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Apparel

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 Chaveste*
FAX NUMBER: *456-2983*

DATE: *12-12-97*
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NAME: *Suzanne Seigler*
NUMBER: *219-8305*

COMMENTS/INSTRUCTIONS:

Enclosed are ^{the} NYC press release and fact sheet

News Release



U.S. Department of Labor

Office of Public Affairs
Washington, D.C.

Office of Public Affairs

Contact: David Saltz
1-800-759-8352
(pin #1252278)
Myra Dandridge
202-219-8211

USDL: 97-449
FOR RELEASE: Immediate
Friday, December 12, 1997

**RECORD BACK-PAY VIOLATIONS IN NEW YORK SWEATSHOPS LINKED TO
FOUR NATIONAL RETAILERS; RETAILERS AGREE TO TAKE ADDITIONAL
STEPS TO ENSURE COMPLIANCE WITH PRIVATE LABELS**

Record back-pay violations uncovered by the U.S. Department of Labor in New York City sweatshops have been traced to four major national retailers, Wal-Mart, Kmart, Nordstrom and The Limited, Secretary of Labor Alexis M. Herman announced today. All four retailers have agreed to take additional measures -- including more rigorous unannounced monitoring -- to step-up efforts in their private label fashion lines to ensure that apparel produced for them is not made in sweatshop conditions in the United States.

"I am pleased that these retailers have pledged to examine their policies and develop additional steps, beyond the monitoring they now use, to ensure that the goods they sell under their name are not made under exploitative labor conditions," said Herman. "Our recent survey demonstrated the seriousness of the compliance problem in New York. It will take the cooperation and diligence of all the players in the garment industry to improve compliance. We must value the people who make the fashion we buy. I am pleased that these four retail giants are committed to working with the department. I will continue to keep the dialogue open on this issue and will look for deterrent strategies toward this goal."

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Today's announcement follows the discovery by the U.S. Department of Labor's Wage and Hour Division of back-pay violations totaling \$214,000 in two sweatshops in New York City's Chinatown section. The investigations are part of the department's crackdown on garment shops that fail to pay federal minimum wage and overtime, and comply with the child labor provisions of the Fair Labor Standards Act (FLSA).

The department found goods being produced for Kathie Lee Gifford's apparel line sold exclusively at Wal-Mart; Jaclyn Smith's and *Basic Edition* lines sold exclusively at Kmart; and Nordstrom's private label *Classique Entier*. In addition, *Wear It Again*, sold at Lerner -- subsidiary of The Limited -- was also produced at the shop.

Although the shops had been subject to unannounced monitoring, advance notice of a monitoring visit and an inability to interview the workers in their languages may have contributed to the violations going undetected. These retailers have sent messages to their firms which oversee the work done for them stressing the importance of unannounced monitoring and about having translators on-hand to speak the language of their workers.

The department found that a sewing shop operating as MSL Sportswear, Inc., and Laura & Sarah Sportswear, Inc. at 446-448 Broadway and owned by Lai Fong Yuen a/k/a Lena Mone, had failed to regularly pay workers since August. Even when the workers were paid, they did not receive overtime at time and one-half their regular rates of pay as required. The investigation determined that the shop maintained two sets of payrolls designed to avoid paying the required wages to workers and to conceal the violations. The back wages total nearly \$214,000 for 73 workers. To date, approximately \$50,000 has been restored to the workers, and \$45,000 will be paid in the near future. The department is working to obtain the remainder of the wages for the workers. In addition, civil money penalties of \$36,500 have been assessed for willful FLSA violations.

"It is unacceptable that these workers -- among the most vulnerable -- were forced to work without pay," said Herman. "The department is committed to guaranteeing every worker a fair workplace."

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Land 'n Sea, Inc., Next Day Apparel, Inc., and Profiles Fashions have all agreed to sign the Labor Department's monitoring compliance agreement. By signing the agreement, manufacturers agree to:

- Require all contractors, among other things, to comply with the minimum wage, overtime and child labor requirements of the FLSA, including the "hot goods" provision; and to obtain approval prior to subcontracting any work
- Monitor contractors for compliance with the FLSA
- Perform pre-contract review of pricing terms with each contractor
- Guarantee the payment of back wages to employees of their contractors for violations of the FLSA
- Submit semi-annual reports summarizing monitoring results
- Maintain and make available records pertaining to monitoring activities

Since the Labor Department uncovered these violations in late October, the Wage and Hour Division has been working with the manufacturers using the shops to remedy the violations. Land 'n Sea, Inc., which was using the shops to produce the *Kathie Lee* product line for Wal-Mart, has paid \$26,611 in back wages.

Next Day Apparel, Inc., which was using the shops to produce under the *Jaclyn Smith* and *Basic Edition* labels for Kmart, paid \$21,207 in back wages.

Profiles Fashions has paid \$6,756 and agreed to pay an additional \$29,000 of the back wages. That manufacturer was repairing items of Nordstrom's private label *Classique Entier*.

Kmart has been working in cooperation with the Labor Department on this issue and has a third-party monitoring program in place for its private label and branded goods. The department will participate in its training program for buyers and merchandise managers which will take place early next year.

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Nordstrom has and will take additional steps for all phases of its private-label production and recently hired a new domestic compliance auditor to enhance its private label compliance efforts.

"We want to do the right thing and we expect our vendors to respect and obey the law," said Co-President Erik Nordstrom. "We take this violation by our vendor very seriously and have enhanced our private-label compliance efforts so that we do our part to stop labor abuses."

Herman said that she will meet with Floyd Hall, Chair, President & CEO of Kmart and Nordstrom early next year to explore additional steps that retailers can take to ensure that private-label garments are not made in sweatshops in the United States.

The Limited has asked the Labor Department to conduct briefings and training for the company's management, employees and vendors on compliance issues. The company has also committed to continue to work with the department to enhance its compliance programs.

Wal-Mart has made changes to its vendor certification program based on an on-going dialogue with the department and has requested that the Wage and Hour Division provide the company with training materials to be included in a mailing to each vendor, and for use in Wal-Mart's training program.

The department initiated court action against a fourth New York City manufacturer, Fashion Headquarters, Inc., which did not cooperate to produce retailer and other information or agree to refrain from shipping "hot goods." Under the FLSA's "hot goods" provision, the department may prevent the shipment of goods in interstate commerce produced in violation of the FLSA.

On November 26, the U.S. District Court for the Southern District of New York issued a temporary restraining order against Fashion Headquarters and Paul Cascio to prevent the shipment of "hot goods" and to enforce an administrative subpoena seeking records regarding the manufacturer's retailers and contractors. The department was forced to take court action after Fashion Headquarters refused to submit this information in response to a November 10 subpoena. Fashion Headquarters was producing goods for Lerner, a subsidiary of The Limited. Upon notification by the department, The Limited immediately requested that the manufacturer correct all violations and implement an effective compliance program.

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On December 4, the department's suit against Fashion Headquarters was amended to include the manufacturer's activities at another garment shop, MF Fashion, in Brooklyn, NY. Work was subcontracted to this shop by the Chinatown sweatshop. The department's investigation of MF Fashion is ongoing.

In October, the department announced the results of the first-ever survey of the level of compliance with the FLSA garment shops in New York City. The survey found that only 37 percent of the shops were in compliance with the minimum wage and overtime provisions of the FLSA. In Chinatown, the survey found that nearly nine out of ten shops were found in violation. As a result of the survey, Wage and Hour has implemented a new strategy to address the serious problems in New York City.

Herman is working with retailers in this effort as part of her addition to the No Sweat Initiative -- the partnership prong. The department's No Sweat Initiative promotes consistent, strong enforcement with education, in all garment efforts.

Contractors

**MSL Sportswear, Inc.
Laura & Sarah Sportswear, Inc.
New York, New York**

- On 10/30/97, Wage and Hour initiated an investigation of MSL Sportswear, Inc. (MSL), and Laura & Sarah Sportswear, Inc.-- two commonly owned garment contract shops located at 446-448 Broadway, New York City. These shops are owned by Lena Mone a/k/a Lai Fong Yuen.
- Wage and Hour's investigation found these shops had violations of both the minimum wage and overtime pay provisions of the Fair Labor Standards Act throughout the entire August 1, 1997 through November 1, 1997 investigation period.
- Back wages in the amount of \$213,700 have been computed for 73 workers. The investigation determined that the workers were paid on a piece-rate basis. No regular payroll payments have been made since August; although some employees received payments sporadically. Even when the employees were paid, they were not paid properly for overtime hours.
- To date the workers have been paid approximately \$50,000 of the back wages; Wage and Hour will be disbursing approximately \$45,000 through the back wage disbursement process. Wage and Hour is working to recover the balance due.
- The firm also falsified the payroll records to show straight time payments and overtime premiums were made when in fact no such payments occurred. Because of the falsification of the payrolls, civil money penalties amounting to approximately \$36,500 were assessed on December 11, 1997.
- Wage and Hour determined that several manufacturers used the shop during the investigation period. The back wages are proportioned according to the amount of the goods produced in the shop for the individual manufacturer.

Manufacturers

Land 'n Sea

- Back Wages Paid: \$26,611
- Labels: *Kathie Lee*
- Retailers: Wal-Mart
- DOL Agreement: Signed

Profiles Fashion, Inc.

- Back Wages Paid: \$6,756 (agreed to pay balance of \$29,000 by 2/28/98)
- Labels: *Classique Entier*
- Retailers: Nordstrom
- DOL Agreement: Signed

Next Day Apparel, Inc.

- Back Wages Paid: \$21,207
- Labels: *Jaclyn Smith; Basic Edition*
- Retailers: Kmart
- DOL Agreement: Signed

Valerie Sportswear, Ltd.

- Back Wages Paid: \$22,500
- Labels: None Identified
- Retailers: No national retailers identified
- DOL Agreement: Signed

Fashion Headquarters, Inc.

- Back Wages Paid: \$15,666
- Labels: *Wear It Again*
- Retailers: The Limited (Lerner)
- DOL Agreement: Refused to Sign

On November 26, DOL was granted temporary restraining order to prevent the shipment of "hot goods" and to compel the production of documents identifying Fashion Headquarters' retailers and other information after the manufacturer failed to voluntarily comply with an administrative subpoena issued on November 10. Negotiations are ongoing and a hearing is scheduled for December 17.

There is a spin-off investigation of a garment shop in Brooklyn, NY, which is ongoing and likely to have many of the same manufacturers.

Apparel USE 02 ★

NATIONAL LABOR COMMITTEE IN SUPPORT OF WORKER AND HUMAN RIGHTS

275 Seventh Avenue, 15th Floor
New York, NY 10001
Tel: 212-242-3002
Fax: 212-242-3821
www.nlcnet.org

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Amalgamated Bank

Executive Director
Charles Kernaghan

FOR IMMEDIATE RELEASE
November 26, 1997

Contact: Ellen Braune
Phone: (212) 242-3002/tm. (212) 689-6842

GUESS WHO IS ON THE WORST COMPANIES LIST? PRESS CONFERENCE PLANNED TO RELEASE A LIST OF "THE NEEDIEST AND GREEDIEST"

On the busiest day of the shopping year--on "Black Friday," the day after Thanksgiving--the National Labor Committee will release a list of "The Neediest and the Greediest--Companies That Continue to Abuse Human Rights." Naming names--companies like Wal-Mart, Guess and others will be challenged.

When: Friday, November 28
11:30 a.m.--12:30 p.m.

Where: In front of the Guess store in Soho, New York City
Broadway between Spring and Prince Streets

What: Press Conference/Leafleting/Speakers include: Father James Joyce, Director of Social Ministries, New York Province of Jesuits; Charles Kernaghan, Executive Director, National Labor Committee; Helen Petrozzola, student activist at SUNY Albany engaged in "No Sweat" campus campaign.

As part of the Holiday Season of Conscience to End Child Labor and Sweatshops--a three-month international campaign endorsed by over 150 national organizations--we are appealing to consumers to shop with their conscience by rewarding companies moving in the right direction while challenging those that continue to violate human rights. This is not a boycott, rather it is the beginning of a public dialogue challenging corporations with the idea that human rights are every bit as important as the bottom line.

As part of this Holiday Season of Conscience press conference, we will:

- Release a list of the "Neediest and Greediest Companies That Continue to Violate Human Rights." Current examples will be issued.



- Release of petitions calling for an end to child labor and sweatshops addressed to the President, Congress, and to the White House Task Force to Eliminate Sweatshop Abuses. So far, over 100,000 people have signed the petition, which calls for independent monitoring of factories to guarantee that human rights are protected, and that corporations pay a living wage. This is just the first round--we expect hundreds of thousands of additional people to sign on before the holiday season is over.
- Announce that Roberta Karp, Vice President of Liz Claiborne and Co-Chair of the White House Task Force, is now receiving between 90,000-120,000 phone calls and letters from Working Assets members calling on the Task Force to include a living wage in setting industry standards.
- Leaflet, petition, and distribute "I Care" shopper cards.

"This is not call for a boycott or meant to hurt these companies financially. Nor is it an effort to take jobs out of the developing world--but to ensure that these are jobs with justice and that pay a living wage," says Charles Kernaghan, Executive Director the National Labor Committee. "This is a challenge to our corporations to do the right thing. This is the beginning of a grassroots national dialogue between the people and our companies."

"No one in America wants to purchase a product made by a child, or by a teenager forced to work long hours under harsh conditions, or by any exploited worker stripped of their rights and paid starvation wages. As a society, as an economy, we can do better than that. And it is not just the right thing to do, the moral thing, it is also in our self-interest if we are to end this race to the bottom, where American workers are pitted against desperately poor teenagers in the developing world over who will accept the lowest wages and benefits and the most miserable working and living conditions," says Kernaghan.

EMBARGOED UNTIL:

FRIDAY, NOVEMBER 28, 11:30 a.m. EST

**"THE NEEDEST & THE GREEDIEST"
CONCRETE CASE EXAMPLES OF
COMPANIES THAT CONTINUE TO VIOLATE HUMAN RIGHTS**

Wal-Mart

Guess

Walt Disney Co.

Nike

Kmart

J.C. Penney

* Esprit

May Co.

* Victoria's Secret/Limited

* Also listed on Trendsetters list.

Apparel

Fax Cover Sheet



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

From Suzanne Seiden
Phone: 202/219-8305
Fax: 202/219-4753
email address: sbs@fenix2.dol-esa.gov

Today's date: 12/10/97

To: Maria Echaveste

Fax #: 456-2983

Number of pages including cover sheet: _____



Notes: Re: Guess letter +
articles for your info

Suzanne

U.S. DEPARTMENT OF LABOR
 OFFICE OF THE SOLICITOR
 WASHINGTON, D.C. 20210



DEC 8 1997

Glenn Weinman, General Counsel
 Guess? Inc.
 1444 South Alameda Street
 Los Angeles, California 90021

Dear Mr. Weinman:

The Department of Labor has received a number of inquiries, including questions from reporters, regarding ads placed by your company in publications including the *Washington Post*, the *New York Times*, *Newsday*, and the *Los Angeles Times*. These ads stated that "with the assistance, and after review by the state and federal departments of labor during the last 12 months, GUESS? CONTRACTORS ARE 100% GUARANTEED SWEATSHOP FREE and in full compliance with fair labor standards laws" (emphasis in original).

This language implies that the Department has in some manner certified Guess?'s compliance with the Fair Labor Standards Act. As you are aware, that is not the case. The fact that the Department's investigations have not revealed violations in those contractor shops investigated does not demonstrate, and cannot guarantee, full compliance with the Act by Guess? contractors.

Further, it has recently come to our attention that, in other materials, Guess? has asserted that it has "been repeatedly recognized as a 'Trendsetter' employer by the U.S. Department of Labor." As the Department has made clear, the Trendsetter list is designed to recognize a company's past efforts. It is not intended to serve as an endorsement of the companies that appear on the list. Moreover, Guess? was placed on probationary status with respect to the Trendsetter list one year ago, based initially upon the Department's investigatory findings that Guess? did not have an effective domestic monitoring program and, subsequently, based upon questions arising with respect to Guess?'s demonstrated commitment to labor laws.

Similarly, Guess? has recently disseminated statements made by William Buhl, Wage and Hour Regional Administrator, after Guess? signed a long-form agreement in 1992. Those statements do not necessarily reflect the Department's current views, in light of more recent developments. It is inappropriate to suggest otherwise.

