion workers and are much more likely to have health and pension benefits. Unions raise living standards, secure families' futures, and strengthen communities.

*** *Unions are the key to eliminating America's economic disparities.*** As the unionized share of the workforce declined, income inequality increased dramatically because unions are the primary mechanism for balancing labor and capital. Only a stronger labor movement will reverse the economic disparities. Unions help close the wage gaps for women and people of color. Unions fight discrimination and actively promote civil and human rights, equal treatment and opportunity and affirmative action.

*** *Millions of workers would join a union tomorrow, but few will get the chance to decide for themselves.*** Workers effectively do not have the free choice to join a union that the crafters of current law intended. In countless organizing campaigns, a majority of workers sign authorization cards asserting their desire for union representation but are thwarted by their employer's anti-union campaign. Aided by a \$300-million-a-year consulting industry, employers have learned to circumvent and manipulate the law, stall the organizing process, and harass, threaten, and even fire workers for trying to organize--with minimal if any penalties.

** The decision to join a union rightfully belongs to workers, not their employers -- and it is simply unacceptable for employers to deprive their employees of the choice to have a union. Whether or not to join together with their co-workers, to bargain collectively over pay, benefits and working conditions, is a choice for workers to make through a democratic process--free of harassment, intimidation or coercion by their employers.*

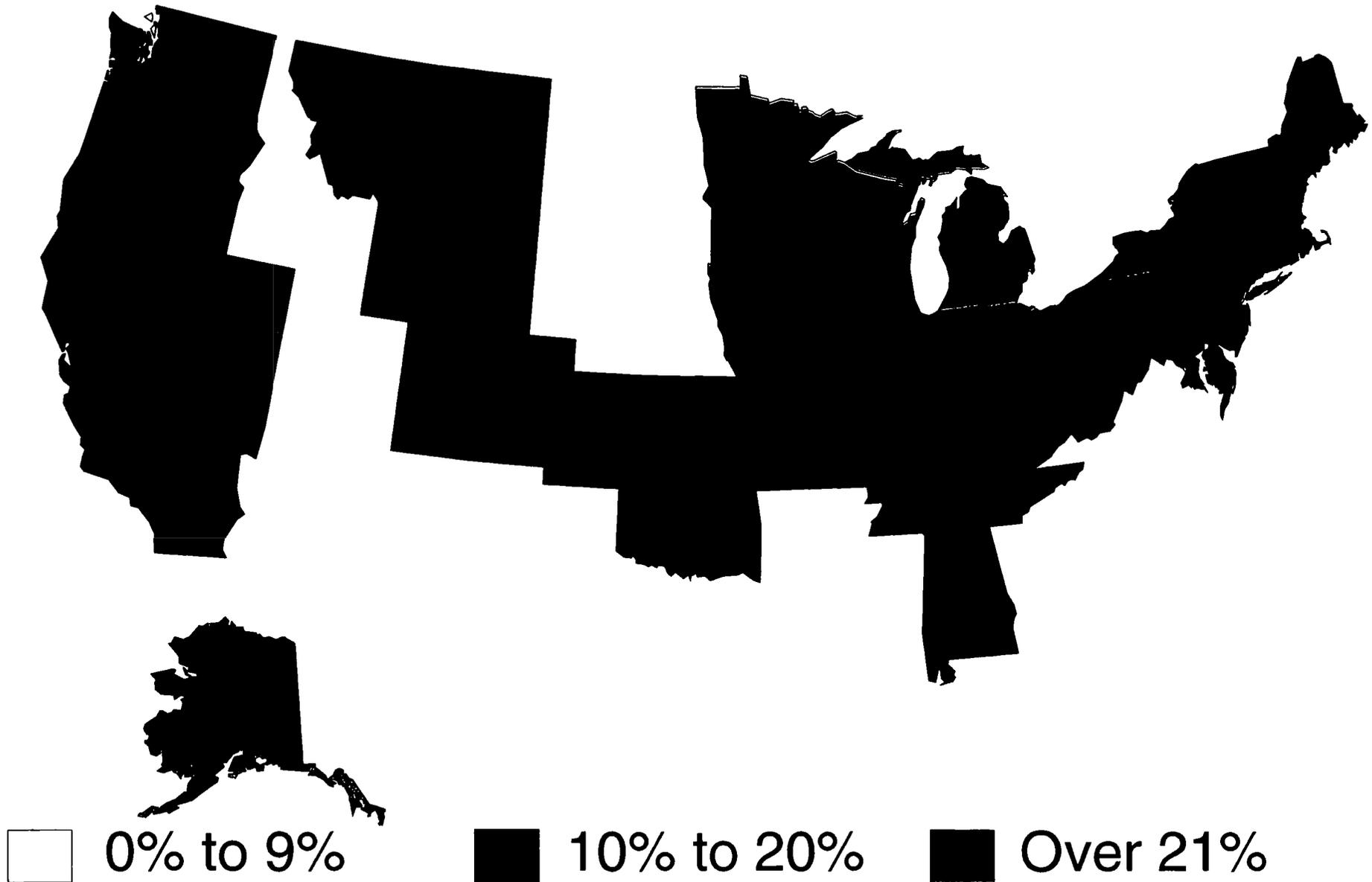
** Some employers do respect their employees' free choice, and in those cases everybody benefits. When employers allow their workers to choose a union without creating an atmosphere of hostility and intimidation and without forcing a debilitating fight, they enjoy the benefit of more stable labor-management relations, higher morale, greater productivity and better products and services. Employers should be recognized and commended for agreeing to card check recognition, neutrality, and community-run elections.*

