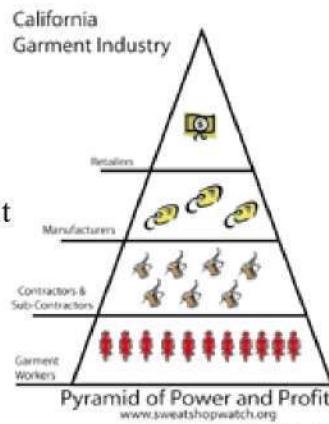


Why do sweatshops exist?

No Corporate Accountability -- Brand-Name Companies Ignore Sweatshop Conditions

The garment industry is based on a subcontracting system where retailers - companies that sell clothing like Wal-Mart - sit at the top of the subcontracting chain. Download the "[pyramid of power and profit](#)" that illustrates the structure of the garment industry (PDF). They place orders with manufacturers - brand-name labels like Tommy Hilfiger - who design clothing. The manufacturers then hire contractors, who sometimes hire subcontractors, to assemble the clothing. Contractors and subcontractors recruit, hire, and pay the garment workers who cut, sew, and package clothing. Garment workers lie at the bottom of the chain, yet are the base and strength of the industry. Fierce competition puts most contractors, or factories, in a "take it or leave it" position, where they must accept whatever low price is given to them by manufacturers or see the work placed in another factory. Contract prices are driven down so low that factories are unable to pay legal wages or comply with safety laws. The industry structure forces most contractors to "sweat" profits out of the workers, cut corners and operate unsafe workplaces. Within this system, retailers and manufacturers claim they do not directly employ garment workers and are not responsible for workers' wages and working conditions. But retailers and manufacturers exercise tremendous control over the garment production chain and have the power to ensure fair working conditions. In fact, [a California law passed in 1999 \(Assembly Bill 633\) holds garment manufacturers and retailers responsible for workers' wages](#).



Free Trade Puts Profits Before Workers

The garment industry is part of the global economy, which is ruled by a free trade system. In this system, a powerful country such as the U.S., negotiates trade agreements with poorer developing countries (also called the Global South). Free trade agreements promise more market access to all countries involved by lowering or eliminating trade barriers such as taxes or tariffs. In this way, goods and services are sold or traded between the countries. Unfortunately, these trade agreements include very weak social clauses - provisions that set labor, social, and environmental standards - which do not adequately address worker protections or environmental concerns.

Also, most countries in the Global South have relied on loans from the International Monetary Fund (IMF) or the World Bank to fund their economic development. These loans come with conditions that require them to make drastic changes to their economy and social programs that impact their most vulnerable populations. These factors make it very attractive for a transnational corporation (TNC) to distribute their production across the globe, making their clothing in countries with the lowest labor costs and weakest

regulations.

How does this affect garment workers?

- Workers lose their jobs when factories move to other countries in search of lower labor costs or weaker regulations.
- Wages and working conditions are driven down all around the world because of the competition in the global economy. This system pits countries against each other as they compete to make clothes for U.S. consumers.
- Workers' rights to speak up and resist exploitation or organize a union are weakened because clothing companies can easily close shop and move elsewhere to avoid workers' demands.

The bottom line: Clothing companies benefit from free trade through BIG profits, and garment workers lose out.

Workers Struggle with Fear and Intimidation

When workers demand their rights:

- They are often fired, suspended, or verbally abused by their bosses.
- In the U.S., employers often threaten that they will call the immigration authorities to report undocumented workers. Workers, who need their jobs to support themselves and their families, are often scared and silenced by such threats.
- Around the world, workers have been met with violent repression of their attempts to form unions.

Laws Are Poorly Enforced

In the U.S.:

- Workers, especially immigrant workers with limited English proficiency, have to overcome a very bureaucratic system that is not sensitive to their needs.
- Workers often wait months or even up to a year to have their cases resolved because the state is so backlogged and understaffed.
- California has so few labor inspectors that the state's 5,000 garment factories have only a 1 in 4 chance of being inspected. (California Division of Labor Standards Enforcement, Enforcement Activity in Garment Manufacturing, Targeted Industries Partnership Program, 1999.)

Internationally:

- Labor standards established by the International Labor Organization (ILO) are not legally enforceable.
- Nations often weaken labor and environmental laws to attract foreign investors and corporations.
- Corporations who have Codes of Conduct for the factories that make their goods often do not properly adhere to their Codes. Most corporations hire internal or private monitors who do a poor job of investigating factories for labor standards compliance.