Market Darwinism is a term some critics use to describe the mechanisms of the globalising garment industry. But while the ‘race to the bottom’ resembles the competition of species in more ways than one, there is a fundamental difference: in the garment sector, it is not the fittest that survive, but those exercising the bitterest forms of worker exploitation. That, at least, is how it looks in Bangladesh.

The Bangladeshi garment industry experienced explosive growth in the 1990s. The country had an advantage over competitors whose exports were restricted by Multi-Fibre Arrangement quota. Not surprisingly, it awaited the MFA phase-out in 2004 with some anxiety. Against all predictions, the industry continued to grow. But the way in which it did brings to mind images of the First World War, which saw wave upon wave of soldiers sent to the battlefield – every new platoon more desperate than the one it was to replace. The Bangladeshi garment industry is fed by never-ending waves of slum-dwellers, brought up on a diet of poverty and illiteracy in one of the most densely populated countries on earth. In Bangladesh, 45 per cent of people live below the poverty line; the adult literacy rate stands at 41 per cent.

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Even when the 2004 phasing-out of the quota system brought Bangladesh into competition with China, the industry kept growing. But this was not because it was innovative and dynamic – the industry suffered from defective infrastructure and underinvestment – but because, as the German internet magazine Spiegel Online pointed out, even China cannot undercut hourly wages of between 5 and 10 US cents.

2

In 2006, after an outburst of protests in which factories were torched and workers took to the streets, and under pressure from the international brands, the government raised the minimum monthly wage in the garment industry to Taka 1,662.50 or 20 euros. It was the first raise since 1994, and the new wage was still not even close to meeting the basic needs of a worker’s family. In
the same period, the value of the ready-made garment sector had grown by a factor 4.5. It contributed 75 per cent of the country’s export earnings. In September 2006, the powerful president of the employers’ association said:

Last year we had tremendous growth. The quota-free textile regime has proved to be a big boost for our factories. We’re confident we can now keep the growth momentum intact and double our exports to more than $15 billion in the next five years.³

In 2006 a fire occurred in a Chittagong garment factory, killing more than 50 workers and injuring 100 more. The same year saw the collapse of the Phoenix Building, killing 19 and injuring 50 people, and a deadly stampede of garment workers of the Imam Group factory, who heard the explosion of a nearby transformer and ran into the trap of a too-narrow exit. A chain of factory fires and collapsed buildings punctuates the history of the Bangladeshi clothing industry since the 1980s. In August 2000 the Globe Knitting fire killed twelve and injured one more; in November 2000 the Sagar Chowdhury Garment Factory fire caused 48 deaths, including those of ten children; in August 2001 the Macro Sweater fire and stampede saw 24 dead and more than 100 wounded; in May 2004 the Misco Supermarket Complex fire and stampede killed nine young garment workers, and injured more than 50.⁴

Direct causes included old and haphazard wiring, overcrowded working and sleeping areas, narrow and blocked staircases, locked exits, the absence of emergency exits and fire extinguishing equipment, and a lack of fire drills. In the background there always lingers – in addition to a matter-of-fact nonchalance about the lives of workers – the murderous competition between producers for orders, which prevents expenditure in areas that do not directly benefit production. It leads to an industry that can rightly be called ‘lethal’, to quote a journalist who described the worst factory carnage to date: the Spectrum collapse.⁵

The Spectrum factory was built on a swampy tract of land outside the capital, Dhaka. Because the city is overcrowded, with skyrocketing land prices, businesses move to the nearest available sites. Even if these are not fit for high-rises, they build them anyway. In 2002 the Spectrum owner added five storeys to his four-storey factory. A couple of days before the collapse, workers had watched a crack gradually widening in one of the walls. They were nevertheless caught by surprise when the floor fell from under their feet, at 1
a.m. of 11 April 2005. To add injustice to injury, they should all have been lying in bed at home, because their shift had officially ended at 6 p.m. the day before. The urgency of meeting orders had prevailed. The accident killed 64 workers and injured more than 70 – some for life. They were found between the red children’s pullovers they had been making for the Spanish chain Inditex-Zara, and under the purple-striped women’s tops ordered by the German Bluhm fashion group – as the Clean Clothes Campaign was quick to establish. The CCC identified Inditex-Zara, the German KarstadtQuelle, Steilmann, New Yorker, Kirsten Mode and Bluhmod, the Swedish New Wave Group, the Dutch Scapino, the Belgian Cotton Group and the French Solo Invest and Carrefour as buyers, and tried to persuade them to participate in a fund to provide emergency relief and a permanent income to survivors and families of the deceased. Most of the companies had a code of conduct, and an auditing scheme to check whether suppliers were adhering to the code, but none had noticed the safety risks. Some, like KarstadtQuelle, initially denied having ordered at Spectrum. But the German retail giant had to admit to its involvement when someone unearthed the company’s own label, ‘Le Frog’, from the ruins: a French–English label, produced for a German company, retrieved from the rubble of a collapsed Bangladeshi factory.