** If we stand together to declare that we will not tolerate or reward employer violation of our rights and values, we can stop it. With support from current union members and members of their communities, workers who stand up for themselves can win the benefits of unionization despite unfair laws and intense employer hostility.*

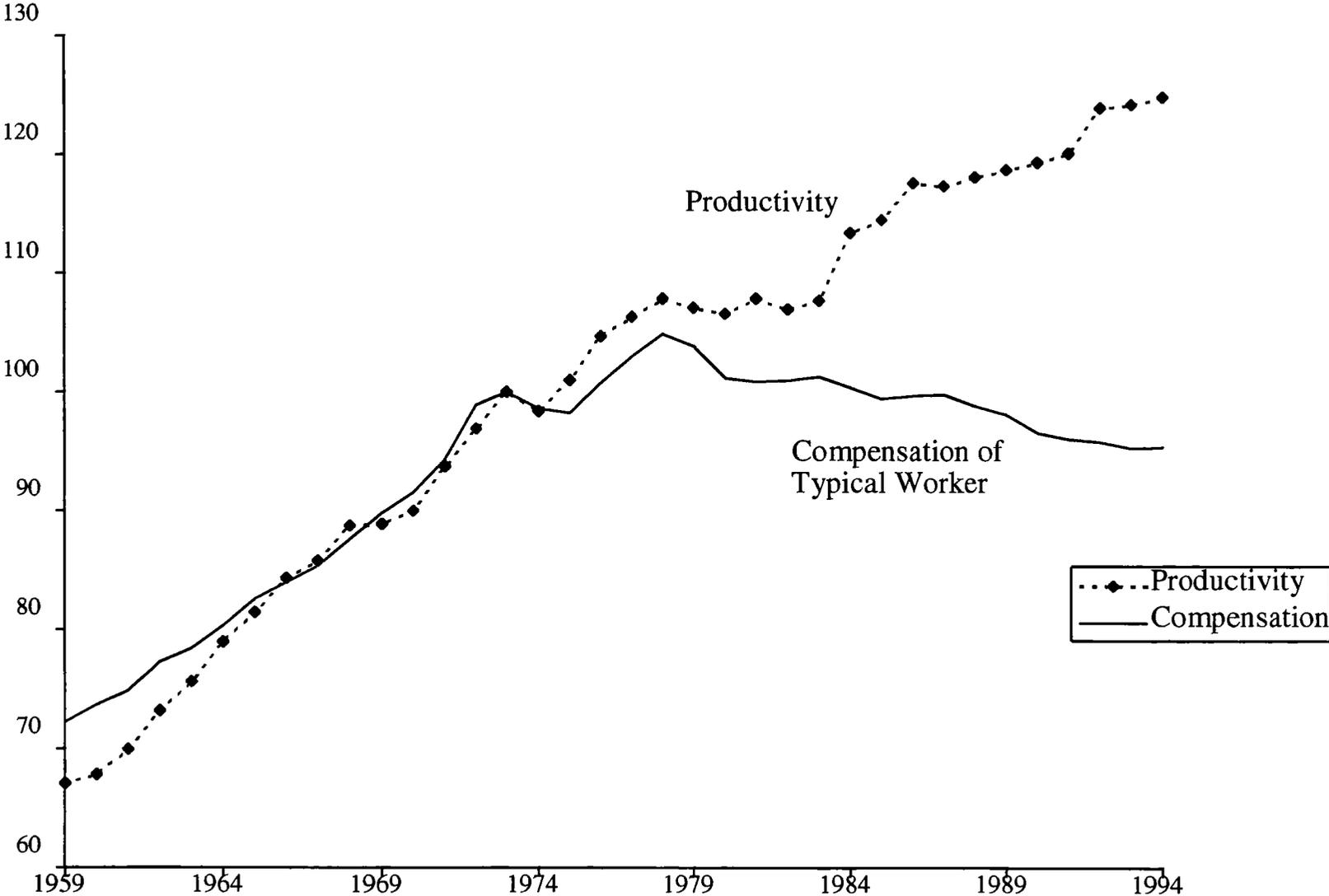
** A strong labor movement helps all working Americans, organized or not. Unions are America's way of giving workers a voice on the job and in the economy. When workers are denied that voice, they no longer share in the wealth they create. Living standards decline and income inequality grows--even while productivity rises, profits and executive pay soar.*

** It's time to bring American values back to the workplace. Democracy, freedom of speech, freedom of assembly--these are the fundamental values America holds most dear. Today, our ability to speak, vote, and congregate freely is protected by law in every other venue; but on the job, our laws protect employers, not workers. American values have all but disappeared from the American workplace--and it's time to bring them back.*