We would ask that, in the future, Guess? please refrain from representations that imply that the Department has endorsed your company and that Guess? ensure that all references to statements made by Department officials are accurate and in context.

Thank you for your assistance with this matter.

Sincerely,



Marvin Krislov

Deputy Solicitor for National Operations

cc: Washington Post
New York Times
Newsday
Los Angeles Times



Business



Site Index



THE AMERICAN BUSINESS & TECHNOLOGY JOURNAL

Wednesday, December 10, 1997

Government Berates Guess Over Ads on Labor Practices

■ Apparel: At issue are claims that contractors are '100% guaranteed sweatshop free.' Firm defends its monitoring program.

By **STUART SILVERSTEIN**, Times Staff Writer

[PREV STORY](#)

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The Labor Department, in an unusual move, has sharply criticized West Los Angeles-based clothing manufacturer Guess Inc. for saying in newspaper advertisements that its sewing contractors are "100% guaranteed sweatshop free."

In a letter released Tuesday, the department also scolded the company for claiming in fliers distributed to shoppers that it is on the government's "Trendsetter" list of clothing manufacturers and retailers. The Trendsetter roster, an initiative launched by the Labor Department to combat sweatshop abuses, consists of companies deemed by the government to be taking extra steps to ensure that their contractors are obeying labor laws.

Guess had been a member of the list but was downgraded to probationary status a year ago after federal inspectors determined that contractors working for Guess and other clothing manufacturers violated wage laws and owed employees tens of thousands of dollars.

For Guess, the biggest clothing manufacturer in Southern California, the Labor Department's criticism is another in a series of disputes with government authorities related to workplace practices. Just last month, Guess was accused by the National Labor Relations Board of illegal firings and other unfair labor practices in an effort to thwart a union-organizing drive among its workers.

Coming in the midst of the holiday shopping season, which is crucial to Guess and its competitors in the clothing business, the Labor Department letter also could hinder the company's effort to bounce back from its disappointing financial results recently.

Bill Barnes, a Guess spokesman, said the company is "giving serious consideration" to the issues raised by the Labor Department. He said Guess has not decided whether it will continue to run the ads and, if so, whether they will be revised to satisfy the government's objections. The Guess ads began appearing last week in such papers as the Los Angeles Times, New York Times, Washington Post and Newday.

Barnes added, however, that Guess' program for monitoring its contractors is "exemplary." He said the Guess contractors have come under extraordinary scrutiny because of "a political and public relations campaign of lies and misinformation" by UNITE, the union seeking to represent Guess workers.

Labor Department officials declined to say what they might do if Guess continues with its "no sweat" ads and related publicity efforts. "We have made a good faith request and assume that Guess will comply," said department spokesman David M. Saltz.

Guess' ads—and similar promotional tags on its jeans and other garments—also came under criticism from union and state officials.

"Guess' use of a 'guaranteed 100% free of sweatshop labor' tag on its clothing is a deceptive act that the public cannot rely on. Guess' contractors have broken the law, and Guess is not in a position to give any kind of guarantee at all," said Steve Nutter, Western regional director of UNITE.

Jose Millan, California's labor commissioner, objected to a passage in the Guess ads that claim that after review by state and federal authorities over the last 12 months, "Guess contractors are 100% guaranteed sweatshop free and in full compliance with fair labor standard laws."

Millan said: "I've never reviewed their [Guess'] program, neither has anyone in our

<http://www.latimes.com/HOME/NEWS/BUSINESS/1000111618.html>

12/10/97

<http://www.latimes.com/HOME/NEWS/BUSINESS/1000111618.html>

12/10/97

agency."

The newspaper ads carry the headline, "Guess Supports 'No Sweat' Campaign of Alexis Herman, Secretary of the U.S. Department of Labor."

The ads also mention that Guess five years ago "initiated the very first voluntary monitoring program of apparel contractors in the United States with the U.S. Department of Labor." The ads, however, neglected to mention the federal government found last year that the company's monitoring program was ineffective.

The government letter to the company, signed by Marvin Krislov, the Washington-based deputy solicitor for national operations for the Labor Department, asked Guess to "please refrain from representations that imply that the Department has endorsed your company and that Guess? ensure that all references to statements made by Department officials are accurate and in context."

Krislov wrote that the language of Guess' recent advertisements "implies that the Department has in some manner certified Guess?'s compliance with the Fair Labor Standards Act. As you are aware, that is not the case."

Mike Lange, communications manager for the Los Angeles Times, said if Guess wants to continue running the ad, the newspaper "will check out the claims and talk to the advertiser" before deciding whether to continue publishing it.

"Our general policy," Lange added, "is to question and, if necessary, reject ads that contain obvious inaccuracies. Beyond that, we certainly respond to any challenges that are brought to our attention regarding the accuracy of information or claims within ads."

Last month, Guess reported that its third-quarter net income fell 20% from a year earlier to \$13.1 million on revenue that declined 7.8% to \$142.4 million.

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U.S. DEPARTMENT OF LABOR
OFFICE OF THE SOLICITOR
WASHINGTON, D.C. 20210



DEC 8 1997

Glenn Weinman, General Counsel
Guess? Inc.
1444 South Alameda Street
Los Angeles, California 90021

Dear Mr. Weinman:

The Department of Labor has received a number of inquiries, including questions from reporters, regarding ads placed by your company in publications including the *Washington Post*, the *New York Times*, *Newsday*, and the *Los Angeles Times*. These ads stated that "with the assistance, and after review by the state and federal departments of labor during the last 12 months, GUESS? CONTRACTORS ARE 100% GUARANTEED SWEATSHOP FREE and in full compliance with fair labor standards laws" (emphasis in original).

This language implies that the Department has in some manner certified Guess?'s compliance with the Fair Labor Standards Act. As you are aware, that is not the case. The fact that the Department's investigations have not revealed violations in those contractor shops investigated does not demonstrate, and cannot guarantee, full compliance with the Act by Guess? contractors.

Further, it has recently come to our attention that, in other materials, Guess? has asserted that it has "been repeatedly recognized as a 'Trendsetter' employer by the U.S. Department of Labor." As the Department has made clear, the Trendsetter list is designed to recognize a company's past efforts. It is not intended to serve as an endorsement of the companies that appear on the list. Moreover, Guess? was placed on probationary status with respect to the Trendsetter list one year ago, based initially upon the Department's investigatory findings that Guess? did not have an effective domestic monitoring program and, subsequently, based upon questions arising with respect to Guess?'s demonstrated commitment to labor laws.

Similarly, Guess? has recently disseminated statements made by William Buhl, Wage and Hour Regional Administrator, after Guess? signed a long-form agreement in 1992. Those statements do not necessarily reflect the Department's current views, in light of more recent developments. It is inappropriate to suggest otherwise.

We would ask that, in the future, Guess? please refrain from representations that imply that the Department has endorsed your company and that Guess? ensure that all references to statements made by Department officials are accurate and in context.

Fax Cover Sheet



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

From Suzanne Seiden
Phone: 202/219-8305
Fax: 202/219-4753
email address: sbs@fenix2.dol-esa.gov

Today's date: 12/10/97

To: Maria Echaveste

Fax #: 456-2983

Number of pages including cover sheet: _____



Notes: Re: Guess letter & articles for your info

Suzanne

certification vote, and the dispute is expected to be the subject of a challenge under the North American Agreement on Labor Cooperation, McBrearty said.

"They are examples of the extreme abuse of workers' rights in a profoundly corrupt system which injures workers in Mexico and undermines the rights of workers throughout the hemisphere," he said.

Garment Industry

DOL Says Guess Ads Misleadingly Suggest Agency Guarantee of FLSA Compliance

The Labor Department's acting solicitor has taken issue with Guess? Inc. for placing what he said are misleading advertisements in newspapers such as the *Washington Post* and *New York Times* implying that the agency has guaranteed that the company is in full compliance with the Fair Labor Standards Act's requirements.

"The fact that the department's investigations have not revealed violations" in shops under contract to Guess "does not demonstrate, and cannot guarantee," full compliance by those contractors, Marvin Krislov, acting solicitor of labor, wrote Dec. 8. In a letter to Glenn Weinman, Guess' general counsel, Krislov, also head of national operations for the solicitor's office, asked that the company "refrain from representations that imply" it has been endorsed by the Labor Department.

In addition, Krislov complained that Guess has held itself out as having been "repeatedly recognized as a 'Trendsetter' employer" by the Labor Department. The agency has issued two lists of apparel manufacturers and retailers that have voluntarily taken extra steps to ensure their goods are not made in sweatshop conditions.

While Guess was included on the first list, issued in November 1995, it was removed from the list a year later and placed on "probation" for having what the department said was an ineffective system to monitor FLSA compliance of U.S. apparel contractors (230 DLR A-11, 11/29/96). Subsequently, questions arose "with respect to Guess?'s demonstrated commitment to labor laws," Krislov wrote.

With respect to the Trendsetter list, Guess remains on probation, David Saltz, a Labor Department spokesman, said Dec. 9. The agency has not updated the list in the past year, opting instead to wait for the Apparel Industry Partnership's conclusions regarding consumer information, which are expected shortly, Saltz said. Convened in 1996 by President Clinton, the partnership—including representatives of labor, human rights, and industry groups—has been asked to develop ways to assure U.S. consumers that the clothes and shoes they purchase have not been made by employees working under exploitive conditions.

Krislov specifically complained about a statement in the company's full-page advertisements saying that "with the assistance, and after review by the state and federal departments of labor during the last 12 months, GUESS? CONTRACTORS ARE 100% GUARANTEED SWEATSHOP FREE and in full compliance with fair la-

bor standards laws." The company also states that it initiated with DOL the first voluntary program of monitoring apparel contractors five years ago in an effort to guarantee that all apparel workers working on Guess garments are paid the minimum wage and overtime. "Guess? supports responsible shopping during this season of conscience," the advertisement says.

Support for DOL Efforts Cited. Weinman, general counsel for Guess, told BNA Dec. 9 the advertisements touting the company's contractor monitoring program were aimed at emphasizing its support for the Labor Department's "No Sweat" campaign to end sweatshop conditions for American workers and its own guarantee that company contractors comply with the FLSA. The advertisement features a label stating "this is a 'NO SWEAT' garment guaranteed 100% free of sweatshop labor."

"We did not mean to imply that the DOL specifically endorsed our program" of monitoring contractors, Weinman said. Rather, the company, in its ads, and "hang tags" placed on most of its apparel, is guaranteeing customers that the clothes carrying a Guess label are made by contractors complying with federal minimum wage and hour laws, he explained. It is the company guarantee, rather than any DOL "seal of approval," that the ads sought to convey, Weinman said.

Weinman added that Guess remains in compliance with the terms of its agreement with the DOL, and has done everything the department has suggested. In fact, although the agreement calls only for Guess to submit reports every six months, the company does so on a quarterly basis, Weinman stated.

Guess received the DOL letter late Dec. 8, so has not had time to decide whether to pull the ads in question, he added.

"We have made a good-faith request and assume Guess will comply," Saltz said of the Labor Department's request that it cease representing that the agency has endorsed the company.

By DEBORAH BILLINGS AND TOM GILROY

In Brief

Hasbro Inc. Plans to Cut 2,500 Jobs

BOSTON—Rhode Island-based toy manufacturer Hasbro Inc. said Dec. 9 it intends to eliminate 2,500 positions worldwide as part of a global restructuring that will allow the firm to focus on its core brands. The company said in a statement the restructuring will include a continuing consolidation of its manufacturing operations, a streamlining of its sales and marketing divisions, as well as the departure from certain markets.

In the area of manufacturing operations, the company said it will close its factory in New Zealand and will shutdown and consolidate certain other facilities in the coming months. This is in addition to a previously announced closing of a plant in the United Kingdom and one in El Paso, Texas.

Travelocity

Wednesday, December 10, 1997

Government Berates Guess Over Ads on Labor Practices

■ Apparel: At issue are claims that contractors are '100% guaranteed sweatshop free.' Firm defends its monitoring program.

By **STUART SILVERSTEIN**, Times Staff Writer

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The Labor Department, in an unusual move, has sharply criticized West Los Angeles-based clothing manufacturer Guess Inc. for saying in newspaper advertisements that its sewing contractors are "100% guaranteed sweatshop free."

In a letter released Tuesday, the department also scolded the company for claiming in fliers distributed to shoppers that it is on the government's "Trendsetter" list of clothing manufacturers and retailers. The Trendsetter roster, an initiative launched by the Labor Department to combat sweatshop abuses, consists of companies deemed by the government to be taking extra steps to ensure that their contractors are obeying labor laws.

Guess had been a member of the list but was downgraded to probationary status a year ago after federal inspectors determined that contractors working for Guess and other clothing manufacturers violated wage laws and owed employees tens of thousands of dollars.

For Guess, the biggest clothing manufacturer in Southern California, the Labor Department's criticism is another in a series of disputes with government authorities related to workplace practices. Just last month, Guess was accused by the National Labor Relations Board of illegal firings and other unfair labor practices in an effort to thwart a union-organizing drive among its workers.

Coming in the midst of the holiday shopping season, which is crucial to Guess and its competitors in the clothing business, the Labor Department letter also could hinder the company's effort to bounce back from its disappointing financial results recently.

Bill Barnes, a Guess spokesman, said the company is "giving serious consideration" to the issues raised by the Labor Department. He said Guess has not decided whether it will continue to run the ads and, if so, whether they will be revised to satisfy the government's objections. The Guess ads began appearing last week in such papers as the Los Angeles Times, New York Times, Washington Post and Newsday.

Barnes added, however, that Guess' program for monitoring its contractors is "exemplary." He said the Guess contractors have come under extraordinary scrutiny because of "a political and public relations campaign of lies and misinformation" by UNITE, the union seeking to represent Guess workers.

Labor Department officials declined to say what they might do if Guess continues with its "no sweat" ads and related publicity efforts. "We have made a good faith request and assume that Guess will comply," said department spokesman David M. Saltz.

Guess' ads—and similar promotional tags on its jeans and other garments—also came under criticism from union and state officials.

"Guess' use of a 'guaranteed 100% free of sweatshop labor' tag on its clothing is a deceptive act that the public cannot rely on. Guess' contractors have broken the law, and Guess is not in a position to give any kind of guarantee at all," said Steve Nutter, Western regional director of UNITE.

Jose Millan, California's labor commissioner, objected to a passage in the Guess ads that claim that after review by state and federal authorities over the last 12 months, "Guess contractors are 100% guaranteed sweatshop free and in full compliance with fair labor standard laws."

Millan said: "I've never reviewed their [Guess'] program, neither has anyone in our

Thank you for your assistance with this matter.

Sincerely,

A handwritten signature in cursive script that reads "Marvin Krislov".

Marvin Krislov
Deputy Solicitor for National Operations

cc: Washington Post
New York Times
Newsday
Los Angeles Times

Cheld Lator

U.S. Department of Labor

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



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CHILDREN

12/09/1997 15:37 EST

HOME

America's Secret World of Child Labor

By DAVID FOSTER and FARRELL KRAMER
Associated Press Writers

Fifty-nine years after Congress outlawed child labor in its most onerous forms, underage children still toil in fields and factories scattered across America.

The poorest and most vulnerable among them start working before other children start kindergarten. Many earn wages below the legal minimum, often in exhausting, or even hazardous, jobs.

These children live in a world apart from most Americans, hidden from consumers and even the companies that buy the products of their labor. Yet those products can sometimes be as close as the local mall or the corner grocery.



Field worker after school.
(AP/Amy Sancetta) [23K]

In the past five months, The Associated Press found 165 children working illegally in 16 states, from the chili fields of New Mexico to the sweatshops of New York City.

They are children such as Angel Oliveras, 4, who stumbled between chili pepper plants as tall as his chin in New Mexico's fall harvest. Children such as Vielesee Cassell, 13, who spent the summer folding and bagging dresses in a Texas sweatshop. Children such as Bruce Lawrence, at 8 already a three-year veteran of Florida's bean fields.

The AP was able to follow the work products of 50 children to more than two dozen companies including Campbell Soup Co., Chi-Chi's Mexican restaurants, ConAgra, Costco, H.J. Heinz, Newman's Own, J.C. Penney, Pillsbury, Sears and Wal-Mart.

All the companies that responded condemned illegal child labor. Many launched investigations when told of suppliers employing underage children.



Laura takes a breather
(AP/Amy Sancetta) [23K]

"If they are, that's against the law and they're gone -- they don't supply to Campbell Soup Co.," said spokesman Kevin Lowery.