Inditex-Zara was quick to respond, paying 35,000 euros for immediate relief. After protracted hesitation, several other companies followed. The French company Carrefour distributed 15,000 euros through an NGO, partly in the form of rickshaws and sewing machines. It took eight months before emergency relief measures and medical aid had reached all the affected workers and their families. Nearly every family of the deceased workers received 1,000 euros from the Bangladesh Garment Manufacturers’ and Exporters’ Association, and most received the additional compensation of 266 euros that the Labour Court entitled them to. Because this was not enough to sustain them in the long run, the CCC and the International Textile Garment and Leather Workers’ Federation pushed for the establishment of a fund that would pay survivors and families of the dead a monthly pension, based on their previous salaries. First instalments could finally be paid in April 2007 – the main contributors were Inditex-Zara and KarstadtQuelle, while companies that did not contribute were Carrefour, Cotton Group, New Yorker, Steilmann, Kirsten Mode, and Bluhm.6

One of the tools employed by the CCC to break the brands’ refusals and evasions was a European tour by two injured Spectrum
workers, both former knitting-machine operators. Nur-E-Alam, 29, had lost his arm, and Jahangir Alam, 24, lives with permanent kidney problems and leg pains. In February 2006 they visited Belgium, the Netherlands, France and Germany, where they met representatives of the brands, trade unions, NGOs, consumers, students and the media. In Berlin, CCC activists lit 64 candles in front of a KarstadtQuelle department store and, together with the Spectrum workers, collected consumers’ signatures demanding that the company join the compensation fund. Four major German newspapers ran articles about the case.

‘A workers’ tour is a good way of campaigning’, says Khorshed Alam, who accompanied the workers at the time and attended the CCC Bangkok Forum. He is project coordinator and researcher of the Alternative Movement for Resources and Freedom (AMRF), a Bangladeshi NGO.

It attracts the media and puts pressure on companies. They cannot avoid it; it embarrasses them when workers show up on their doorstep. But we only do it when all other forms of communication have been exhausted. It is quite effective you see, but only if they cannot accuse us of not having tried to talk to them first.7

Khorshed Alam was a student of political science in the 1980s, when the garment industry in Bangladesh began to grow. In 2000 he founded AMRF and got involved in workers’ rights.

We research and campaign on labour issues, but also on other subjects like water management. Our aim is to unite and organise people in such a way that they can take care of their own problems, that they are able to bargain with the power and resource brokers. We are part of a diversified network all over the world, and do research for western NGOs. The research can be quite risky; with the labour issue, you are confronting the entire power structure. It is easy to land in jail.8

The research is often quite difficult as well. It may cost a tremendous amount of time and energy to find enough workers who will talk:

They are usually afraid, and have little spare time. Which isn’t saying that you shouldn’t do it, because when you succeed, the results can be a strong argument in a campaign. We did research for the Fashion Victims report of the British NGO War on Want,
that confronted British consumers with the Bangladeshi reality behind the clothes sold by the large retailers Tesco, Primark and Asda. After the report came out, I delivered a speech at a Tesco shareholders’ meeting, as a shareholder by proxy. I accused the company of violating the rights of Bangladeshi workers, and proposed a different approach. [Ten] per cent of the shareholders voted in favour, which put enormous pressure on the retailers. They rushed into Bangladesh and started talking to their suppliers.

In 2005 the CCC, keen to highlight the weakness of controls over the implementation of codes of conduct, decided to investigate social auditing practices in the garment industry, and published the report *Looking for a Quick Fix*. Khorsheed Alam and his team took part in the global investigation on which the report was based. It is an example of internationally coordinated, locally executed research.