Union Density by State - 1996

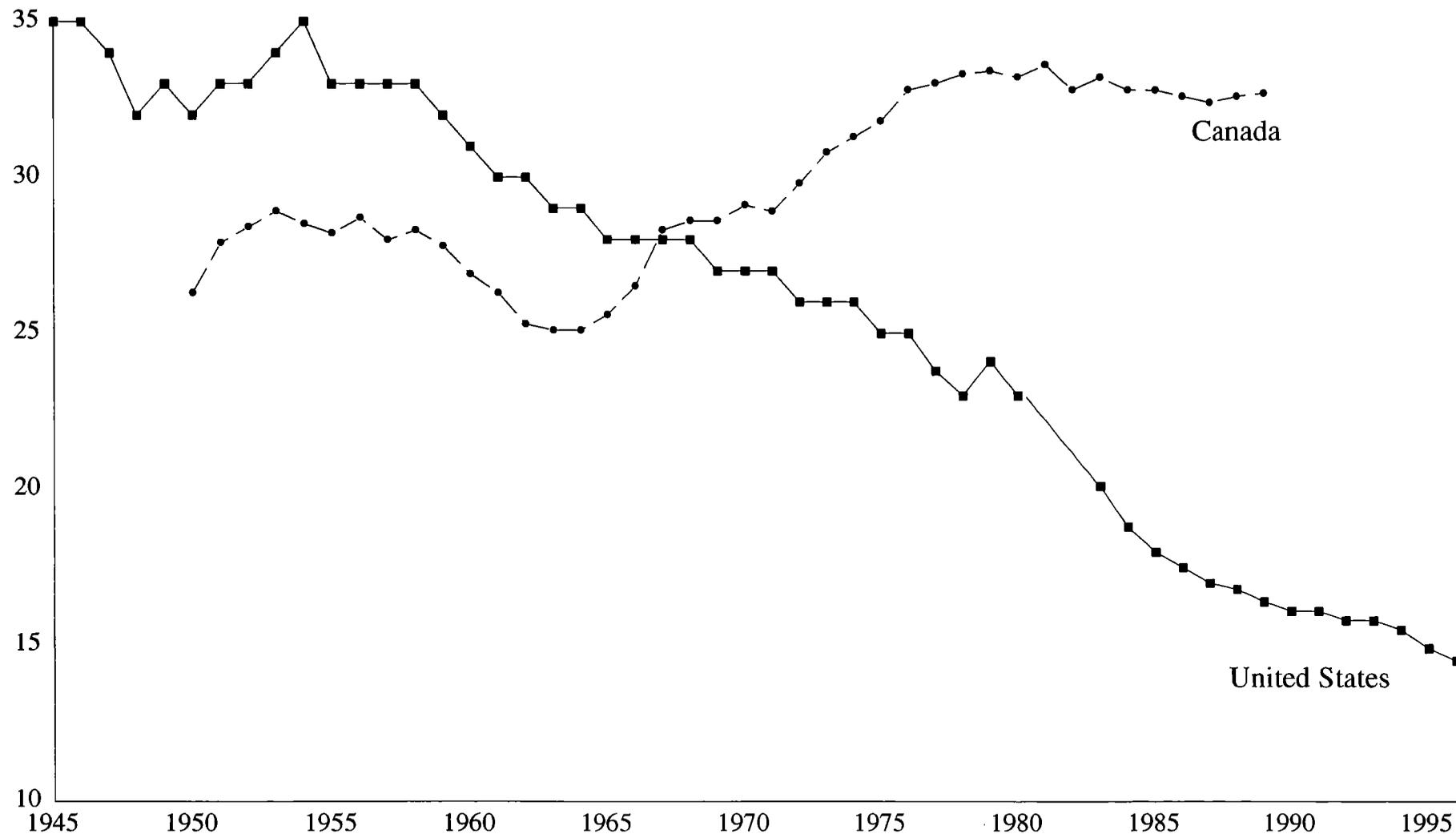


Declining Density = Declining Bargaining Power

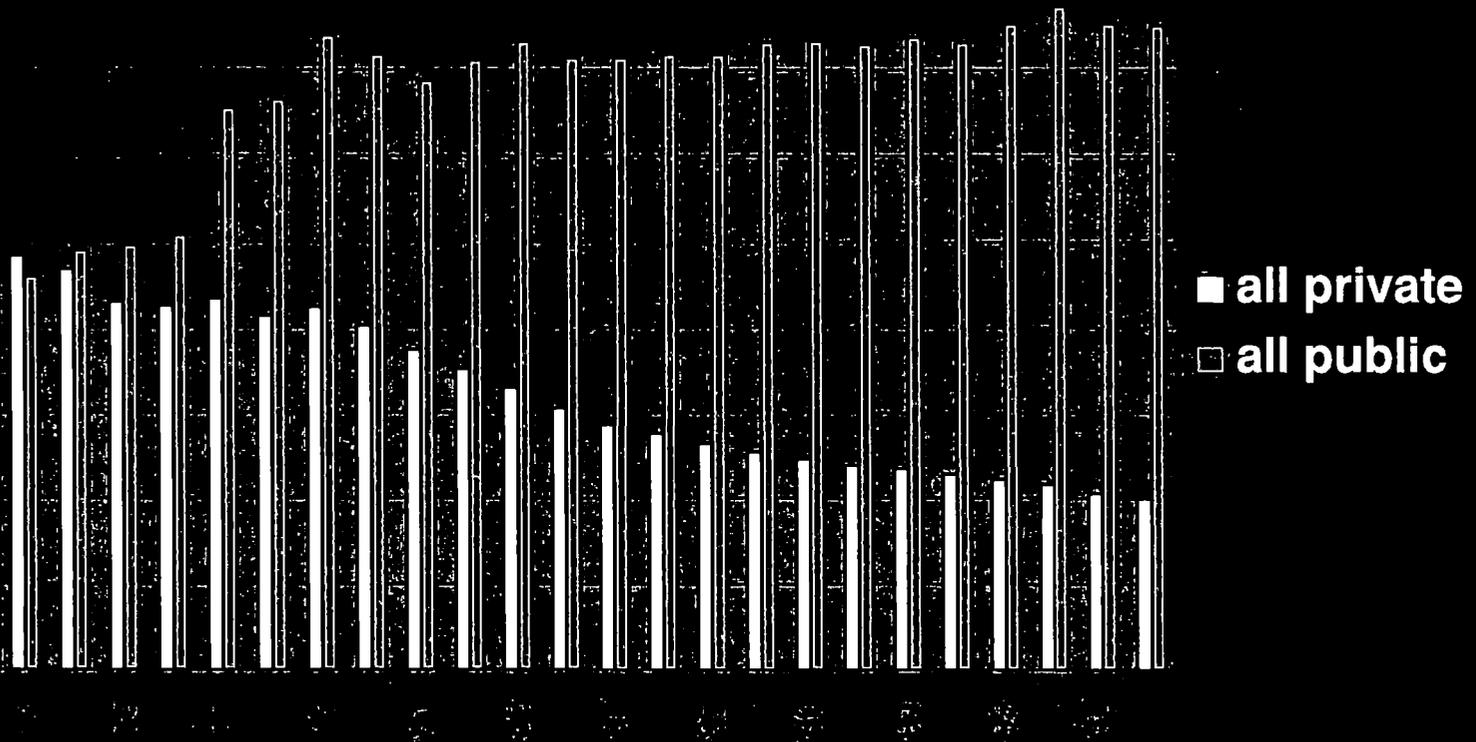


Source: Economic Policy Institute

Union Density (Membership as % of Employment) U.S. (1945-1996) vs. Canada (1950-1989)



Source: 1945-76 data from BLS Handbook of Labor Statistics, Dec. 1980; 1977-1996 data from CPS May 1970-1980; Annual Averages, 1983-1996. Note: 1945-76 and 1977-96 data are not comparable due to differences in data collection. 1945-76 data self-reported to DOL by unions. 1977-96 data from CPS. 1981 and 1982 figures not available because CPS data was not compiled. Canadian data from Jelle Visser, gross density series (1992a), Amsterdam School for Social Science Research.