Although the number of children traced to any one company was small, there are uncounted thousands of boys and girls like Angel, Vielesee and Bruce. No one knows just how many because no one, the federal government included, has tried to count them all.

To make an estimate, the AP had Rutgers University labor economist Douglas L. Kruse analyze monthly census surveys and other workplace and population data collected by the federal government.

His study estimates that 290,200 children were employed unlawfully last year. Some were older teens working a few too many hours in after-school jobs. But also among them were 59,600 children under age 14 and 13,100 who worked in garment sweatshops, defined as factories with repeated labor violations.

Other estimates:

- Close to 4 percent of all 12- to 17-year-olds working in any given week were employed illegally.
- Employers saved \$155 million in wages last year by hiring underage children instead of legal workers.

Kruse's study could not account for all children who work illegally because available data are limited. For example, census-takers, like labor enforcement agents, have trouble finding the very kids who are among the most easily exploited: children of migrant workers, illegal immigrants and the very young.

Even so, U.S. Labor Secretary Alexis Herman called the study more comprehensive than anything her department had produced.

She said the AP's numbers, and the young faces behind them, highlight a home-grown version of what the Clinton administration and corporate leaders have addressed largely as a foreign problem.

"I don't think that we can lead from a position of integrity and be a world leader if our own domestic house is not in order," she said.

Jim Sinegal, president of Costco Wholesale Corp., said his company has monitored overseas suppliers for years to avoid products made with child labor.

However, the company acknowledged buying cherries from a packing plant in Washington state where Flor Trujillo, 15, and six other child workers under 16 were sickened by carbon monoxide last July. Children under 16 are prohibited by federal law from working in such plants.

"We obviously have to take a look a little closer to home," Sinegal said.



Playing outside the camp house
(AP/Amy Sancetta) [25K]

Look to a bustling street in New York City's borough of Queens, where Koon-yu Chow, 15, was found stitching dresses at a garment factory sewing machine last summer. Dresses were being made for Betsy's Things, a label sold at Sears, until state labor investigators inspected the place and Betsy's Things took its business elsewhere.

Walk into Grayson Sewing in Sherman, Texas. There, Vielesee was one of seven children federal investigators found folding and bagging dresses up to 12 hours a day. All seven were under 14; the youngest was 9. J.C. Penney acknowledged making two purchases of garments from Grayson, a company investigators called a sweatshop.

Rise before dawn to join Angel and six other children under 12 in a New Mexico field.

"Hurry up, son," Angel's mother called. "It's time to pick."

The 4-year-old pushed back an adult-sized baseball cap from his eyes and turned to the work that would occupy him for the next eight hours on this October day: yanking chilies from the plants and dropping them with hollow thumps into his mother's bucket.

Follow the chilies, and the trail leads to Texas, to a processor that makes Old El Paso salsa for Pillsbury. The processor also supplies a California plant operated by Cantisano Foods, which makes salsa for the Newman's Own label.

Told of this by the AP, actor Paul Newman, founder of the

"Someday, I want my children to be treated like human beings, not like animals."

- Pasqual Mares,
cucumber picker

"Migrant laborers want their kids out there. They get more produce picked."

company, flew to New Mexico last weekend to investigate. Cantisano said that, at Newman's request, it had stopped doing business with the Texas supplier.

If his company can't ensure that ingredients are produced without child labor, Newman said, "we'll have to eliminate the product."

- *Tim Reynolds,*
family owner of a cucumber
farm

Newman said the situation is ironic, considering that his company gave \$9 million to charities this year, much of it to help children.

"Even though we weren't aware of these infractions, I suppose we should have been," he said. In a later interview, he added, "What you found is probably significant."



Outside the cherry packing shed
(AP/Elaine Thompson) [19K]

A century ago, more than 2 million children labored in America's factories, fields and mines. The wisdom of the day regarded them as miniature adults, each one a potential Horatio Alger hero who could rise to riches through hard work and perseverance.

In the early 1900s, however, public opinion moved toward a dimmer view of child labor: Too much work, too young, robs children of an education and condemns them to a lifetime of poverty and missed opportunity.

In 1938, Congress declared an end to "oppressive child labor," the most onerous forms of children's work, by enacting the Fair Labor Standards Act.

Since its passage, child labor has declined, although it is far from eradicated. Kruse's study, which began with 1970s figures, shows the number of illegal child workers dropping until recently, but leveling off since 1995.

The 1938 law set age minimums designed to ease children into the adult world of work. Those minimums remain at the heart of federal child labor law:

- Children must wait until age 16 to work in factories or during school hours.
- Children under 14 are barred from most jobs except farming.
- Children under 12 are banned from most farming jobs but can work on their parents' farm or on a small farm exempt from federal minimum-wage laws.
- Children under 18, or under 16 on farms, are barred from a list of jobs deemed hazardous.

**"Even though we
weren't aware of these
infractions, I suppose
we should have been."**

- *actor Paul Newman,*
owner of Newman's Own
label

Responsibility extends beyond the child's employer. Under the federal law, the taint of illegal child labor clings to a product from the workplace to the final packager or distributor.

Toss a bucket of cucumbers picked on an Ohio farm by 10-year-old Laura Mares into a truckload harvested by adults, and the entire load becomes "hot goods." So do any pickles or relish made from it.

Even with such strong laws, America's youngest workers remain among us. Drive past the right farm at the right time of year, walk down the right street, and there they are. In New York City, for

example, young teens in work boots wait on a busy Brooklyn boulevard, peddling their labor to construction bosses who cruise by in vans.

Despite agriculture's more relaxed labor standards, it was on farms that the AP most often found illegal child labor, including the most extreme cases: the youngest workers toiling the longest hours for the least pay.

Reporters saw 104 children working illegally in agriculture in the past five months -- nearly three times the 35 that U.S. Labor Department inspectors witnessed nationwide last year, according to the department's computer records.

Underage children picked cucumbers in Michigan, green peppers in Tennessee, and apples in upstate New York. Their grape-cutting knives flashed in the sunny vineyards of California, and their head lamps bobbed in the gloomy mushroom sheds of Pennsylvania. They packed peaches into crates in Illinois and hoed sorghum in Lubbock, Texas.

On a simmering July day near Bowling Green, Ohio, Pasqual Mares looked sadly at his 10-year-old daughter Laura, her back bent over a row of cucumbers. In a full week of harvest work, Mares said, he and his wife and their two working children had earned just \$120 -- far below the normal minimum wage.

"Someday, I want my children to be treated like human beings, not like animals," he said. "It's not right that the children work. But we have to do it."

In a New Mexico field, Maria Perez watched her 10-year-old son Victor pick chilies. "I like him to work in the fields with me because I want him to learn that this work is hard, hot and laborious," she said. "I want him to hate this, to stay in school and to study hard so he doesn't have to do this work."



Young field worker counts a day's pay (AP/Eric Draper) [22K]

Victor was one of 35 children under age 12 seen picking chilies in the fields of New Mexico and west Texas. Laura Mares was among 34 kids under 12 spotted in Ohio's cucumber rows.

In the bean fields near Homestead, Fla., the Lawrence kids -- Bruce, 8, Angie, 10, and Benjamin, 11 -- were among eight children under 12 picking beans one November morning.

"No kids in the field -- especially when we've got reporters here," a crew boss at one Homestead field yelled out. Surprised parents said it was the first they'd been told that children weren't allowed.

Some employers on whose property the AP saw underage children working denied breaking the law, even when presented with photographs of the activity. Others blamed the kids and their parents.

"We tell them that we don't want children in the fields," said Tim Reynolds, whose family runs the farm where Laura worked. "But you know, migrant laborers want their kids out there. They get more produce picked."

Far from being anomalies, those young faces are windows into a larger, seldom-seen population of child workers, say those most familiar with child labor, including migrant-education workers, union organizers, priests and school teachers.

"They are in the dark alleys of the big cities," or "down a dirt road," said Linda F. Golodner, co-chairwoman of the Washington-based Child Labor Coalition.

But the products they produce can make their way to the store down the street.

- Some Wal-Mart "supercenters" sell Sugar Lake Farms chicken nuggets and patties produced by Braselton Poultry in Braselton, Ga. That's where David Osorio, 15, used a fake ID saying he was 21 to get a job cutting up chickens instead of going to school. Asked about David last month, Braselton found that his ID was fake and fired him.
- H.J. Heinz buys some of its chicken from Chestertown Foods, according to Chestertown plant manager Jack Laird. Filomena Simon Perez, 15, worked cutting up chickens at the Maryland processing plant, which also sells to Campbell. She was one of six undocumented workers under 16 found when U.S. immigration agents raided Chestertown in September.
- ConAgra, which makes Rosarita salsa, acknowledged buying chili peppers from a distributor supplied by a New Mexico farm where eight children, ages 3 to 11, were seen working in September. Chi-Chi's, a Mexican restaurant chain owned by Family Restaurants, said it gets chilies from the same source.
- Campbell confirmed it buys mushrooms from a farm in Chester County, Pa., which this fall employed Jose Ortiz, age 14. While other kids his age were in school, Jose picked mushrooms eight hours a day in a dark building that smelled of manure.

For some companies, this was not their first alert to child labor.

The U.S. Labor Department says Grayson Sewing, the J.C. Penney supplier, has been the subject of three workplace investigations since 1993.

**"Hurry up, son. It's
time to pick."**

Ohio cucumber growers supplying Campbell were sued in 1993 by migrant workers who claimed the farmers concealed child laborers by assigning their earnings to adults. The suit was settled for \$200,000.

*- mother of 4-year-old Angel
Oliveras*

At Heinz, purchasing agent Ronald Brooks said the company has worked for years to get farm workers' kids out of the fields and into decent housing or day care.

"We take the issue very seriously," Brooks said. "It's not totally new and foreign to us."

Some companies, including Wal-Mart, Cantisano, Sears and Chi-Chi's, said they would never knowingly buy from anyone employing children illegally.

"Any U.S. grower found to be in violation of U.S. labor laws will have its contract terminated," Chi-Chi's parent company, Family Restaurants, said in a written statement.

Several companies, including J.C. Penney and H.J. Heinz, said they have begun investigations of their suppliers.

ConAgra's Hunt-Wesson unit, which makes Rosarita salsa, contacted its chili supplier and was "very comfortable that they were addressing any issue that might be there," said Hunt-Wesson spokesman Kay Carpenter.

Pillsbury checked with its supplier, said company spokesman Rob Longendyke, and was told children had been in the New Mexico chili fields with their families but were not working.

"If you have evidence otherwise," he said, "we will take action."

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CHILDREN

12/09/1997 22:24 EST

E-ONE

From Fields and Factories, Children's Voices Emerge

By VERENA DOBNIK

They are children, yes. But is this childhood?

She sweats into the soil of a vast Ohio field. A baseball cap keeps the sun and her unruly dark hair from her almond eyes. Adult rubber gloves engulf the small hands that snap cucumbers from their vines. Her name is Alejandra Renteria. She is 6.

Six hundred miles away, a girl who dreams of being a fashion designer fingers a cheap jacket in a Manhattan sweatshop where rats scurry across dirty floors. Amid noisy machines and the hubbub of women stitching, Li-qing Ni laments: "I like New York, but not this place. It smells." She is 15.

Ervin Smith once had free time to play baseball, but no more. "I know there is another world out there," the Amish boy says, "but I have to work." He has been a construction worker in Ohio since eighth grade. He is 14.



Quitting Time
(AP/Eric Draper) [23K]



At government hearing
(AP/Bebeto Matthews)
[20K]

Some are very young. Others are approaching adulthood. From America's fields they harvest onions, peppers, mushrooms, beans, berries, pecans. In garment factories, they iron pants, hang shirts, trim clothing. In meat-packing and egg-producing plants, in sawmills and furniture factories they toil.

Among them are an estimated 61,000 child field workers, ages 14 to 17, who live apart from their parents, according to an unreleased U.S. Labor Department survey. In thousands of cases, their parents aren't even in the country. In all, about 123,000 children in that age group work in America's fields, the survey said. Younger children in the fields are an all-but hidden, untracked work force.

At least 13,100 more children worked illegally last year in garment industry sweatshops -- factories that repeatedly violate federal wages and hours laws -- a study commissioned by The Associated Press found.

Many of America's working children are not the ones you see. They are not the teen-agers who flame-broil Double Whoppers at Burger King or bag groceries at Food Lion, though they are governed by the same laws.

Federal law bars children under 16 from working while school is in session. Outside school hours, anyone 14 or 15 may work in farm jobs that the U.S. Labor Department deems safe. Younger children, those 12 or 13, can work only on farms and at a few other specific jobs.

Many of the children working in America are frequently underpaid, often unaccompanied and

"I know there is another world out there, but I have to work."

- Ervin Smith, 14

largely unprotected -- a shadow generation made prematurely adult, moving from coast to coast, border to border.

Listen to Mercy Gandarilla, 10, kneeling in a cold New Mexico field since 6 a.m. Dew has soaked her shirt and a deep cough has taken her voice. "Cutting the chili," she rasps. "I like it -- in the sun."



Picking chilies at sunrise
(AP/Eric Draper) [22K]

Listen to Omar Cruz Gonzales, 15, who rises at 2:30 a.m. to pick mushrooms for 12 hours in a windowless Pennsylvania shed. He sees no sun until midafternoon. "I have to work," says Omar. "The dollars are here."

Listen to Jaime Guerrero Jr., who loads crates of cabbage six days a week in Delaware. Three years ago, when he was 12, he heard his arm break as a conveyor caught his sleeve. "I'll do something else someday," he says.

These children are sometimes punished financially for small mistakes: Omar's employers, for example, occasionally withhold his pay if he drops or dirties mushrooms.

"Farmers used to own slaves. Now they rent them," says Diane Mull, executive director of the nonprofit Association of Farm Worker Opportunity Programs in Arlington, Va. "The agrarian myth is dead."

Few myths ever surrounded sweatshops. In New York City, the hub of the American garment trade, a group of reformers known as Progressives led the anti-child labor movement of the early 1900s, leading to a 1938 law to protect children.

In 1997, that progress has not reached the Chinatown factory where Li-qing, the girl who dreams of being a designer, prepares clothing for her mother to stitch. They immigrated from China's poor Fujian province months ago, and this third-floor assembly line of women and sewing machines is now their America.

Li-qing doesn't know where her father is, and one day recently a state labor investigator who visited the factory told her she couldn't help her mother earn a living. "Don't come back again," he said. "It's illegal."



State investigator at garment factory
(AP/Kathy Willens) [24K]

"Farmers used to own slaves. Now they rent them."

- Diane Mull, executive director of the Association of Farm Worker Opportunity Programs

Why do they live these lives?

Some kids want spending money to buy into the consumer culture they see as necessary to being American. But many, especially migrant children, work because their parents don't earn enough.

"If adults were paid a living wage, we wouldn't have child labor," says Ann Millard, a Michigan State University anthropologist who studies migrant labor. Three out of four migrant families say they earn \$5,000 or less yearly according to a national database of 54,000 families compiled by Mull's group.

Near Homestead, Fla., sisters LaKesha Brooks, 11, and Marie, 10, are already training the family's next breadwinner -- their sister, Angelica, just 20 months old. "She can pick the beans one by one,"

LaKesha says.

Eluding rarely enforced laws, these workers bypass the modern Western concept of children as virtually a separate society -- one to be protected, educated and prepped for adulthood rather than forced into it.

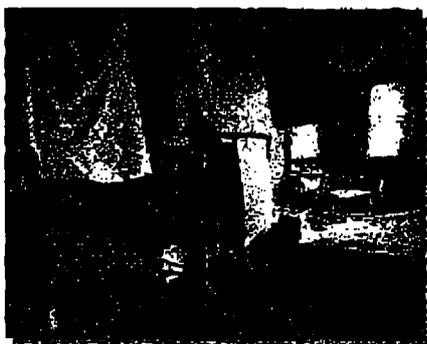
When Jose Madrid picks chilies in New Mexico's blistering heat, he dreams of Colorado mountains covered with vanilla ice cream.

But he is pragmatic beyond his 11 years. "I'm not good at math," he says, "but I'm good at money."

Jose finishes the day exhausted and falls into a bottom bunk, his feet caked with mud. He hopes the rickety top bunk won't collapse on him. His mother can't afford a new bed; together they make about \$30 daily.