Key researchers of eight countries on different continents met in Amsterdam and developed a general framework, a checklist and questionnaires. We decided on which issues to bring up with workers, factory managers and unions, and agreed that we would try to find out how the audit firms themselves perceive their work. After we had translated the questionnaires into Bangla and explained the objectives to our interviewers, we interviewed 150 workers from six factories, most of them medium-sized, which means they employ 300 to 1000 workers. Most of our factories have that size; only 5 to 10 per cent are larger.

Talking to the workers was challenging, because they start work at 8 a.m. and sometimes work until 10 or 11 p.m., sometimes through the night. Since the managers usually decide on the spur of the moment when to stop the work, it was hard for us to make appointments. Garment workers must be among the busiest people in the world, they have hardly time to cook. They cook only once, at night, and eat that food for dinner, breakfast and lunch. If a worker is willing to receive you in her home at night, answering 60 to 80 questions takes up much of their precious time.

Initially workers seldom want to talk because they are afraid that the owner will learn about it. This fear is always there. But when you get to know them and succeed in building trust, it gradually becomes easier. Some workers are really willing to talk, because they have anger inside them. Others are not very
open. As young women with no institutional education, they can be shy. Sometimes they wonder what use the interviews are to them. Interviewing managers or buyers is no picnic either; they are more interested in avoiding you. We use personal channels, people we know who know people. Not one of them wanted to disclose his name. So you see, there is no hard and fast road to do this. But since this type of research always translates into action, it neverfails to energise and motivate me.

SRI LANKA: THE FIGHT IN FREE TRADE ZONES

‘In 1977, Sri Lanka was the first among south Asian countries to introduce the so-called free economy’, says Anton Marcus, one of the two joint secretaries of the free trade zones and General Services Employees’ Union of Sri Lanka. He has been in the CCC network ever since Ineke Zeldenrust and Janneke van Eijk met him on their mid-1990s scouting tour of Asia. And he knows how to tell a story.

The election slogan of the winning political party in 1977 was: ‘Sri Lanka, another Singapore!’ In 1978, the first free trade zones were opened, with the aim of attracting foreign investment. The president of the country said: ‘Let all the robber barons come to Sri Lanka and open up factories.’ So they all came.¹¹

In 2006, around 275,000 workers were employed in 14 free trade zones, alternatively known as investment processing zones and Industrial Parks. Most of the companies in the zones produce textiles and garments. About 85 per cent of the workers are women. Factories in the zones enjoy fiscal incentives, a guaranteed supply of water and electricity, easy access to telecommunication services, quick administrative procedures, and guarded barriers around them to deter unwanted visitors.¹²

Contributing to the phenomenal growth of the garment industry since the 1970s were the liberalisation of the economy, its focus on exporting, and the educated labour force that distinguished Sri Lanka from many other developing countries. Very helpful was the 1974 Multi-Fibre Arrangement, which held back rival garment-exporting countries that had already fulfilled their export quota. An under-utilised quota in Sri Lanka attracted foreign direct investment, resulting in joint ventures with local investors. In 2005 the garment sector accounted for over 45 per cent of Sri Lankan
exports, produced by over 700 factories – up from 2 per cent and five factories in 1977.\textsuperscript{13}

Since the 1990s, Sri Lanka has faced stiff competition from other countries in south and southeast Asia, as well as from China. The Sri Lankan industry, suffering from high labour turnover, lengthy labour disputes and a low level of technology, has entered turbulent times. Because it is dependent on imported inputs, the level of value added is low, and the need to import raw materials results in longer delivery times. The pressure on factory owners is passed on to workers, resulting in longer work hours and an increase in production pace.\textsuperscript{14} The industry has tried to turn the tide by means of mergers and a shift of focus towards quality production. As a result production has decreased, leading to downsizing and diminishing employment in many firms.\textsuperscript{15}

Sri Lanka has ratified the core International Labour Organisation (ILO) conventions on child labour, forced labour, discrimination and freedom of association, and important labour laws are in place. Nevertheless it took until the beginning of this millennium for the first union inside a free trade zone to be recognised. Anton Marcus has worked half his adult life to make that happen. At age 59, he is a sturdy, soft-spoken man who likes to laugh. When he was young, he believed that armed struggle was the way to change the world. When the insurrection he took part in failed, he went underground for some time. He had no experience with unions and did not think much of them. ‘I believed in youth, not in workers’, he says. Later, as a motor mechanic, he gradually came to see the merits of unions, and became an organiser himself. For more than 20 years he prepared the ground for union recognition in the free trade zones, against employers and authorities who did their best to keep them out.