Source: BNA

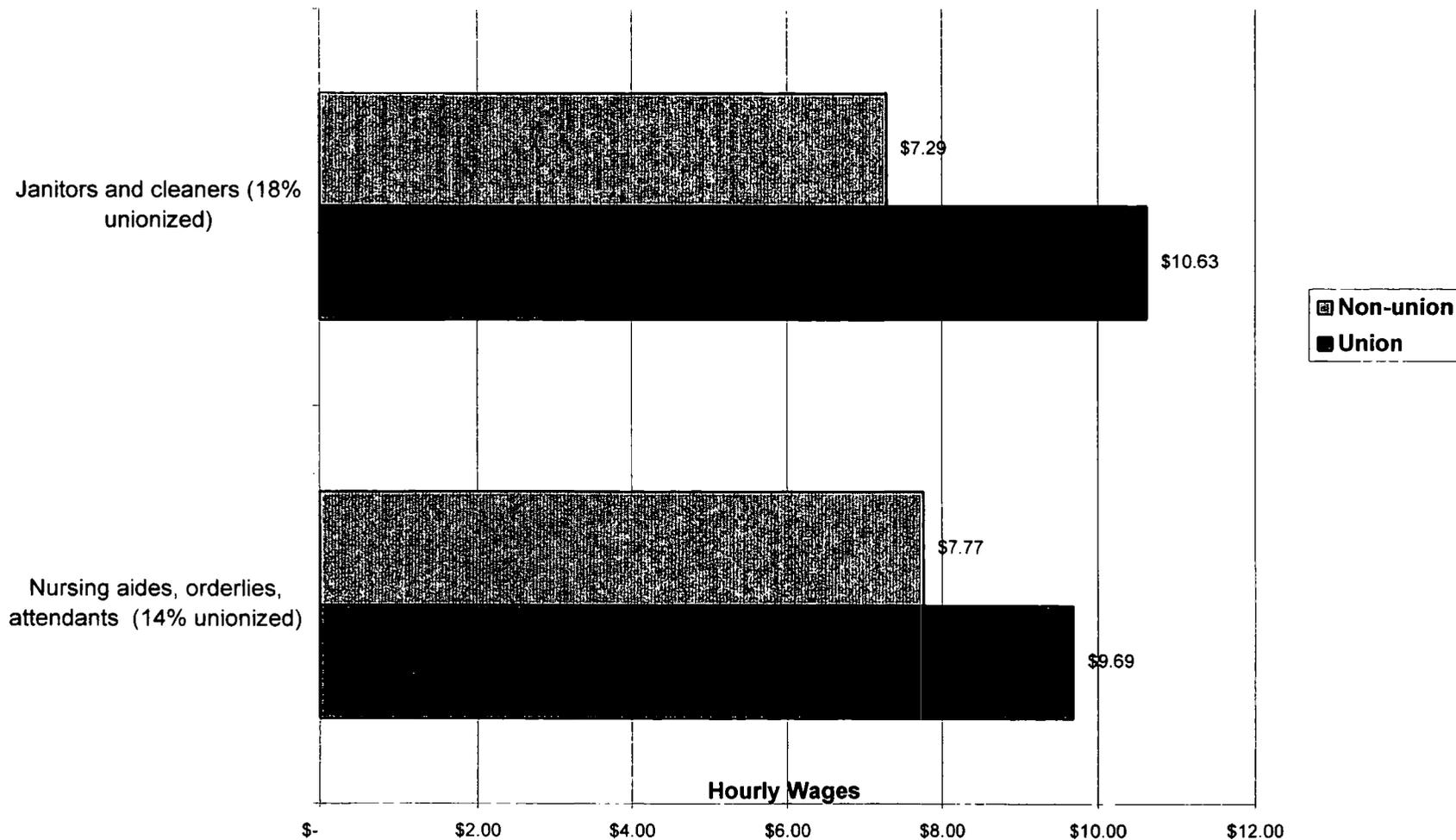
1995

**Union Wage and Benefit Premium
(1995 Dollars)**

All Workers	Wages	Insurance	Pension	Total
Union	\$16.69	\$2.24	\$1.15	\$22.40
Nonunion	\$13.35	\$0.98	\$0.42	\$16.26
<i>Union Premium</i>				
Dollars	\$3.34	\$1.26	\$0.73	\$6.14
Percent	25.0%	128.6%	173.8%	37.8%

Source: EPI

Wage Premiums for Unionized Nurse Aides and Janitors



Source: 1997 Current Population Survey. Data compiled in "Union Membership and Earnings Data Book," c. 1997 by the Bureau of National Affairs.

Our Impact

Close Race - OH-06

	<u>1994</u>	<u>1996</u>
Cremeans (R)	91,263	111,907
Strickland (D)	<u>87,861</u>	<u>118,003</u>
Margin:	-3,402	+6,096

Union Members Make a Difference

Union Membership	50,974	50,974
Registered	32,114	32,930
Turnout	18,626 (58%)	23,051 (70%)
Dem Vote	11,364 (61%)	15,675 (68%)
Rep Vote	7,264 (39%)	7,376 (32%)
Union Margin:	<u>4,097</u>	<u>8,299</u>

*Republicans Who Would Have Lost in 1996 If
Union Density Were At 1982 Levels*

		Won By	Would Have Lost By
PA	Fox	84	-3,567
WA	Smith	887	-4,090
IL	Shinkus	1,238	-5,686
KY	Northrup	1,299	-4,037
CT	Johnson	1,587	-2,949
WA	Metcalf	1,927	-3,133
PA	English	2,871	-2,568
AL	Aderholt	3,491	-261
TN	Hostettler	3,659	-1,027
WI	Neumann	4,260	-2,343
IL	Weller	7,508	-753