Playtime after a full day's work
(AP/Erio Draper) [29K]



Roof over his head
(AP/Amy Sancetta) [23K]

Jose's cousin, Victor Perez, 10, trembles as he lugs 25-pound buckets of peppers. "I'll pick chilies when I grow up, because what else do I do?" he says. His mother, working nearby, wipes away a tear.

Many working children endure such lives. In some Manhattan garment shops, children eat lunch in dank, urine-soaked stairwells. Others sleep in overcrowded apartments or houses. Pennsylvania mushroom picker Rigoberto Rosales, 17, shares a house with more than 25 other Mexicans and carves a certain privacy for himself by erecting a cardboard box around his bare mattress. "I look around and say to myself, 'Is all this worth it?'" he says.

And near Ohio cucumber fields, the five members of the Mares family live in a one-room shack with no running water. The children fantasize about what many American kids take for granted, -- "our own house, with my own room," says Fabiola Mares, 12.

For them, even normal childhood friendships aren't easy. When Laura Mares, 10, received a rare invitation to a classmate's birthday party, "she couldn't go," says her mother, Elvira. "We just didn't have the money to buy a gift."

In Bowling Green, Ohio, American flags grace nearly every block of Main Street. Those who work the surrounding farmland rarely venture into this college town. They are moving specks in the lush landscape, forgotten among red barns, white steeples and stretches of corn, tomatoes and wheat.

This is where Alejandra, the 6-year-old with the oversized rubber gloves, spent the most recent summer of her childhood. She and her family rode 1,000 miles from Florida in a faded green Oldsmobile to pick cucumbers.

Alejandra's toenails are painted green. "I like green because grass is that color. And I want to be a grass, 'cause it gets watered every day, and it's cool."

"I want the kids to study, so they don't end up like me."

- Marcelo Renteria, 30



Picking cucumbers
(AP/Amy Sancetta) [21K]

Her father, Marcelo Renteria, a 30-year-old with a third-grade education, voices a hope that has driven immigrant America for generations. "I want the kids to study," he says, "so they don't end up like me."

Alejandra wants to work with computers, and her 9-year-old sister wants to be a teacher. But for now they must help the family survive.

"When I grow up and have kids, my kids will not work in the fields," says Jose Madrid, the boy who dreams of ice cream-covered mountains. "It's not a good place for children."

Some, like Yvonne Li, do get out.

When she was 6, she went from school to a New York City garment factory to help her grandmother button, sew and trim clothing with scissors. "It was hot and humid," she remembers. "The bathroom was always yucky."

That stopped when her mother found out. Now a happy 9-year-old, Yvonne can no longer remember the name of the factory. She's far more concerned with professional basketball standings and her favorite subject in school -- math. Asked what she wants to be, she raises both fists and shouts, "The best at whatever I do!"

The working kids she leaves behind have their hopes, too, reaching beyond produce fields and garment shops for education, careers, success -- and a need to just be kids.

"I won't be doing this forever," says Jackie Villegas, a 17-year-old girl from Florida who has been picking produce for six years. "I have plans."

Alex Ledezma, 11, harvests sorghum, cotton and onions near Lubbock, Texas. Though he misses weeks of school each year to follow the crops, he has reached sixth grade. He makes \$2.25 an hour hoeing. He wants to become a policeman.

Beside the sorghum plants that tower above his head sits a van that carries his family and the hoes to the field. On its rear window is a sticker.

It says, "I believe in America."

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center?FRONTID=PACKAGE&EXTRA=alexdaythree at ...

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CHILDREN

12/09/1997 17:18 EST

HOME

Pesticides May Jeopardize Child Farmworkers' Health

By **MATT CRENSON**
AP Science Editor

From California's Central Valley to Florida's strawberry fields, tens of thousands of children work in a sea of toxic chemicals whose long-term health effects are almost completely unknown.

In California's onion fields, farm workers, including children, are exposed to methyl parathion, a potent nerve toxin. Among Florida's strawberry fields they encounter captan, a probable human carcinogen. In Midwestern cucumber patches they face endosulfan, a chemical that may cause a host of health problems because of its similarity to human hormones.

Government standards for pesticide residues in the nation's food supply are set with special attention to the children who eat that food. Yet those standards intentionally ignore a more vulnerable class of children -- working kids who help harvest America's food.

Those who work in the fields receive pesticide doses many times higher than the law allows in American diets. It's difficult to say exactly how much higher, because the research needed to find out simply hasn't been done.



Lunch from the field
(AP/Amy Sancetta) [24K]

**"The doctors
always say it's a
flu. But it's very
curious to me.
Why, every single
year in June and
July, do we get
the flu?"**

*- Jesus Lopez,
community worker*

"Everybody stands there with a straight face and talks about protecting children, and they don't do anything to protect child workers," said Marion Moses, a pediatrician with the Pesticide Education Center in San Francisco. "I don't think that we should be dosing children very early in life with toxic chemicals."

Yet we do.

An unreleased U.S. Department of Labor survey shows that 123,000 children between the ages of 14 and 17 work in America's fields. Uncounted thousands more are under 14.

Associated Press reporters who visited farms over the last five months found working children as young as 4. Mothers who can't afford day care carry infants into the fields. Two years ago, a 14-year-old girl gave birth in a New Jersey berry patch.



Migrant camp outhouse

In Ohio this summer, 6-year-old Ramiro Silva and his sister picked pesticide-dusted cucumbers and ate them unwashed for lunch. Alejandra Renteria, also 6, sometimes refused to wear rubber gloves because they were too big and clumsy for her.

center?FRONTID=PACKAGE&EXTRA=alexdaythree at ...

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(AP/Amy Sancetta) [20K]

"My arms get itchy sometimes, but I like to work," Ramiro said. Itchy irritations are common in pesticide exposure.

"Think of yourself in your own teen-age and pre-teen-age years, and think of the kamikaze-pilot things that you did. These children are no different," said Vincent Garry, director of environmental medicine and pathology at the University of Minnesota.

"Protecting the health of our children is one of our highest priorities," Environmental Protection Agency administrator Carol Browner told a conference of doctors and scientists in September.

But until this year, the federal government spent next to nothing for occupational health and safety research on child farm workers. The National Institute of Occupational Safety and Health did hand out \$2.5 million for research on injuries to child farm workers, but the effort pales next to the \$700 million the U.S. Department of Agriculture's Agricultural Research Service spends each year on crop and livestock studies.

Many farm workers believe pesticides make them and their children sick. In Salinas, Calif., Jesus Lopez wonders why so many farm workers in the area get sick every summer. Just about the time the fields are plowed for the year's second crop, people develop nausea, coughing and muscle aches.

"The doctors always say it's a flu," said Lopez, a community worker for California Rural Legal Assistance. "But it's very curious to me. Why, every single year in June and July, do we get the flu?"

Flulike symptoms are a classic sign of pesticide poisoning.

Children on farms occasionally suffer severe pesticide poisoning, sometimes fatally.

Late in the afternoon of April 1, 1990, a 3-year-old girl playing in front of her trailer home in California's San Joaquin Valley suddenly lost control of her body and began foaming at the mouth. By the time the girl arrived at the local emergency room, she was near death. She recovered eventually.

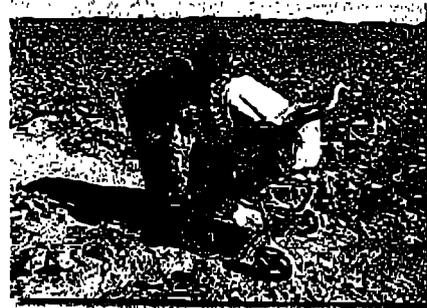
A report filed with the California Department of Pesticide Regulation concluded the child had been poisoned by aldicarb, a highly toxic insecticide that works the same way on people as it does on bugs -- like nerve gas.

"Somebody had parked a tractor with pesticide material on it right in front of the play area," said Michael O'Malley, the author of the report and a physician at the University of California, Davis.

Such confirmed incidents of acute pesticide poisoning are rare -- or at least rarely reported. Of greater concern to experts is long-term, low-level damage that can show up decades after a child has picked his or her last berry.

"Compared to late-in-life exposures, exposures to pesticides early in life can lead to a greater risk of chronic effects that are expressed only after long latency periods have elapsed," a National Academy of Sciences committee said in a 1993 report.

The report focused on pesticides in children's diets. It cited a number of reasons to believe that youngsters are especially sensitive to toxic chemicals. A child's rapid growth can be disrupted or interrupted by chemicals. They suffer the ill effects of some pesticides at lower doses than adults do, and because their metabolisms are faster they tend to process toxins faster than adults. They also have a lot more years left to develop cancer and other long-term health problems.



Feeding time
(AP/Amy Sancetta) [37K]

center?FRONTID=PACKAGE&EXTRA=alexdaythree at ...

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"It's just not a good idea to be exposing rapidly growing cells or organs to compounds that we know produce a carcinogenic effect in mammals," said John Wargo, a professor of environmental studies at Yale University.

A few dozen studies have looked at the rates of cancer and birth defects among children whose parents work with pesticides or use them at home. The results are worrisome.

In Denver homes where pesticides were used, children were more likely to develop leukemia, brain tumors, lymphoma and soft-tissue sarcomas, a study of nearly 500 kids found. Another study of 178 children in the United States and Canada found that leukemia was 11 times more common in children under five if their parents worked with pesticides.

"The implication is that children must be a particularly susceptible group," said Shelia Hoar Zahm of the National Cancer Institute.

That's why the Food Quality Protection Act of 1996 requires the Environmental Protection Agency to consider children, who are most vulnerable to such health effects, when it sets limits for pesticides in food.



A boy and his hoe
(AP/LM Otero) [21K]

The law is so strict that even the environmentalists who lobbied for it can hardly believe it passed the 104th Congress unanimously. But the Food Quality Protection Act specifically forbids the EPA from considering occupational exposures, which are known to be much higher than those generally found in food and water. The act goes out of its way to exclude the children and adults who pick America's produce.

"It's an explicit, purposeful exception," said Ralph Lightstone of California Rural Legal Assistance. "They carved farm workers out."

House Commerce Committee staffer Kay Holkgum, who helped write the food quality law, argues that farm workers are protected under other laws geared toward occupational health. For example, there are laws that require posting of notices about pesticide spraying, and that specify how soon after spraying workers can return to the fields.

But nobody denies that farm workers, both adults and children, are exposed to much higher pesticide levels than the general public.

In Washington state's apple orchards, for example, workers have 16 times the pesticide-breakdown products in their urine than their neighbors who don't work in agriculture.

The food quality law will give farm workers an indirect measure of protection, however, and that's the silver lining in this cloud, said Richard Wiles of the Environmental Working Group, a Washington, D.C. environmental advocacy group. Farms will be forced to reduce pesticide use somewhat in order to meet the stricter EPA tolerances for pesticides in food.

But it would have been better for the children in the fields, said San Francisco pediatrician Moses, if farm-worker rather than consumer safety were the focus of America's strongest pesticide law.

"You protect the worker in the workplace, I guarantee you protect the consumer in the marketplace," Moses said. "The other way around doesn't work."

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SEARCH

12/09/1997 17:28 EST

Toughest Child Labor Laws are Not Enforced

By MARTHA MENDOZA

AP National Writer

WASHINGTON (AP) -- Farmers and factory owners who illegally hire underage children generally get away with it.

The U.S. Department of Labor, charged with enforcing the nation's child labor laws:

- Fails to find the most vulnerable victims of child labor.
- Maintains a secret fine schedule that undercuts the \$10,000-per-violation child-labor penalty imposed by Congress.



Alone in the field
(AP/Amy Sancetta) [22K]

- Fails to bring criminal cases against repeat offenders.

- Does not seize goods that are the product of illegal child labor, as provided by law.



GRAPHIC: Child labor penalties

(56k)

These are among the findings of a five-month Associated Press investigation of child labor in America.

U.S. Labor Secretary Alexis Herman did not dispute them. "It's not acceptable for employers to think they can skirt the law, that the Department of Labor is not serious about enforcing the law," she said. "And I am on a path of making sure that we are more aggressive on that front."

Last year, at least 290,200 minors worked illegally in the United States, according to an AP analysis that used the government's own statistics. Labor Department investigators found 6,735 child labor violations at 1,546 establishments.



Harvesting raisin grapes
(AP/Susan Sterner) [14K]

One-fourth of those establishments were fast-food restaurants, department records show. The typical violation the department uncovers is a high school student working later than the law allows on school nights.

The children the department does not find are the most vulnerable ones -- the very young, the illegal immigrants, the impoverished children who work not just to get extra spending money but to help feed their families.

The AP found many such children working illegally in dozens of fields and factories from coast to coast. Yet Labor Department officials around the country say those children are nearly impossible to find.

"I don't believe we have ever found it," said Jorge Rivero, Labor Department district director in Miami. "If it exists, we don't know about it."

Less than an hour away, however, near Homestead, Fla., the AP found eight underage children

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harvesting beans on several farms on a single day in November.

The Labor Department can overlook children working illegally even when someone else has found them and put it in writing.

In Brewster, Wash., more than 100 workers at a cherry- and apple-packing plant suffered carbon monoxide poisoning in July. Hospital records, which appear in the state's investigative files on the incident, show that seven of the victims were under 16.

The plant's president, in an interview, freely acknowledged these children had worked illegally at the plant and that he had fired them after the incident.

Yet federal investigators in Seattle said they knew nothing about the matter.

Maria Echaveste, an assistant to President Clinton, said it's easy -- and unfair -- to say the government doesn't care about children who work.

Ms. Echaveste, who picked strawberries as a child in California and who, until February, headed the Labor Department division responsible for enforcing child labor laws, said enforcement has historically been a low priority. She said tight budgets and bureaucratic inertia make reversing priorities difficult.



Labor raid at garment factory
(Ap/Kathy Willens) [27K]



Back-breaking work
(AP/LM Otero) [40K]

Former Labor Secretary Robert B. Reich agreed. "Remember there are only 800 federal inspectors" for millions of workplaces, he said in an interview. "If we had more resources, they could do far more."

This year, the number of inspectors was increased to 942.

The last major federal campaign against child labor came in 1990, when Labor Secretary Elizabeth Dole led Operation Child Watch. It found 28,000 minors working in violation of federal labor laws and assessed more than \$6 million in fines. Only about one-fourth of that was ever collected.

However, there is no evidence the campaign changed anything in the long run. And no administration, including Clinton's, has done anything like it since.

Soon, Ms. Herman said, the government will try again. Operation Salad Bowl, she announced, will be launched next spring in cooperation with the Department of Agriculture. The initiative, she said, will involve 50 farm inspections, concentrating on lettuce, tomato, garlic, onion and cucumber fields around the country.

Ms. Herman said she and Secretary of Agriculture Dan Glickman "have now made a commitment to go out into the fields in the first quarter of 1998 to engage this issue head on and hopefully try to deal firsthand with some of the things you have uncovered here."

If Ms. Echaveste's experience is a guide, Ms. Herman will have some obstacles to overcome. Ms. Echaveste said she met with resistance when she tried to get investigators into the fields to look for kids.

"Where would you rather be?" she asked a reporter. "In a nice air-conditioned office and interview some accountant and look at their records, or would you rather go out in a field at five in the morning to see who's working?"



At home after work
(AP/Susan Sterner) [21K]

She said she also had to contend with inspectors who simply took the word of farmers who claimed they didn't employ children.

"I've never seen anyone working on any farm anywhere who is under the age of 18," said Brian Little, director of governmental relations at the American Farm Bureau Federation, a large lobbying group.

"See?" Ms. Echaveste said when told of the remark. "They actually say that!"

Even when the Labor Department does find violations, it usually doesn't do much about it.

According to the law, employers who hire children illegally are at the very least supposed to be fined. In 1990, Congress decided the fines weren't high enough and raised the maximum penalty from \$1,000 per violation to \$10,000.

Congress directed the department to use discretion in setting fines -- to consider the size of the business and the employer's familiarity with the law.

The practical result: The average fine assessed by the department increased from \$212 in 1990 to \$887 last year -- nowhere near the maximum set by law.

A "Child Labor Civil Money Penalty Report," which the department tried to withhold but the AP obtained, may explain why.

The secret report is used by compliance officers to set fines -- fines almost always discounted significantly from the recommended maximum set by Congress.

Among the reduced fines:

- \$275 for poor record-keeping.
- \$400 for a farmer who employs a 14- or 15-year-old during school hours.
- \$500 for the same violation at other businesses.
- Fines are reduced 30 percent for businesses with 20 or fewer employees.