Source: AFL-CIO

Significant Impact With Minimal Resources: 1997 Poultry Processing Initiative

- Draft 6/26 12:15 PM*
1. **Goal** of the Wage and Hour Division (WH) is to foster compliance with labor standards through enforcement and to promote voluntary compliance through education and outreach. Means to measure our accomplishment of this goal and more effectively target our limited resources is to develop statistically valid compliance baseline data rather than relying on skewed enforcement data. If the baseline results indicate an unacceptably high violation rate, then we will work with the industry to develop strategies to increase compliance. (This is the same procedure followed in developing and implementing the garment, janitorial and nursing home initiatives.)
 2. **Focusing resources effectively-** Consistent with Departmental goals, WH has focused its resources on traditionally low-wage industries that employ the nation's most vulnerable workers. WH does not yet know if there are widespread problems in the poultry processing industry, but some of its workforce characteristics and labor practices strongly suggest the likelihood. Among the conditions are:
 - **Poultry processing is a rapidly growing industry-** By 1989, the total U.S. production of commercial broiler chickens was 5 billion and is continuing to rise. The workforce has doubled during the last 20 years to its current 240,000 employees.
 - **Largely immigrant workforce-** This industry has become increasingly reliant on an immigrant workforce which is especially vulnerable to being subjected to unlawful wages, dangerous workplaces, long hours, and other poor working conditions because they are desperate for work and in a weak position to secure their rights as workers.
 - **High turnover rates-** Annual turnover rates in poultry processing range from 100% in the plant as a whole, to as high as 300% in jobs on the processing line. This makes the workers even less likely to complain about mistreatment.
 - **Evidence of labor law violations-** Based on extensive OSHA enforcement, and limited WH activity, the poultry processing industry appears to have high labor standards violation rates. FY94-96 FLSA investigations reveal a 74% violation rate. Recently, WH found unsafe employer-provided housing at a Hudson plant and recovered over \$90,000 in unpaid overtime in the King Processing case.
 - **Poor working conditions-** Poultry processing employees often work in cold, damp rooms and must remain standing for long periods of time.
 3. **Significant impact with minimal resources-** If the survey uncovers substantial problems WH will have the opportunity to influence behavior before it becomes entrenched in the industry and, therefore, much harder to affect. Should the survey reveal substantial compliance in the industry, WH can focus its resources elsewhere or take a different approach. *change*
 4. There are **3 components to the initiative:**
 - Education and outreach across the country to employer and employee groups by mail and through meetings with the various groups (notifying all poultry processors).
 - A compliance survey of a national random sample of poultry processors conducted by teams of OSHA inspectors and Wage and Hour investigators this summer.
 - Analyze survey results, discuss with the groups, and form industry partnerships as appropriate.

**Wage and Hour Fair Labor Standard Act Investigations of Poultry Processors
During FY 1994, 1995, and 1996**

- Wage and Hour conducted 31 FLSA investigations—17 directed and 14 in response to complaints.
- Back wages were recovered in 23 of those cases—a 74% violation rate.
- 1,085 workers received over \$180,000 in unpaid wages.

(These data exclude complaints resolved through conciliation.)

2007
6/26
12:15 PM

6/24 11:15

ABSTRACTS OF PUBLICATIONS: WORKFORCE CHARACTERISTICS
AND LABOR CONDITIONS IN THE POULTRY PROCESSING INDUSTRY

- Edited by D. Stull, M. Broadway, D. Griffith, Any Way You Cut It: Meat Processing and Small-Town America, 1995. Poultry and meat processing industries characterized by high occupational injury rates and low pay, with income level often falling below poverty levels. Poultry has targeted its recruitment at immigrant communities and relies heavily upon kinship and network recruitment. Many workers moving among different agricultural sectors: between harvest work, to packing vegetables, to poultry processing.
- Griffin, Jones's Minimal: Low Wage Labor in the United States, 1993. Poultry and seafood processing industry in southeast are characterized by rapid growth, low wages, high rates of occupational injury, increasing reliance on immigrant labor and recruitment networks, and high rates of turnover in the workforce.
- Griffith and D. Runsten, The Impact of the 1986 Immigration Reform and Control Act (IRCA) on the U.S. Poultry Industry: A Comparative Analysis, 1988. Examined the effects of IRCA on labor supply and conditions in poultry processing industry. Found relatively low pay, harsh working conditions, high turnover, reliance on immigrant workers. Industry characterized by high turnover and labor practices focused on the recruitment of new workers rather than retention of current workers.
- Walker, Stability in Production and the Demand for Mexican Labor: The Case of Turkey Processing in Rural Utah, 1988. Reliance on immigrant Mexican workforce in Utah poultry industry. Work characterized by low wage, high turnover, frequent injury.

SPECIAL

U.S. Department of Labor

Employment Standards Administration
Wage and Hour Division
Washington, D.C. 20210



FAX COVER SHEET

OFFICE OF THE ADMINISTRATOR
WAGE AND HOUR DIVISION

FAX NUMBER (202) 219-4753
COMMERCIAL (202) 219-8305

TO: Maria Echaveste

DATE: 6/26/97

FAX NUMBER: 456-2983

PAGES: 4
(include cover sheet)

LOCATION: _____

FROM Suzanne Seiden

If you do not receive all of the pages please call:

NAME: _____

NUMBER: 219-8305

COMMENTS/INSTRUCTIONS: Re: Poultry Processing

Please let me know what you think
of this summary. (we have a meeting
at 3:00pm). We also have a
summary of academic studies.
thanks!
Shanne

Fax Cover Sheet



**Wage and Hour
U.S. Department of Labor
200 Constitution Avenue, NW, Room S3502
Washington, DC 20210**

**From Maureen Morrill
Phone: 202/219-8305
Fax: 202/219-4753
email address: mmorrill@fenix2.dol-esa.gov**

Today's date: 6/26/97

To: Marge

Fax #: 456-2983

Number of pages including cover sheet: 10



Notes:

See if this helps.

mo

Innovations Presentation Qs and As

(five minute question and answer period
after presentation; commonly
asked Qs and As)

Innovations Presentation

1. *Context*

The Department of Labor's *Eradicating Sweatshops* initiative was borne out of necessity. Sweatshop conditions were rampant in the garment industry and our enforcement efforts -- investigations of sewing contractors and fines -- didn't stop them.