The maximum fine, \$10,000, is used only when a child working illegally is seriously injured or killed. Other fines are far lower, despite directions from Congress to use the maximum fine as a deterrent.

The schedule is the work of mid-level Labor Department administrators. Top administrators professed to know little about what it said.

"That couldn't be right," Corlis Sellers, a program administrator, said when told the sheet gives farmers a \$100 break over other employers.

Then she took a closer look.

"There's a \$100 difference," she said quietly. Asked why, she seemed puzzled. "I don't know, off the top of my head."

Ms. Herman said she was unaware of the fine schedule until the AP inquired about it. She said she

was concerned both by the difference between industry and agriculture and by the low amounts of the fines it recommends.

"Just on the face of it, after consultation with our legal team, it looked inappropriate and it was not clear to me there was justification," she said. "I intend to act on it."

In addition to civil fines, the law allows repeat offenders of child labor laws to be charged with criminal misdemeanors. Penalties include up to six months' imprisonment for a second conviction.

But no one has gone to jail for federal child labor violations in seven years. Generally, it happens about once a decade.

One reason: The Labor Department doesn't seem to know which law breakers are repeat offenders.

Labor Department spokeswoman Rae Glass said investigators are supposed to check department computer files to see if an employer has been in trouble before.

However, many district offices don't have access to the computer files. And even if they did, the files often wouldn't tell them much.

Names of violators are often misspelled or entered in slightly different ways. For example, McDonald's shows up as McDonald's, McDonalds, Mc Donalds, MacDonald's, McDonald's Restaurant and more. As a result, a multiple violator can appear to be a string of single violators. A McDonald's spokeswoman said the corporation abides by federal and state child labor laws and requires franchisees to do the same.

When the AP searched the database using variations in spacing, punctuation and spelling, it found 129 different recurring violators for last year alone.

Not one was prosecuted as such.

Perhaps the toughest enforcement tool available to the Labor Department is the "hot goods" provision. This 60-year-old clause allows authorities to seize products that are made with illegal child labor.

Under this law, the taint of such labor stays with a dress from the moment a child trims its threads in a New York City sweatshop until it enters a department store. The taint stays on a cucumber from the moment a child picks it in Ohio to the day it sits in a jar of pickles inside a supermarket warehouse.

Furthermore, if that cucumber is tossed in with a large batch of other cucumbers picked by adults, the entire batch is subject to seizure as hot goods.

In Dallas, the Labor Department's regional administrator, M. J. Villarreal, said seizing goods to discourage illegal child labor "is a goal of ours."

But the department rarely gets around to seizing anything; some department officials seem unaware that they can. Ms. Herman said she has asked department lawyers to look into using the hot goods law.

Ms. Echaveste recalled arguing the point with Labor Department lawyers, who would tell her: "You can't use hot goods on manufacturers, or even retailers."

"I literally took the law and read it to them," she said.

She is "still waiting" for someone to use it.

Apparel

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: *11/19/97*

FAX NUMBER: *456-2983*

PAGES: *2*
(include cover sheet)

LOCATION: _____

FROM *Suzanne Seiden*

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

NAME: _____

NUMBER: _____

COMMENTS/INSTRUCTIONS:

*Re: NYT article on Duke
ensuring uniforms are made in
compliance!*

Go Duke, Shame

A36 NYT
Duke Demands Anti-Sweatshop Labor Vow

DURHAM, N.C., Nov. 18 (AP) — The makers of items that carry Duke University logos will soon be required to sign a pledge that they do not use sweatshop labor.

"It's important for us, as an institution, to insure that people who are manufacturing products bearing our marks are conducting themselves in an ethical manner," said Jim Wilkerson, director of Duke Stores operations and trademark licensing.

The code of conduct being worked on by Duke and the Collegiate Licensing Company, which negotiates trademark deals for 160 universities, will require companies to disclose working conditions in their factories.

At the urging of student leaders, Duke is one of a handful of colleges and universities revising their contracts to include a code of conduct for manufacturers, said Bruce Siegal of Collegiate Licensing.

New

REPORT OF APPAREL INDUSTRY PARTNERSHIP

The members of the Apparel Industry Partnership will report to the President and the public on:

- The adoption of the attached "Workplace Code of Conduct";
- The agreement of each company participating in the Partnership to pledge to adhere to the Code and to implement as soon as reasonably practicable a monitoring program consistent with the attached "Principles of Monitoring," by adopting an internal monitoring program generally consistent with such Principles and utilizing an external monitor that agrees to conduct its monitoring consistent with such Principles; and
- The intention of each participant in the Partnership to work together during a nine-month transition period to reach agreement on the formation of an association representing a diversity of interests including, business, consumers, workers and human rights organizations. The association would serve as a source of information to consumers, provide information to signatory companies and assist them in the implementation of the Code and monitoring, and seek to develop and improve the monitoring practices of external monitors in a manner which would provide the public with confidence about compliance with the Code of Conduct.

WORKPLACE CODE OF CONDUCT

While recognizing that cultures, economies and standards of living differ significantly throughout the world, all companies which sign the Workplace Code of Conduct and Principles of Monitoring are committed toward the development of safe and healthy manufacturing facilities world-wide, where workers are treated with respect and dignity.

To help advance these goals, companies signing the Workplace Code of Conduct agree that, in addition to complying with all applicable laws of the country of manufacturing, they will comply with and support the following code of conduct in accordance with a monitoring program consistent with the following Principles of Monitoring. A signatory company will apply the higher standard in cases of differences between the code and the applicable laws of the country of manufacturing, where doing so is not in violation of local law. A signatory company likewise agrees to require the contractors which make the products a signatory company sells to comply with applicable local law, and to support the Code of Conduct in accordance with a monitoring program consistent with the following Principles of Monitoring.

Forced Labor There shall not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.

Child Labor No person shall be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age of completing compulsory education in the country of manufacture where such age is higher than 15.

Harassment and Abuse Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.

Nondiscrimination No person shall be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.

Health and Safety Employers shall provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.

Freedom of Association and Collective Bargaining Employers shall recognize and respect the right of employees to freedom of association and collective bargaining.

Suppliers

Wages and Benefits Employers recognize that wages are essential to meeting employees' basic needs. Employers shall pay employees, as a floor, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and shall provide legally mandated benefits.

Hours of Work Employees shall not be required to work more than the maximum weekly work hours, including overtime, allowed by the law of the country of manufacture. Except in extraordinary business circumstances, employees shall:

- now* |
1. not be required to work more than 48 hours per week and more than 12 hours additional overtime per week in those countries where the maximum weekly work hours, including overtime, are not defined or in those countries where the maximum weekly work week, including overtime, cumulatively exceed the hour caps above; and
 2. be entitled to at least one day off in every 7 day period.

Overtime Compensation Employees shall be compensated for overtime hours at such premium rate as is legally applicable in the country of manufacture or, in those countries where such laws do not exist, at a rate at least equal to their regular compensation rate.

Principles
ELEMENTS OF MONITORING

I. OBLIGATIONS OF COMPANIES¹

A. Establish Clear Standards

- Establish and articulate clear, written workplace standards²
- Formally convey those standards to company factories as well as to contractors and suppliers³.
- Receive written certifications, on a regular basis, from company factories as well as contractors and suppliers that standards are being met, and that employees have been informed about the standards.
- Obtain written agreement of company factories and contractors and suppliers to submit to periodic inspections and audits, including by external monitors, for compliance with the workplace standards.

B. Create An Informed Workplace

Ensure that all company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis

C. Develop An Information Database

- Develop a questionnaire to verify and quantify compliance with the workplace standards
- Require company factories and contractors and suppliers to complete and submit the questionnaire to the company on a regular basis

D. Establish Program to Train Company Monitors

Provide training on a regular basis to company monitors about the workplace

¹ It is recognized that implementation by companies of internal monitoring programs might vary depending upon the extent of their resources but that any internal monitoring program adopted by a company would be consistent with these Principles of Monitoring.

² Adoption of the Workplace Code of Conduct would satisfy the requirement to establish and articulate clear written standards. Accordingly, all references to the "workplace standards" and the "standards" throughout this document could be replaced with a reference to the Workplace Code of Conduct.

³ These Principles of Monitoring should apply to contractors where the company adopting the workplace standards is a manufacturer (including a retailer acting as a manufacturer) and to suppliers where the company adopting the standards is a retailer (including a manufacturer acting as a retailer). A "contractor" shall mean any contractor engaged in a manufacturing process, including cutting, sewing, assembling, and packaging, which results in a finished product for the consumer.

standards and applicable local and international law, as well as about effective monitoring practices, so as to enable company monitors to assess compliance with the standards.

E. Conduct Periodic Visits and Audits

- Have trained company monitors conduct periodic announced and unannounced visits to an appropriate sampling of company factories and facilities of contractors and suppliers to assess compliance with workplace standards.
- Have company monitors conduct periodic audits of production records and practices, and of wage, hour and other employee records and practices of company factories and contractors and suppliers.

F. Provide Employees With Opportunity to Report Non-Compliance

NEW Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable company employees and employees of contractors and suppliers to report to the company and to external monitors, on non-compliance with workplace standards when they occur, with security that they will not be punished or prejudiced for doing so.

G. Conduct Confidential Employee Interviews

Conduct periodic confidential interviews, in a manner appropriate to the culture and situation, with a random sampling of company employees and employees of contractors and suppliers (in their local languages) to determine employee perspective on compliance with workplace standards

H. Establish Relationships with Labor, Human Rights, Religious or Other Local Leaders

In assessing compliance with workplace standards, consult periodically with local human rights, labor unions, religious or other local leaders who are likely to have the trust of workers and knowledge of local conditions.

I. Establish Means of Remediation

- *NEW* Work with company factories and contractors and suppliers to correct instances of non-compliance with the workplace standards promptly as they are discovered and to take steps to ensure that instances do not recur.
 - Condition future business with contractors and suppliers upon compliance with the standards.
-

III. OBLIGATIONS OF EXTERNAL MONITORS

- Establish clear, written criteria and guidelines for evaluation of company compliance with workplace standards.
- Conduct independent review of written data obtained by company to verify and quantify compliance with workplace standards.
- Verify that company employees and employees of contractors and suppliers have been informed about the workplace standards orally, through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and through other educational efforts.
- Conduct independent audits, on a confidential basis, of production records and practices and of wage, hour and other employee records and practices of an appropriate sampling of company factories and contractors and suppliers. *their compliance with code of conduct*
- Conduct periodic unannounced visits, on a confidential basis, of an appropriate sampling of company factories and facilities of contractors and suppliers to survey compliance with workplace standards.
- Conduct periodic confidential interviews in a manner appropriate to the culture and situation, with an appropriate sampling of company employees and employees of contractors and suppliers (in their local languages) to determine employee perspective on compliance with workplace standards.
- Consult periodically with local human rights, labor union, religious or other local leaders who are likely to have the trust of workers and knowledge of local conditions.
- Work, where appropriate, with company factories and contractors and suppliers to correct instances on non-compliance with workplace standards.
- Complete a report evaluating company compliance with workplace standards

1 - New

IV. OBLIGATIONS OF ALL MEMBERS OF APPAREL INDUSTRY PARTNERSHIP

During the nine month transition period, all members of the Partnership agree to abide by the following:

It is important to recognize that, while the main purpose of the Apparel Industry Partnership is to eradicate sweatshops worldwide, it is also a Partnership. Its members include a wide variety of companies, organizations and associations representing diverse interests. This trust can be built upon the mutual obligations undertaken by all Partnership members.

The company members of the Partnership have agreed to establish and implement the Workplace Code of Conduct agreed by the entire Partnership, and to enforce the Code of Conduct consistent with the Principles of Monitoring outlined above. Each member of the Partnership agrees that, before commenting publicly on another members alleged instances of non-compliance with the Workplace Code of Conduct and Principles of Monitoring, it will first provide that member notice and sufficient details of the alleged compliance issue, and provide the member adequate opportunity to investigate and respond to the alleged compliance issue.

Each company participating in the Partnership agrees to investigate, in a manner consistent with the monitoring principles outlined above, instances of alleged non-compliance brought to the attention of another member of the Partnership. If there has been an instance of noncompliance, the member will have adequate time to address and remedy the problem before the issue is raised publicly.

All Now

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REPORT OF APPAREL INDUSTRY PARTNERSHIP

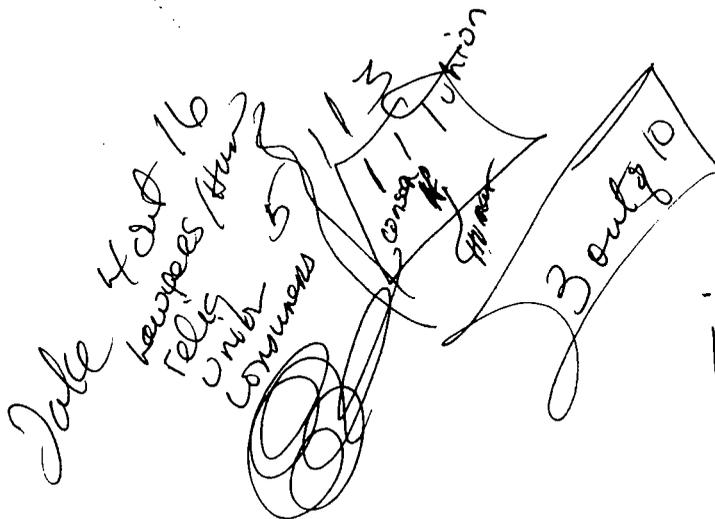
The members of the Apparel Industry Partnership will report to the President and to the public on:

- The adoption of the attached "Workplace Code of Conduct";
- The agreement of each company participating in the Partnership to pledge to adhere to the Workplace Code of Conduct and to implement as soon as reasonably practicable a monitoring program consistent with the attached "Elements of Monitoring" utilizing an external monitor that agrees to conduct its monitoring consistent with such Elements (and, if the company chooses to adopt an internal monitoring program as well, an internal monitoring program consistent with such Elements); and
- The intention of each participant in the Partnership to work together during a nine-month transition period to reach agreement on the formation of an association representing a diversity of interests. The association would serve as a source of information to consumers, provide information to signatory companies assisting them in the implementation of monitoring, and seek to develop and improve the monitoring practices of external monitors in a manner that would provide the public with confidence about compliance with the Workplace Code of Conduct.

POSSIBLE ALTERNATIVE:

The intention of each participant in the Partnership to work together during a nine-month transition period to reach agreement on the formation of an association representing the interests of workers, consumers and industry. The association would serve as a source of information to consumers, provide information to signatory companies assisting them in the implementation of monitoring, and seek to develop and improve the monitoring practices of external monitors in a manner that would provide the public with confidence about compliance with the Workplace Code of Conduct.

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and continued*



*is really going to work if the program has been made diverse - if partnership has to be a partnership
the ass'n has to have*

WORKPLACE CODE OF CONDUCT

Forced Labor. There shall not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.

Child Labor. No person shall be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.

Harassment or Abuse. Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.

Nondiscrimination. No person shall be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.

Health and Safety. Employers shall provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.

Freedom of Association and Collective Bargaining. Employers shall recognize and respect the right of employees to freedom of association and collective bargaining.

Wages and Benefits. Employers recognize that wages are essential to meeting employees' basic needs. Employers shall pay employees, as a floor, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and shall provide legally mandated benefits.

Hours of Work. [Employees shall not be required to work more than the maximum weekly work hours allowed by the law of the country of manufacture.]
[REMAINING LANGUAGE SUBJECT TO FURTHER DISCUSSION.]

Overtime Compensation. Employees shall be compensated for overtime hours in addition to their regular compensation for such hours and at such premium rate as is legally applicable in the country of manufacture or, in those countries where such laws do not exist, at a rate at least equal to their regular compensation rate.

* * * * *

A signatory company agrees, in addition to complying with all applicable laws of the country of manufacture, to comply with and support the foregoing Workplace Code of Conduct. A signatory company likewise agrees to require its subcontractors, in addition to complying with applicable local law, to comply with and support the foregoing Workplace Code of Conduct.