2. The garment industry has a high rate of violations, egregious violations, and a **vulnerable workforce**.
3. The garment industry is arranged like a **pyramid** with 22,000 contractors at the bottom, 1,000 manufacturers in the middle, and a few hundred retailers at the top.
4. We needed to find a way to make retailers **more responsible**, so they would make sure the contractors and manufacturers they used complied with labor laws. We moved up the food chain in order to change behavior.
5. How did we do this? The **three prongs of enforcement, education, and recognition**.
6. In the enforcement area, we **dusted off a law from 1938 called "hot goods"** and invoked it to stop contractors and manufacturers from shipping goods made in workplaces that violated minimum wage and overtime laws.
7. Because retailers and manufacturers are anxious to have goods shipped, back wages get paid more quickly -- in days, where previously it could have taken months.
8. Manufacturers and retailers have also started to **monitor their contractors** -- regularly inspecting their cutting and sewing operations for labor law violations.
9. We also began **educating the public and the industry**
 - * we named names, putting unprecedented pressure on retailers
 - * Talbots example
 - * Fashion Industry Forum -- 1st gathering of its kind to discuss the problem of sweatshops
 - * Kathie Lee Gifford story highlighted the problems of garment workers in sweatshops
 - * We saw that consumers do care and don't want to buy garments made in sweatshops
 - * Model Kathy Ireland's clothes found in New York sweatshop two days ago and K-Mart responded right away

10. What are the **results**?

August 30, 1996

**Innovations Award Presentation
Qs & As**

1. Q. What is innovative about the garment program?

A. With fewer than 800 investigators nation-wide to protect more than 100 million workers in 6.5 million work places, we must leverage our scarce resources. Our innovative three-pronged approach of education, recognition, and enforcement is essential to encourage the industry to take responsibility for cleaning up the industry.

We are using the "hot goods" provision -- a law that has been on the book for over 50 years -- to make manufacturers and retailers accountable for goods made by their contractors. We are moving responsibility for sweatshop-made goods up the "food chain" of the \$45 billion per year garment industry and doing it with a very small investment of resources. Along with existing enforcement techniques, the Department of Labor is publishing the names of "bad" actors and recognizing "good" ones. The pressure of public opinion along with the Department's willingness to work with the industry on this thorny issue, has been key to the commitment of retailers and manufacturers to actively combat sweatshops.

2. Q. Is it true, as apparel manufacturers contend, that monitoring for compliance is actually the government's job?

A: The Department is not asking retailers to do our job. We are, however, seeking to obtain more cooperation from manufacturers and retailers -- the more responsible, and usually the more financially secure parties involved in the production of garments, from the raw material stage to the finished goods on the retail store shelf. There are nearly one million workers in this industry working at cutting and sewing garments. Each year since 1992, the Department has conducted more investigations annually and has implemented additional strategies, such as the "hot goods" approach. Since 1993, the Department has recovered over \$8 million for 29,000 workers. But, the Department simply does not have the resources to adequately police this industry. Manufacturers and retailers can, through their buying practices, contract relationships, subsequent monitoring and enforcement of contract provisions requiring the payment of minimum wage and overtime, help the Department achieve a higher level of compliance.

3. Q. How can publicizing the names of manufacturers and retailers, who are otherwise in compliance, be considered an enforcement tool?

August 30, 1996

- A. multiplier effect
 pushes responsibility up the food chain; retailers have leverage over their suppliers and need to exert it
 retailers and manufacturers need to be accountable for the goods they sell, guaranteeing that no sweatshop labor was used
 retailers don't want bad press

For its part, the Department committed to developing and increasing its effort in the areas of communication, education, information dissemination, establishment of model compliance programs, and recognition of companies that have taken steps to ensure contractor compliance. We have tried very hard to work cooperatively with both retailers and manufacturers and to educate the public about the existence of sweatshops and that it's up to everyone to eradicate them.

On December 5, the Department released its **Trendsetters List**, a list of retailers and manufacturers that have pledged to help eradicate sweatshops. Currently, there are 36 companies on the Trendsetters List.

In May, the Department released the first ever **national enforcement report** listing contractors which were found by DOL investigators to owe their employees back wages during the first half of the fiscal year, and the manufacturers with which they did business during that period.

4. Q. **Will the garment program cost apparel prices to increase?**

- A. DOL cost comparison is attached at the back.

Stamping out sweatshops is a must for this country. We do not believe that monitoring for compliance with labor laws will impose significant additional costs. Some companies already send or have at the production site inspectors monitoring for quality. These same inspectors can also monitor for compliance with labor law. Other companies hire outside auditors or require production contractors to hire such auditors. Granted, some of these costs may be passed onto customers. However, a recent Marymount University poll found that 84 percent would be willing to pay an extra \$1 on a \$20 garment if it was guaranteed to be made in a legitimate shop, and 66 percent said they would be more likely to patronize retailers that they know are cooperating with the Labor Department in efforts to eradicate U.S. sweatshops. To me, the question is "how can retailers and manufacturers afford NOT to monitor their contractors?"

5. Q. **Many of the underpaid employees are illegal aliens. Why should the**

August 30, 1996

**department insist that they be paid in compliance with American law?
Aren't they being paid more than what they could earn in their own
country?**

- A. The Department of Labor can make singularly important contribution to reducing incentives for illegal immigration. Curbing illegal migration and enforcing worker protection laws have a direct connection. Illegal immigrants are frequently subjected to sub-minimum wages, dangerous work places, long hours, and other poor working conditions because they are desperate for work and in a weak position to obtain their rights as workers. Knowingly hiring illegal immigrants both reveals, and rewards, an employer's willingness to break the law, and undermines wages and working conditions for authorized workers.

Vigorous, target enforcement of basic labor standards serves as a meaningful deterrent to illegal migration by denying some of the business advantage that might be gained through the employment of highly vulnerable and exploitable workers at substandard wages and working conditions. Labor law enforcement not only helps ensure fairness and minimally acceptable employment standards in the workplace, but also helps foster a level competitive playing field for employers who seek to comply with the law.

August 30, 1996

6. **Q. Don't you think that the drive to eliminate sweatshops in the United States will lead to increased reliance on foreign sources and the loss of U.S. jobs?**

A. Ours is a country of law. We have laws and we must abide by them, enforce them. We can not accept the concept that somehow we should look the other way while violations of labor law are being committed in order to hold on to jobs. That would only lead to our standards sinking to the lowest common denominator, which would not serve the American worker.

Precisely because of our concern about the possibility that lax enforcement of labor laws in other countries might bring about a shift in U.S. production, we are pursuing an effort to gain international agreement on the importance of each country adopting and enforcing a set of core labor standards that includes freedom of association and the right to organize and bargain collectively, non discrimination in employment, and a ban on forced labor and on exploitative child labor.

This core labor standards initiative by itself will not resolve all of our concerns, but at least it will address the more egregious ones.

7. **Q. The garment initiative seems to be predicated on the assumption that technology -- including organizational structures -- is the main force behind the changes in the garment industry. Isn't it the case that the main force of change in the garment industry is the tremendous growth of imports from low-wage countries? How can our firms compete with foreign firms that pay their workers \$2 a day?**

A. There are many factors that are affecting the domestic garment industry, including increases in import competition. Our workers are more highly skilled and more productive than workers in other countries. When you add in the transportation costs in importing garments from abroad and the additional time that it takes to bring into the marketplace a foreign order, the gap between foreign and domestic costs narrows considerably. The ability of innovative domestic firms to meet demanding delivery schedules is an important plus for such producers.

8. **Q. Your analysis implies that all of the subcontracting that is going on in the United States is to domestic sweatshops. Isn't it the case that the bulk of the subcontracting is going to foreign sweatshops?**

A. There is no question that the U.S. garment industry makes extensive use of foreign subcontractors. Use of foreign subcontractors for some operations lowers the

August 30, 1996

overall costs of production for U.S. firms and supports employment at home.

Subcontracting to foreign firms, particularly firms located in the Caribbean and Central America, has grown strongly in the last few years. We hear reports about sweatshop conditions in some assembly plants, and we are currently doing a study on labor practices in the foreign garment industry, and the codes of conduct of U.S. firms that operate abroad.

Questions sent to us from Bruce Cranford and Bruce Sullivan:

9. Q: The "hot goods" provisions have been in the law since 1938. Why has the department chosen now to use them?

A: "Hot goods" has been effectively used throughout Wage and Hour's history. Through self-imposed restraint, agency policy severely limited contacting "downstream" shippers of goods. This restriction was administratively lifted in 1993 for garment industry investigations.

10. Q: Will the program actually eradicate sweatshops?

A: Sweatshops will never be completely eradicated until the net of interested parties -- state and federal agencies, apparel manufacturers, retailers and consumers -- is sufficiently expanded to provide enough resources to combat the problem. This program serves to enlist the support of all interested parties.

11. Q: Do retailers have a legal obligation to assure the apparel they buy from independent vendors is made in compliance with labor laws?

A. Under federal law, it is unlawful for any person to ship or sell goods in commerce which have been produced by employees paid in violation of minimum wage and/or overtime provisions. Because retailers regularly ship and sell goods in commerce, it is incumbent upon them to exercise due diligence in complying with the law. Given that an unacceptably large amount of apparel is produced under sweatshop conditions, retailers do have a legal responsibility to assure that those employees are paid in compliance with the law.

12. Q: Why is monitoring for labor law compliance the department's solution to the problem? Are contractors still found in violation while being monitored?

A: DOL survey results have shown that regular monitoring vastly decreases not only the percentage of violations but also the extent of those violations. Monitoring also serves as a form of "continuing education" for manufacturers and contractors. While there are sporadic occasions when contractors who are being

August 30, 1996

monitored are found to be in violation, for the most part, these situations involve inadvertent or technical violations and are quickly corrected.

In 1996 the Wage & Hour Division
was the recipient of the

~~1996~~ Innovations in
American Government Award

for the Graduating
Sweetshops program.

The award is a program of the
Ford Foundation and the John F.

Kennedy School of Government,
Harvard University