ELEMENTS OF MONITORING

I. ELEMENTS OF INTERNAL MONITORING

A. Establish Clear Standards

- Establish and articulate clear, written workplace standards¹
- Formally convey those standards to company factories as well as to contractors/suppliers²
- Receive written certifications, on a regular basis, from company factories as well as contractors/suppliers that standards are being met, and that employees have been informed about the standards
- Obtain written agreement of company factories and contractors/suppliers to submit to periodic inspections and audits for compliance with workplace standards

B. Create An Informed Workplace

Ensure that company factories as well as contractors/suppliers inform their employees about the workplace standards verbally and through the posting of standards in a prominent place (translated into a local language) and undertake other efforts to educate employees about the standards on a regular basis

C. Develop An Information Database

- Develop a questionnaire to verify and quantify compliance with the workplace standards
- Require company factories and contractors/suppliers to complete and submit the questionnaire to the company on a regular basis

D. Establish Program to Train Company Monitors

Provide training on a regular basis to company monitors about the workplace standards as well as their relation to applicable local and international law so as to enable company monitors to be able to assess compliance with the standards

¹ Adoption of the Workplace Code of Conduct would satisfy the requirement to establish and articulate clear written standards. Accordingly, all references to the "workplace standards" and the "standards" throughout this document could be replaced with a reference to the Workplace Code of Conduct.

² These Elements of Monitoring should apply to contractors where the company adopting the workplace standards is a manufacturer and to suppliers where the company adopting the standards is a retailer. A "contractor" shall mean any contractor engaged in a manufacturing process, including cutting, sewing, assembling and packaging, which results in a finished product for the consumer.

E. Conduct Periodic Unannounced Visits and Audits

- Have trained company monitors conduct periodic announced and unannounced visits to, and surveillance of, an appropriate sampling of company factories and facilities of contractors/suppliers to assess compliance with workplace standards
- Have company monitors conduct periodic audits of production records and practices and wage, hour and other employee records and practices of company factories and contractors/suppliers

F. Provide Employees With Opportunity to Report Violations

Develop a secure communications channel to enable company employees and employees of contractors/suppliers to report to the company (and to external monitors) on violations of workplace standards when they occur, with security that they will not be punished or prejudiced for doing so

G. Conduct Confidential Employee Interviews

Conduct periodic ~~off-site, off hours~~ confidential interviews, in a manner appropriate to the culture and situation, with a random sampling of company employees and employees of contractors/suppliers (in their local language) to determine employee perspective on compliance with workplace standards

H. Establish Relationship with Labor, Human Rights, Religious and/or Other Local Leaders

Where appropriate and either as part of internal or external monitoring:

- In assessing compliance with workplace standards, consult, as a matter of course, with local human rights ~~organizations~~ labor unions union, religious or other local leaders ~~and others~~ who are likely to have the trust of workers and knowledge of local conditions
- Seek to utilize such local leaders to facilitate communication with company employees and employees of contractors/suppliers, both in the conduct of employee interviews and in the reporting of violations
- Make relationship with local leaders known to company factories and contractors/suppliers as well as to company employees and employees of contractors/suppliers

I. Establish Means of Remediation

- Work with company factories and contractors/suppliers to correct violations of workplace standards promptly as they are discovered and to take steps to ensure that violations do not recur
- Condition future business with contractors/suppliers upon compliance with the standards

J. Open to Further Discussion: Consultation with Unions]

II. ELEMENTS OF EXTERNAL MONITORING

- Establishment of clear, written criteria and guidelines for evaluation of company compliance with workplace standards
- Conduct of independent review of written data obtained by company to verify and quantify compliance with workplace standards
- Verification that company employees and employees of contractors/suppliers have been informed about the workplace standards verbally, through the posting of standards in a prominent place (in their local language) and through other educational efforts
- Conduct of independent audit, on a confidential basis, of production records and practices and wage, hour and other employee records and practices of company factories and contractors/suppliers
- Conduct of periodic unannounced visits, on a confidential basis, of an appropriate sampling of company factories and facilities of contractors/suppliers to survey compliance with workplace standards
- Conduct of periodic ~~off site, off hours~~ confidential interviews, in a manner appropriate to the culture and situation, with a random sampling of company employees and employees of contractors/suppliers (in their local language) to determine employee perspective on compliance with workplace standards
- ~~Conduct of sessions to educate company employees and employees of contractors/suppliers about the workplace standards~~
- Consultation, as a matter of course, with local human rights~~organizations~~ labor unions union, religious or other local leaders and others who are likely to have the trust of workers and knowledge of local conditions
- ~~Utilization of such local leaders to facilitate communication with company employees and employees of contractors/suppliers~~
- Commitment, where appropriate, to work with company factories and contractors/suppliers to correct violations of workplace standards
- ~~Completion and issuance of publicly available audit report evaluating company compliance with workplace standards~~

**NO
SWEAT.SM**

Garment Enforcement Report

October 1996 - December 1996

Wage & Hour Division
U.S. Department of Labor
Cynthia A. Metzler, Acting Secretary



Garment Enforcement Report

October 1996 - December 1996

FY1997 First Quarter Garment Enforcement Report

The Department of Labor is committed to eradicating garment sweatshops and bringing the garment industry into compliance with U.S. labor laws. Encouraging manufacturers to be aware of which contractors consistently violate the law, and to monitor formally their contractors for compliance with minimum wage and overtime laws, is an important step toward the goal of bringing long lasting positive changes for workers in the industry.

To that end, the Department of Labor has developed a multi-pronged strategy of **enforcement, recognition, and education** to eradicate worker abuse in the U.S. garment industry.

Enforcement

The 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 prevents the shipment of goods made in violation by contractors.

Recognition

In December 1995, the Department issued its first Trendsetter List, highlighting retailers and manufacturers which have assumed responsibility for monitoring practices of contractors which make their garments.

Education

The Department's garment public service announcement initiative utilizes print and radio public service announcements and a new Internet World Wide Web site to provide information to consumers interested in helping to combat worker abuse.

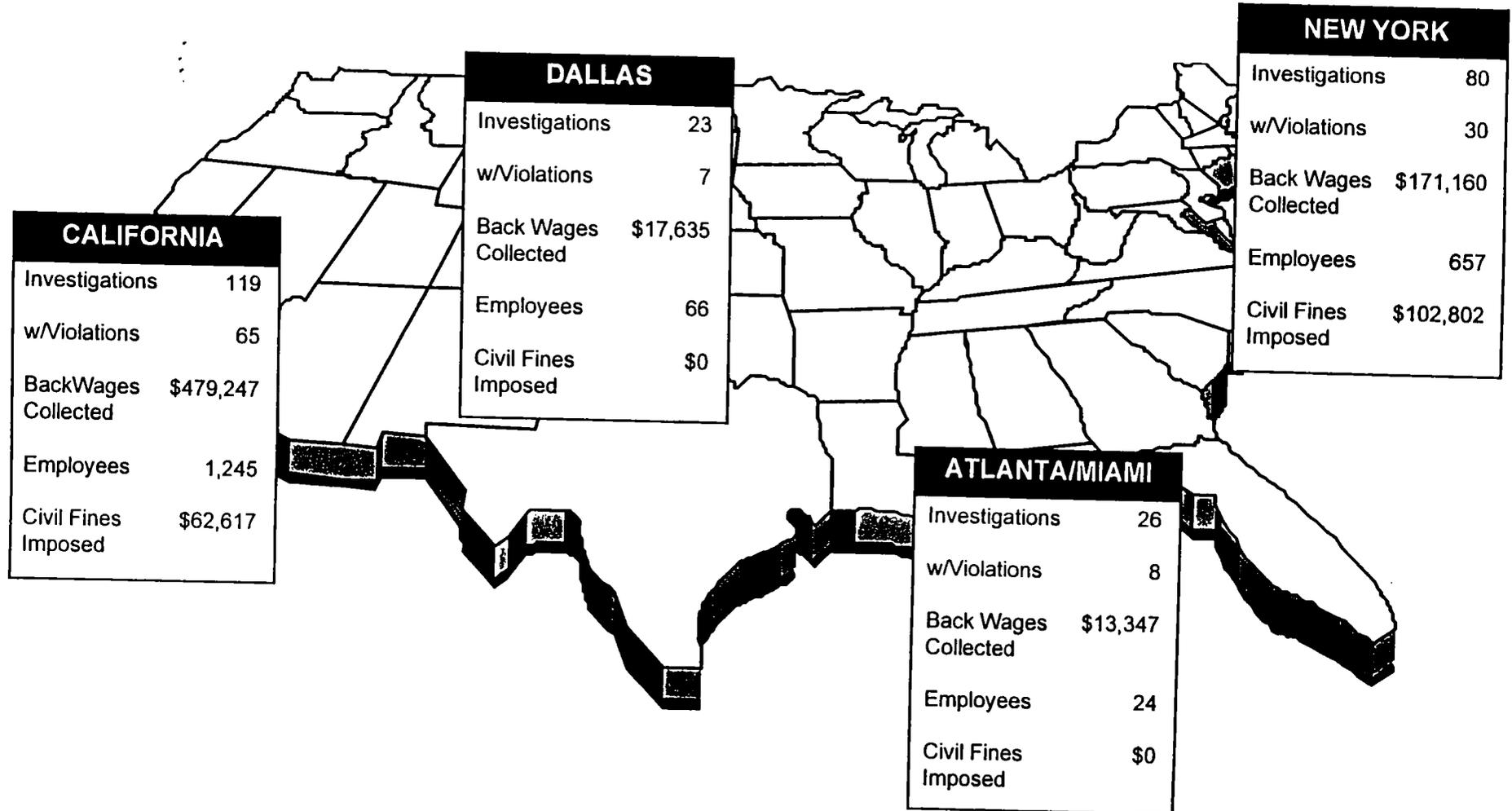
This report consists of a contractors and manufacturers list and enforcement statistics for the first quarter of the this fiscal year, October 1, 1996 through December 31, 1996. The manufacturers list contains the names of firms Wage and Hour has contacted to notify them that contractors with whom they do business have been investigated and found to violate the FLSA. The report also contains enforcement results in the industry from the first quarter.

We have designated by bold face type firms that appeared on prior reports.

NO SWEAT. SI

Enforcement In 4 Major Garment Centers

October 1996 - December 1996





Garment Enforcement Summary

October 1996 - December 1996

	TOTAL	BOSTON	PHILA-DELPHIA	NEW YORK	AT-LANTA	DALLAS	CALI-FORNIA
Number of Investigations Conducted	293	30	15	80	26	23	119
Number of Investigations with Violations	123	6	7	30	8	7	65
Amount of Back Wages Recovered	\$827,466	\$123,669	\$22,408	\$171,160	\$13,347	\$17,635	\$479,247
Number of Employees Receiving Back Wages	2,200	115	93	657	24	66	, 1,245
Civil Fines Imposed	\$196,419	\$25,000	\$6,000	\$102,802	\$0	\$0	\$62,617



Apparel Manufacturers Contacted

October 1996 - December 1996

How the list was compiled:

As part of its enforcement process, the Department of Labor's Wage and Hour Division contacts a garment manufacturer when an investigation reveals that a sewing contractor with whom the manufacturer does business has violated the Fair Labor Standards Act (FLSA). Listed below are the names of manufacturers contacted between October 1, 1996 and December 31, 1996 and informed of contractor violations. The contractors and manufacturers are included on this list based on investigative findings of violations, not a judicial determination that any firm has violated the law.

Except where noted, the violations have been resolved and back wages paid by either the contractor or the manufacturer. If all or part of the back wages found by Wage and Hour to be owed to the contractor's employees have not been paid, this is noted by the designation "unpaid" in the Back Wages column. Payment of back wages does not constitute an admission of liability of any firm.

Only cases in which Wage and Hour found back wages due in excess of \$1,000, whether for employees of a contractor or manufacturer, are included on the list. Manufacturers on the list did not necessarily receive goods produced in violation of the FLSA for which back wages were owed, or pay all or part of the back wages: Wage and Hour notifies manufacturers of violations by contractors with whom they did business during the relevant time frame regardless of whether the goods involved were produced for that manufacturer. The manufacturer may or may not still be doing business with the contractor.

The contractors are listed in descending order by the amount of back wages found due. The severity of contractors' violations, however, cannot be compared on the basis of the dollar amounts on this list. Back wage amounts paid to contractor employees vary based upon the facts, circumstances and time periods involved. When there has been no final determination of whether there were any FLSA violations, or, where there were violations, of the amount of back wages owed, the case is listed at the end of the Report with the notation "In Dispute" in the back wage column.

Footnotes designate manufacturers that were contacted because of their own violations; manufacturers that have agreed to monitor or are monitoring their contractors for future compliance; and manufacturers that appear for the first time on a Garment Enforcement Report. Firms that have been included on prior Reports are in boldface type.

The Report presents all information available to the Department of Labor as of the date of publication with respect to the reported investigations. If the Department obtains new information pertinent to an investigation on the Report after that date, it will update the Report, both the Internet and hard copy versions, to reflect that new information.

This list does not constitute an endorsement by the federal government of any company, nor does it constitute disapproval of any company.



Apparel Manufacturers Contacted

October 1996 - December 1996

Contractor	Back wages found by Wage & Hour to be due contractor employees	Manufacturers Identified as Doing Business with Contractor During Investigation Period
Pride Jeans, Inc. 2878 E. 54 th Vernon, CA	\$101,300	Guess ?, Inc. ^{2,3} 1444 S. Alameda Los Angeles, CA Revatex ^{2,3} 1013 S. LA St. Los Angeles, CA
Kneeland Sportswear 119 Braintree St. Allston, MA	\$73,000	David Brooks/Robert Scott ² 122 Allied Drive Dedham, MA
R & J Trading 3030 Northern Blvd. Long Island City, NY	\$55,084	Jessica Michelle ³ 525 7 th Ave. New York, NY Rhoda Lee, Inc. ³ 525 7 th Ave. New York, NY Elberton Mfg. Co. ³ P.O. Box 878 Elberton, GA

¹ Manufacturer contacted because of own violations.
² Manufacturer agreed to begin contractor monitoring program, or has a monitoring program in place.
³ First time manufacturer has been included on Enforcement Report

Contractor	Back wages found by Wage & Hour to be due contractor employees	Manufacturers Identified as Doing Business with Contractor During Investigation Period
Line 8, Inc. 2438 E. 11 th Los Angeles, CA	\$45,000	<p>Azteca Production ² 5804 E. Slauson Commerce, CA</p> <p>JNCO ³ 3780 Union Pacific Los Angeles, CA</p> <p>Mepotex ³ 19550 Dominguez Hill Rd. Rancho Dominguez, CA</p> <p>Guess ?, Inc. ^{2,3} 1444 S. Alameda Los Angeles, CA</p>
Jeans Compstela Magnit 5050 Everett Ct. Vernon, CA	\$44,009	<p>RSV Sport (Lei) ² 6565 E. Washington Commerce, CA</p>
Le's Fashion Stitching 60 Clayton St. Dorchester, MA	\$43,500	<p>David Smith ³ 48 Main St. N. Reading, MA</p> <p>Foxcroft ² 1 Ace St. Fall River, MA</p>

¹ Manufacturer contacted because of own violations.

² Manufacturer agreed to begin contractor monitoring program, or has a monitoring program in place.

³ First time manufacturer has been included on Enforcement Report.

Contractor	Back wages found by Wage & Hour to be due contractor employees	Manufacturers Identified as Doing Business with Contractor During Investigation Period
KE Factory 1452 Valencia Los Angeles, CA	\$32,776	Protex Apparel ³ 10920 Thienes S. El Monte, CA PCT ³ 2060 Via Arado Rancho Dominguez, CA Vogue Int'l Collection ³ 910 E. Pico Los Angeles, CA
Dabo, Inc. d/b/a Minnie Fashion 1212 Stanford Los Angeles, CA	\$25,000	Rainbow ³ 1219 S. Wall Los Angeles, CA VIA ³ 1100 S. San Pedro Los Angeles, CA Vogue Int'l Collection ³ 910 E. Pico Los Angeles, CA Maria Bonita ³ 1136 S. Santee Los Angeles, CA

¹ Manufacturer contacted because of own violations.
² Manufacturer agreed to begin contractor monitoring program, or has a monitoring program in place.
³ First time manufacturer has been included on Enforcement Report.

Contractor	Back wages found by Wage & Hour to be due contractor employees	Manufacturers Identified as Doing Business with Contractor During Investigation Period
Dabo, Inc. d/b/a (cont.)		<p>Everyday ³ 5211 E. 11th Los Angeles, CA</p> <p>Claudia Fashion ³ 1107 S. Santee Los Angeles, CA</p>
Advance Sewing 2236 E. 14th St. Oakland, CA	\$19,914	<p>David Wayne d/b/a ² Shane Hunter 1400 6th St. San Francisco, CA</p>
VIG Production, Inc, 88 35th St. New York, NY	\$17,082	<p>Plymouth Mills ^{2,3} 330 Tompkins Ave. Staten Island, NY</p>
Y & D Fashions 43-27 Queens St. Long Island City, NY	\$16,500	<p>NCC Sportswear 800 Cooper Ave. Glendale, NY</p> <p>The Urban Apparel Group, Ltd. ³ 45 7th Ave. New York, NY</p> <p>Damas Atlantic ³ 5900 Decatur St. Glendale, NY</p>

¹ Manufacturer contacted because of own violations.

² Manufacturer agreed to begin contractor monitoring program, or has a monitoring program in place.

³ First time manufacturer has been included on Enforcement Report.

Contractor	Back wages found by Wage & Hour to be due contractor employees	Manufacturers Identified as Doing Business with Contractor During Investigation Period
Y & D Fashions (cont.)		SLM Fashion Group ³ 525 7th Ave. New York, NY
Indigo 2716 E. Medford Vernon, CA	\$16,121	Guess ?, Inc. ^{2,3} 1444 S. Alameda Los Angeles, CA
J&E Fashion 9808 Glen Oaks Sun Valley, CA	\$13,990	Dakota ² 15809 S. Strathem Los Angeles, CA
OKCA, Inc. 110 W. 11 th Los Angeles, CA	\$13,338	Michel 209 E 11 th Los Angeles, CA Carol Anderson 18915 Laurel Pk. Rd. Rancho Dominguez, CA
306 JC Fashion 255 W. 36 th St. New York, NY	\$12,973	NU Venture ^{2,3} 463 7 th Ave. New York, NY Santa Barbara ³ 213 W. 35 th St. New York, NY

¹ Manufacturer contacted because of own violations.

² Manufacturer agreed to begin contractor monitoring program, or has a monitoring program in place.

³ First time manufacturer has been included on Enforcement Report.

Contractor	Back wages found by Wage & Hour to be due contractor employees	Manufacturers Identified as Doing Business with Contractor During Investigation Period
Total Denim 1800 Hooper Los Angeles, CA	\$12,480	<p>Guess ?, Inc. ^{2,3} 1444 S. Alameda Los Angeles, CA</p> <p>Kik Wear 741 W. 10th Pl. Los Angeles, CA</p> <p>Baby Guess ³ 1401 S. Griffith Los Angeles, CA</p> <p>Revatex (JNCO) ^{2,3} 1013 S. LA St. Los Angeles, CA</p> <p>Tribe ³ 1662 Gothard Huntington Beach, CA</p> <p>Roam Jeans ³ 17855 Fitch Irvine, CA</p>
Uranus Fashions 307 W. 38 th St. New York, NY	\$12,000	<p>Turn On Products ² 225 W. 37th St. New York, NY</p>

¹ Manufacturer contacted because of own violations.

² Manufacturer agreed to begin contractor monitoring program, or has a monitoring program in place.

³ First time manufacturer has been included on Enforcement Report.

Contractor	Back wages found by Wage & Hour to be due contractor employees	Manufacturers Identified as Doing Business with Contractor During Investigation Period
Uranus Fashions (cont.)	\$10,471	Bino Enterprises ³ d/b/a Younique Knits 225 W 37th St. New York, NY
ANH Sewing 1242 12 th Ave. Oakland, CA	\$10,283	Byer of California ² 66 Potrero San Francisco, CA
Leo Design, Inc. 3840 ½ Broadway Los Angeles, CA	\$9,901	B. Boston & Associates ³ 715 E. 8 th St. Los Angeles, CA
AA Fashion 1721 N. Spring Los Angeles, CA	\$9,243	Tapestry, Inc. ² 375 W. Victoria St. Compton, CA
Ecco Staffing 26 Journal Square Jersey City, NJ	\$9,097	The Lilli Group, Inc. 34 Wesley St. S. Hackensack, NJ
Yoo Jin 327 W. 36 th St. New York, NY	\$8,805	Jessica Ash ³ 70 W. 36 th St. New York, NY
Star Avenue 514 E. 8 th Los Angeles, CA		Francine Browner ² 5500 E. Olympic Los Angeles, CA

¹ Manufacturer contacted because of own violations.

² Manufacturer agreed to begin contractor monitoring program, or has a monitoring program in place.

³ First time manufacturer has been included on Enforcement Report.

Contractor	Back wages found by Wage & Hour to be due contractor employees	Manufacturers Identified as Doing Business with Contractor During Investigation Period
Star Avenue (cont.)		Guess ?, Inc. ^{2,3} 1444 S. Alameda Los Angeles, CA Entre Deux Modes ³ 1983 Locust Pasadena, CA Revelee ³ 1206 S. Maple Los Angeles, CA ABS 105 Stanford Los Angeles, CA
L & H Sewing 2627 S. Cooper Arlington, TX	\$8,286	Central Falls 3525 W. Miller Rd. Dallas, TX Howard Wolf ³ 3809 Parry Dallas, TX
Crane Fashion 746 S. LA St Los Angeles, CA	\$8,283	Amiga Fashion 1119 S. LA St. Los Angeles, CA

¹ Manufacturer contacted because of own violations.

² Manufacturer agreed to begin contractor monitoring program, or has a monitoring program in place.

³ First time manufacturer has been included on Enforcement Report.

Contractor	Back wages found by Wage & Hour to be due contractor employees	Manufacturers Identified as Doing Business with Contractor During Investigation Period
Crane Fashion (cont.)		Maxbima ³ 113 E. 11 th Los Angeles,
CASara Fashion 407 E. Pico Los Angeles, CA	\$8,222	Toby Kids ³ 525 E. 12 th Los Angeles, CA
Well Fashion 257 W. 38 th St. New York, NY	\$8,005	Vision Apparel USA ² 498 7 th Ave. New York, NY Cynthia Rowley ^{2,3} 550 7 th Ave. New York, NY Printmakers Int'l Ltd. ^{2,3} 469 7 th Ave. New York, NY
1	\$7,971	Binna Fashion ³ 1242 S. Santee Los Angeles, CA
PNJ, Inc. 961 E. Slauson Los Angeles, CA	\$7,300	Rodin (Blue Whale, Inc.) ³ 1231 S. San Pedro Los Angeles, CA

¹ Manufacturer contacted because of own violations.

² Manufacturer agreed to begin contractor monitoring program, or has a monitoring program in place.

³ First time manufacturer has been included on Enforcement Report.

Contractor	Back wages found by Wage & Hour to be due contractor employees	Manufacturers Identified as Doing Business with Contractor During Investigation Period
PNJ, Inc. (cont.)		R.S.V. Sport (Lei) ² 6565 E. Washington Commerce, CA Wave 1114 S. Maple Los Angeles, CA
D & B Fashions 910 Cherry St. Philadelphia, PA	\$6,972	Mother's Work, Inc. ² 456 N. 5th St. Philadelphia, PA
1	\$6,887	Litho Childrens Fashion ³ 1523 Grande Vista Los Angeles, CA
Lim & Kim, Inc. 6200 Hudson Ave. West New York, NJ	\$6,831	Jaclyn ³ 5801 Jefferson St. West New York, NJ Ardsmore Blouse, Inc. ³ 1359 Broadway New York, NY
ESS Fashion 756 Broadway Los Angeles, CA	\$6,616	Dude, USA ³ 1100 S. San Pedro Los Angeles, CA

¹ Manufacturer contacted because of own violations.

² Manufacturer agreed to begin contractor monitoring program, or has a monitoring program in place.

³ First time manufacturer has been included on Enforcement Report.

Contractor	Back wages found by Wage & Hour to be due contractor employees	Manufacturers Identified as Doing Business with Contractor During Investigation Period
ESS Fashion (cont.)		Clarín ³ 1118 S. Santee Los Angeles, CA
DSA Fashion 12030 Western Ave. Garden Grove, CA	\$6,350	Monterey Canyon, Inc. 1530 Church Road Montebello, CA
Sharon & J. Fashion 3730 S. Main Los Angeles, CA	\$6,241	Cheree Amie ³ 1439 S. Herbert Commerce, CA C.Y. Inc. ³ 2701 S. Main Los Angeles, CA Divine ³ 1109 S. San Julian Los Angeles, CA
Twin Fashion 120 E. 8 th Los Angeles, CA	\$6,078	Sekwang Co. ³ 6394 E. Washington Los Angeles, CA Fashion Village ³ 939 E. 31 st Los Angeles, CA

¹ Manufacturer contacted because of own violations.

² Manufacturer agreed to begin contractor monitoring program, or has a monitoring program in place.

³ First time manufacturer has been included on Enforcement Report.

Contractor	Back wages found by Wage & Hour to be due contractor employees	Manufacturers Identified as Doing Business with Contractor During Investigation Period
S.K. Fashion, Inc. 3775 S. Main Los Angeles, CA	\$5,953	<p>Azteca Production ² 5804 E. Slauson Commerce, CA</p> <p>Bay Street Clothing, Inc. 1502 Washington Los Angeles, CA</p> <p>Ruff Wentworth Corp. ³ 756 S. Spring Los Angeles, CA</p> <p>Rampage ² 2825 Sante Fe Los Angeles, CA</p> <p>Fashion Resource ^{2,3} 3151 E. Washington Los Angeles, CA</p> <p>Boy London (PSF) ³ 940 W. Washington Los Angeles, CA</p>
Hi Q Personnel 5424 N. 5 th St. Philadelphia, PA	\$5,858	<p>Good Lad ^{2,3} 431 E. Tioga St. Philadelphia, PA</p>

¹ Manufacturer contacted because of own violations.
² Manufacturer agreed to begin contractor monitoring program, or has a monitoring program in place
³ First time manufacturer has been included on Enforcement Report.

Contractor	Back wages found by Wage & Hour to be due contractor employees	Manufacturers Identified as Doing Business with Contractor During Investigation Period
Joy Fashion 1807 E. Olympic Los Angeles, CA	\$5,852 Unpaid	One's Again ³ —can't be located—
Bada Fashion; 1400 E. Adams Los Angeles, CA	\$5,419	Clover Mfg. & Wholesale ³ 1119 S. Wall Los Angeles, CA Toby Kids ³ 525 E. 12 th St. Los Angeles, CA Baram Fashion ³ 805 S. Wall Los Angeles, CA Sabina USA ³ 530 E. 8 th Los Angeles, CA Cloud Nine ³ 1401 Adams Los Angeles, CA Kasual ³ 360 E. Jefferson Los Angeles, CA

¹ Manufacturer contacted because of own violations.
² Manufacturer agreed to begin contractor monitoring program, or has a monitoring program in place.
³ First time manufacturer has been included on Enforcement Report.

Contractor	Back wages found by Wage & Hour to be due contractor employees	Manufacturers Identified as Doing Business with Contractor During Investigation Period
T & L Sportswear 714 4 th St. Allentown, PA	\$5,244	Skip's Cutting ³ 330 E. Main St. New Holland, PA
Chang Li Fashion 5436 Monte Vista Los Angeles, CA	\$5,077	BBU, Inc. ³ 758 E. 14th Los Angeles, CA
YSH Fashion 308 E. 9 th St. Los Angeles, CA	\$4,981	Express ³ 5811 San Pedro St. Los Angeles, CA Choice ³ 1417 S. San Pedro Los Angeles, CA
J & A Sewing Co. 259 8 th St. Oakland, CA	\$4,461	Joan Walters ³ 1140 San Mateo Ave. S. San Francisco, CA
Bow Wah Fashion 1867 Mission St. San Francisco, CA	\$4,114	Maxit Designs ³ 4044 Wayside Lane Carmichael, CA
Hwang's Contractor 704 S. Spring Los Angeles, CA	\$4,105	Pandora's Casuals (Onk, Inc.) ³ 809 E. 18 th St. Los Angeles, CA

¹ Manufacturer contacted because of own violations
² Manufacturer agreed to begin contractor monitoring program, or has a monitoring program in place.
³ First time manufacturer has been included on Enforcement Report.

Contractor	Back wages found by Wage & Hour to be due contractor employees	Manufacturers Identified as Doing Business with Contractor During Investigation Period
Hwang's Contractor (cont.)		The Original, Inc. 1040 1/2 Santee St. Los Angeles, CA
1 :	\$3,867	Galeria Sportswear, Ltd. ³ 840 Summer St. South Boston, MA
Carlos Mfg. 12121 Barrington South El Monte, CA	\$3,833	Romance DaJour ³ 200 W. 140 th St. Los Angeles, CA
Vinh Hung, Inc. 9619 Valley El Monte, CA	\$3,754	Just for Wraps (Wrappers) ^{2,3} 1900 Sacramento St. Los Angeles, CA
Erste Fashion Corp. 10832 Capital Garden Grove, CA	\$3,652	Bennini, Inc. ³ 1931 E. Vista Bella Way Rancho Dominguez, CA
Star Finishing, Inc. 284 Starr St. Brooklyn, NY	\$3,627	Knits Landing ³ 8000 Cooper Ave. Glendale, NY
T & T Sewing, Inc. 1 Brainard Ave. Medford, MA	\$3,557	House of Bianchi ³ 1 Brainard Ave. Medford, MA

¹ Manufacturer contacted because of own violations
² Manufacturer agreed to begin contractor monitoring program, or has a monitoring program in place.
³ First time manufacturer has been included on Enforcement Report.

Contractor	Back wages found by Wage & Hour to be due contractor employees	Manufacturers Identified as Doing Business with Contractor During Investigation Period
Lydia Kim Fashion 261 W. 35 th St. New York, NY	\$3,550	Item Ltd. 241 W. 37 th St. New York, NY Visage Royal ³ 252 W. 37 th St. New York, NY
S & S Fashion 4767 S. Broadway Los Angeles, CA	\$3,480	Fetish Group ³ 5050 S. Santa Fe Vernon, CA Jonler of Calif. ³ 5810 2 nd Vernon, CA
Cindy Fashions 210 Field St. Arlington, TX	\$3,375	Jerell, Inc. ^{2,3} 1431 Regal Row Dallas, TX Howard Wolf ³ 3809 Parry Dallas, TX
Ole Blue, Inc. 170 E. Jefferson Los Angeles, CA	\$3,006	O.G. Wear ³ 584 Mateo Los Angeles, CA

¹ Manufacturer contacted because of own violations.

² Manufacturer agreed to begin contractor monitoring program, or has a monitoring program in place.

³ First time manufacturer has been included on Enforcement Report.

Contractor

**Back wages found by Wage & Hour
to be due contractor employees**

**Manufacturers Identified as Doing
Business with Contractor During
Investigation Period**

Ole Blue, Inc. (cont.)

Serious ³
760 Gladys
Los Angeles, CA

Just USA ³
1022 S. Wall
Los Angeles, CA

Dana Don ³
112 W. 9th
Los Angeles, CA

Bay Street Clothing, Inc.
1502 W. Washington
Los Angeles, CA

Street Ahead ³
400 W. Roosevelt
Montebello, CA

Local Boys ³
18525 Graham
Huntington Beach, CA

Nixx Jeans ³
5705 W. Howard
Niles, IL

¹ Manufacturer contacted because of own violations.

² Manufacturer agreed to begin contractor monitoring program, or has a monitoring program in place.

³ First time manufacturer has been included on Enforcement Report.

Contractor	Back wages found by Wage & Hour to be due contractor employees	Manufacturers Identified as Doing Business with Contractor During Investigation Period
Goah Fashion 325 W. 37 th St. New York, NY	\$2,697	Copy Cats ² 525 7 th Ave. New York, NY
D & N Sewing Shop 545 W. 12 th St. Oakland, CA	\$2,599	Byer of California ² 66 Potrero San Francisco, CA
Lisa Lai Garment Fac 160 7 th St. San Francisco, CA	\$2,500	Knucklehead, Inc. ^{2,3} 1950 Army St. San Francisco, CA Fritzi California ² 199 1 st St. San Francisco, CA
Rhees Fashion Co., Inc. 111 W. 7 th Los Angeles, CA	\$2,158	Mayvens of Calif. ³ 531 San Pedro Los Angeles, CA
S & S Manufacturing 6102 Narrow Place W. New York, NY	\$1,819	Fourth Edition ³ 5 Lawrence St. Bloomfield, NJ
Sue Sportswear 325 N. 13 th St. Philadelphia, PA	\$1,680	Robyn Meredith, Inc. ³ 450 Veterans Dr. Philadelphia, PA

¹ Manufacturer contacted because of own violations.

² Manufacturer agreed to begin contractor monitoring program, or has a monitoring program in place.

³ First time manufacturer has been included on Enforcement Report.

Contractor	Back wages found by Wage & Hour to be due contractor employees	Manufacturers Identified as Doing Business with Contractor During Investigation Period
L & T 734 S. San Pedro Los Angeles, CA	\$1,595	Rampage ² 2825 Santa Fe Los Angeles, CA
Max Fashion 724 S. Spring Los Angeles, CA	\$1,575	Moderato ³ 755 E. 14 th St. Los Angeles, CA
Seam Quest 3750 W. 16 th Ave. Hialeah, FL	\$1,556	Kreations, Inc. ^{2,3} 1075 NW 1 Ct. Hallendale, FL
National Sewing Co. 550 Jessie St., #402 San Francisco, CA	\$1,500	Fritzi California ² 199 1 st St. San Francisco, CA Blanc Norr ³ 1261 Anderson Dr. San Rafael, CA
1	\$1,471	The Evergreen Group, Inc. ³ 24 Norfolk, Ave. S. Easton, MA
Jenny Sewing 1107 California Lane #303 Arlington, TX	\$1,420	Jerell, Inc. ^{2,3} 1431 Regal Row Dallas, TX

¹ Manufacturer contacted because of own violations.

² Manufacturer agreed to begin contractor monitoring program, or has a monitoring program in place.

³ First time manufacturer has been included on Enforcement Report.

Contractor	Back wages found by Wage & Hour to be due contractor employees	Manufacturers Identified as Doing Business with Contractor During Investigation Period
S & T Sewing Shop 832 Mission St. 3 rd Floor San Francisco, CA	\$1,359	J.J. Mae's Inc. ³ d/b/a Rainbeau 120 Mississippi San Francisco, CA
Alexandra's Company 4747 Brooks St. Montclair, CA	\$1,274	M. Shapiro & Company 10150 National Blvd. Culver City, CA
City Fashion 309 E. 8 th Los Angeles, CA	\$1,175	Migreen USA ³ 532 E. 11th Los Angeles, CA MJ & P, Inc. d/b/a ³ Fashion Dobe 1142 Wall Los Angeles, CA
United Pro Fashion 550 Jessie St., #401 San Francisco, CA	\$1,150	Joan Walters ³ 1140 San Mateo Ave. S. San Francisco, CA
ESS Fashion 756 Broadway Los Angeles, CA	In dispute	Pretty Good ³ 1100 S. San Pedro Los Angeles, CA
Max Fashion 724 S. Spring Los Angeles, CA	In dispute	Stella Fashion ³ 1025 S. Maple Los Angeles, CA

³ Manufacturer contacted because of own violations.

³ Manufacturer agreed to begin contractor monitoring program, or has a monitoring program in place

³ First time manufacturer has been included on Enforcement Report

Contractor

**Back wages found by Wage & Hour
to be due contractor employees**

**Manufacturers Identified as Doing
Business with Contractor During
Investigation Period**

Uranus Fashions
307 W. 38th St.
New York, NY

In dispute

Notations Inc ²
109 Pike Circle
Huntingdon Valley, PA

¹ Manufacturer contacted because of own violations.

² Manufacturer agreed to begin contractor monitoring program, or has a monitoring program in place.

³ First time manufacturer has been included on Enforcement Report.



June 24, 1997

Ms. Maria Echaveste
Assistant to the President/Director
Public Liaison
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Ms. Echaveste:

Maria

Knowing of your continued interest in the promotion of global labor and human rights, I have attached for your review a copy of Andrew Young's recent report on the implementation of NIKE's code of conduct. I have also included a copy of NIKE's response to the report.

NIKE believes the Young report is thorough and objective and lays out a variety of insightful and meaningful recommendations that we intend to fully implement.

After you have had a chance to review the Young report and NIKE's response, I would be happy to discuss them with you or answer any questions you or your staff may have.

Sincerely,

A handwritten signature in black ink, appearing to read "B.G. Figel", is written over the typed name.

Brad G. Figel
Director of Governmental Affairs
and International Trade Counsel



FOR IMMEDIATE RELEASE

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ON THE NIKE CODE OF CONDUCT

Beaverton, Oregon, June 24, 1997 – NIKE today issued its response to an evaluation by former U.N. ambassador/Atlanta mayor Andrew Young and his firm GoodWorks International of how its contractors are abiding to its Code of Conduct, the company's principles for footwear and apparel manufacturing worldwide.

"We have studied [Ambassador Young's report] and we will take action to improve in areas where he suggests we need to improve," said NIKE Founder and Chief Executive Office Philip H. Knight and President and Chief Operating Officer Thomas E. Clarke in a joint letter. "For although his overall assessment is that we are doing a 'good job,' good is not the standard NIKE seeks in anything we do."

The Oregon-based sports company responded to Ambassador Young's report by agreeing to fully implement his recommendations. *NIKE then went beyond Young's recommendations, however, and said it would take further steps. In addition, NIKE said it would:*

- Implement a monetary penalty system for factories that violate its Code of Conduct.
- Take corrective action or terminate contractors who fail to adhere to its Code of Conduct despite repeated coaching and penalties.
- Establish a basic people management skills training program for factory management including training in culture for expatriate managers and in local language.
- Develop an action plan so that contractors hire more indigenous management into factories at the highest levels.
- Test pilot projects to measure the effectiveness of independent monitoring of factory conditions by third parties.

In its four-page response to Ambassador Young's report, NIKE thanked not only Young but also those in government, and in the human rights, labor, religious, consumer and business communities who contributed insight to the report.

"NIKE has always stood for innovation and leadership – and that implies continuous improvement in everything we do," said Vada Manager, a spokesman for NIKE. "Ambassador Young has told us what we need to do next, and we're going to do that and then some. NIKE consumers and employees expect no less," he said.

The complete NIKE response is attached. Ambassador Young's full report is available to the media and the general public on the Internet at www.digitalrelease.com. Enter keyword: goodworks.

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**NIKE'S RESPONSE TO AMBASSADOR ANDREW YOUNG'S
REPORT ON THE NIKE CODE OF CONDUCT**

Our NIKE Code of Conduct sets out a basic goal – for NIKE, and for all of our business partners -- always to do what is *expected*, as well as required, of a leader.

In this spirit, in February, we decided to seek a separate and independent assessment of the extent to which our contractors are complying with that Code. We turned to one person we thought had three attributes that would make that assessment most valuable.

First, a truly independent voice. Second, a person with experience and understanding of the developing world, where most of the world's apparel and footwear products are made. And third, someone who was not party to the issue –who would bring a fresh perspective to bear.

Andrew Young, former United Nations Ambassador, life-long human rights advocate, with a wealth of experience in labor and factory issues, was an obvious choice.

Today, after four months of investigation, Ambassador Young delivered his report.

His overall assessment is that we are doing a “good job.” But good is not the standard NIKE seeks in anything we do.

We are acting now to improve in every area he suggests. His recommendations, and our response, are:

1. Recommendation: “NIKE should continue its efforts to support and implement the provisions of Apparel Industry Partnership.”

Action: NIKE was the first company to join President Clinton's Apparel Industry Partnership. We will continue to work with our Partnership colleagues from the apparel industry, and related labor, human rights, religious and consumer groups. NIKE is represented on all of its various subcommittees, addressing implementation of the new Code and its monitoring principles. The

most recent meeting was held the very day Ambassador Young presented his report to us.

We will carry this message of industry, labor and rights groups cooperation to all of our business partners and others in the industry. We will urge other apparel and retail companies to sign on. In the past two weeks we have already begun to do this with other athletic, dress and casual footwear companies.

2. Recommendation: "NIKE should take more aggressive steps to explain and enforce the Code of Conduct."

Action: As a result of comments made during Ambassador Young's factory inspection tour in March and April, NIKE reinforced implementation of the Code of Conduct and its monitoring principles by conducting eight weeks of training for NIKE production people and contract factory management in Asia, in 11 countries and 15 cities. We will follow up by:

- a. Ensuring that contractors provide every employee with renewed Code of Conduct training and a simplified, written form of that Code.
- b. Redoubling our efforts to ensure that every NIKE contract factory has the Code posted visibly in every major workspace, in the language of both the worker and the manager, when those languages are different.
- c. Add to our auditing procedures to assure that the Code of Conduct is understood, that training, posting and personal copies of the Code have the desired impact: that workers truly understand their rights, and management its obligations.

3. Recommendation: "NIKE should take proactive steps to promote the development of 'worker representatives' in the factories who can effectively represent the workers' individual and cumulative interests."

Action: NIKE contract factory worker representation spans a broad spectrum around the world, from worker-management committees to full trade unions. NIKE will survey existing worker representation processes and require each of our contract factories to redouble its efforts to assure that workers truly have a voice in workplace issues.

4. Recommendation: "NIKE should insist that the factories which manufacture its products create and enforce a better grievance system that allows a worker to report a complaint without the fear of retribution and abuse."

Action: NIKE will survey existing grievance procedures in our contract factories and with other industries and factory groups. We will require each of our contract factories to adopt and implement one of several model procedures, as appropriate to its size, current representation system, and the effectiveness of that current system.

In addition, NIKE will create several pilot ombudsman projects to determine how well an outside voice can supplement and enhance the grievance procedure.

5. Recommendation: "NIKE should expand its dialogue and relationship with the human rights community and the labor groups within the countries where they produce goods and with their international counterparts."

Action: NIKE has already begun this process. Starting in major source countries, we are seeking to establish regular sessions with groups who can foster productive dialogue on contract labor issues. The Apparel Industry Partnership and a quarterly conference call with concerned investor groups are two of several forums in which we will continue to address these issues with affiliated and interested international parties.

6. Recommendation: "NIKE should consider some type of 'external monitoring' on an ongoing basis as a way to demonstrate its commitment to the Code of Conduct and to insure its effective application."

Action: Specifically, Ambassador Young recommends two steps: (a) establish an ombudsman function, and (b) establish a small panel of distinguished international citizens to provide a continuing oversight role similar to that undertaken by the Ambassador. We're already doing the first, as noted above. We're working now to appoint an international oversight panel to fulfill the second.

Because NIKE is a leader, we have decided to take further steps beyond Ambassador Young's recommendations, but speaking to issues he raised:

1. NIKE will strengthen the penalty system for contract factories found in violation of the NIKE Code of Conduct. This includes escalating monetary penalties, whose proceeds will fund: (a) remedial action to correct the violation or (b) investment in worker education, recreation or habitability enhancement programs.

2. We are determined that the 500,000 jobs created by NIKE's contract relationships around the world continue to be the best jobs in the business. If any contractor consistently fails to adhere to our Code of Conduct, we will terminate their relationship with NIKE.

3. With our partner factories, NIKE will establish an ongoing training system for managers and supervisors that includes (a) basic people management skills; (b) education in local culture for expatriate managers and (c) learning the local language.

4. Ambassador Young has identified the need for a higher level of host country management in factories owned and operated by foreign investors. NIKE will assess current levels of indigenous management, and establish action plans with each contractor to assure that local management is integrated at the highest levels.

5. NIKE will continue to test pilot projects to measure the effectiveness of independent monitoring by third parties. To date two such projects have been undertaken in two countries. A third is underway.

NIKE will implement each of the actions noted above by January 31, 1998, and then reassess further steps or the enhancement of those already taken.

In addition, NIKE will continue to implement a comprehensive factory inspection program, called SHAPE (Safety, Health, Attitude of Management, People Investment, Environment) in all contract factories worldwide. Our aim is to ensure that every aspect of the factory work experience meets NIKE standards, from fire drills and sanitation to worker training and recreation programs.

Since 1994 NIKE has had independent auditors test factory compliance with our Code of Conduct. We are encouraged that Ambassador Young has found these audits to be "professionally done, (and) rigorous." We will redouble our efforts to assure they are an effective tool. By August 1, 1997 NIKE will have in place a single, unified set of instructions to make sure that every independent audit, anywhere in the world, by any auditor, is done to the same standard.

NIKE management appreciates not only the independence and objectivity that Ambassador Young has brought to these issues, but the many other voices in government, the human rights, labor, religious, consumer and business communities, that have also contributed valuable insight.

Ambassador Young has demonstrated -on assignment for NIKE, but also over 40 years of public and private service in human rights arenas - that these issues are always best served by reasoned, honest and respectful discussion. We are committed to that course.



EXECUTIVE SUMMARY

"The NIKE Code of Conduct" by GoodWorks International, LLC. A Report on Conditions in International Manufacturing Facilities for NIKE, Inc.

Overall Finding. It is my sincere belief that NIKE is doing a good job in the application of its Code of Conduct. But NIKE can and should do better.

Background. Six months ago, the leadership of NIKE Inc. contacted GoodWorks International, LLC. NIKE asked GoodWorks to make an independent assessment of NIKE's Code of Conduct and NIKE's effectiveness in applying the Code to factories where NIKE apparel and footwear products are manufactured.

GoodWorks insisted that there be no conditions or limits on travel; that it be allowed to visit any factory and talk with any worker without the presence of management, that it have access to any confidential audits, and that NIKE would make the report public. GoodWorks visited twelve factories in three countries, met with NIKE personnel, and met with members of important international and United States non-governmental organizations.

Wages and Living Standards. NIKE asked GoodWorks to evaluate its Code of Conduct. GoodWorks never desired nor intended to address the issue of wages and living standards because "such an exercise was well beyond the technical capacity of our small firm. While it is tempting to criticize a few highly visible and successful companies for paying 'low wages,' meaningful reform can only be achieved through national law or international standards that enforce a 'level playing field' for all companies, not just a few," wrote Young.

What is a "NIKE Factory?" Factories visited by GoodWorks in Vietnam, Indonesia and China are totally owned and operated by Asian companies who have contracts with NIKE (and others)

While NIKE does not have technical or legal ownership of these factories or even direct control of the management, it has enormous leverage because of the factory's dependence on huge NIKE contracts. This is one of the great challenges for NIKE and others in the industry who produce in these same factories but must rely on absentee owners and a large number of expatriate managers to implement and enforce work standards established by corporate leadership half way around the world.

For instance, one of the factories we visited in Vietnam is owned by a Taiwanese company, the plant manager is a Taiwanese and most of the line managers are Taiwanese. The lack of indigenous management in these factories tends to undermine communication between manager and workers.

Findings.

1. Factories we visited that produce NIKE goods were clean, organized, adequately ventilated and well lit. They certainly did not appear to be what most Americans would call "sweatshops."
2. I found no evidence or pattern of widespread or systematic abuse or mistreatment of workers in these twelve factories.

3. Generally speaking, these twelve factories are controlled by absentee owners, managed by expatriates who, in Vietnam in particular, do not speak the local language fluently and are overseen by a relatively small number of NIKE technical supervisors focused largely on quality control.
4. The concept of "workers' rights" is not a well-developed or well-understood principle in the three Asian countries where NIKE and its major competitors produce shoes and apparel.
5. Some system of third-party monitoring is necessary because of the ownership structure of these Asian factories.
6. In some factories, workers are offered housing as part of their compensation, but it is entirely voluntary. By Western standards, the rooms are small and the furnishing sparse. The workers I talked with said that it was "better than their home."
7. There needs to be a better system to enable individual factory workers to file a complaint or grievance and know that it will be seriously considered and/or investigated without fear of retribution.
8. The NIKE Code of Conduct should be the basis of the relationship between NIKE, the plant ownership and management and the workers. The Code is not visible on the factory floors and not well understood by the workers.

Recommendations.

1. NIKE should continue its efforts to support and implement the provisions of the Apparel Industry Partnership, which resulted in the first major agreement -- across industry lines -- to set voluntary, global standards and goals for international labor practices.
2. NIKE should take more aggressive steps to explain and enforce the Code of Conduct.
3. NIKE should promote the development of "worker representatives" in the factories to effectively represent the workers' individual and cumulative interests.
4. NIKE should insist that the factories that manufacture its products create and enforce a better grievance system within the factory.
5. NIKE should expand its dialogue and relationship with the human rights community and the labor groups within the countries where they produce goods and with their international counterparts.
6. NIKE should consider some type of "external monitoring" on an ongoing basis to ensure effective application of the Code of Conduct. It is important that NIKE's professional audits conducted by Ernst & Young and Price Waterhouse be continued. It should consider establishing an "ombudsman" in each major country with manufacturing facilities. NIKE also might assemble a small panel of distinguished international citizens to monitor factories.