The government wanted to make sure that labour law wasn’t going to be applicable in the free trade zones. When trade unions challenged that before the Constitutional Court, the judge decided that we couldn’t have two laws in one country and ordered the zones to accept existing labour law. But in practice the government didn’t enforce it, especially not freedom of association. In 1982, we started to unionise workers in garment factories surrounding the Katunayake zone, the largest one. At the same time, we made contact with workers in the zone.
Marcus and his colleagues put much effort into training and educating zone workers. More than 80 per cent of them are single women. They are young, and mostly from remote villages; and they have never heard about unions. They see the work as temporary: most women work five or six years in the zones – sometimes because that is long enough for them to save dowry money, sometimes because they become exhausted. They usually work twelve hours a day, seven days a week. In local boarding houses surrounding the zone they live together in rented rooms – sometimes no more than a few sheets of corrugated iron without sanitary facilities. Some of the landlords force their tenants to buy groceries from them at inflated prices. Sexual harassment is a fact of life; women have to be on their guard at all times, especially when they return home from work in the dark. This tarnishes their name, which is already discredited because they live on their own. Marriage advertisements often state: ‘No factory girls’.16 ‘The image of women working in the zones is so bad, people think they can make use of them any time’, says Anton Marcus. ‘From the beginning, our union has taken up this issue. We have to, if we want to be relevant to these workers.’

Only the day before coming to Bangkok, Marcus was in a picket line in front of a courthouse, to demand justice for a girl who had been raped and killed.

On 20 November we heard on TV that a girl had committed suicide by jumping from the sixth floor of a hospital. Immediately we suspected it might be a worker from the zone and found this to be true. When she was in the hospital for minor surgery, the doctor that was supposed to treat her had raped and strangled her, then thrown her out of a bathroom window. There had been witnesses, who had done nothing to prevent it. We made posters that said: ‘Free Trade Zone workers are not play-things’, and asked for the doctor to be punished. Of course there were efforts to suppress our protests by accusing the victim of having a loose character. On the day of her funeral, an amazing thing happened. We had asked the factory workers to wear white and in the morning, the zone looked like a giant piece of white lace. Not only our membership, but 99 per cent of the workers wore white. It was an excellent way of demonstrating, very visible, easy to participate in. Nobody can stop you. We are now working to expand the action into a campaign for social dignity of the women workers.
It was not until the beginning of this millennium that the first unions were recognised in the Sri Lankan free trade zones.

Before, we had been organising these workers in every possible non-union way. We cooperated with the women’s centres outside the zones, we used the Employees’ Councils the government had introduced as an alternative to unions. Sometimes this was successful, as in the case of a garment factory that was not paying salaries on time. For a worker, not getting paid means no money to pay board or food. It is often a sign that the factory will be closed. This one was American- and Hong Kong-owned. We were able to contact Hong Kong trade unions. They organised a campaign and invited the chairman of the Employees’ Council of the factory over to negotiate. It was the first time a Sri Lankan woman worker visited another country to negotiate – and won. In the end the Hong Kong management was exposed as fraudulent. The banker of the factory found another buyer and to this day it is in business, with 6,000 workers.

At the time of the 1999 presidential elections, there was considerable pressure, especially from the US – the largest importer of Sri Lankan garments – to allow unions in the free trade zones. The new president enacted a law to the effect that unions in FTZ factories be recognised if they had a membership of 40 per cent or more. Marcus recalls: ‘We thought our day had come. In 2000 we established our FTZ Workers’ Union. But employers refused to recognise its branches in the factories. Either they dismissed the workforce, or they closed the factory.’

In 2003 the case of the Jaqalanka factory brought a milestone victory. It produced for Nike, which may have contributed to the international exposure and subsequent victory. At stake was union recognition. Marcus’s union claimed an 80 per cent membership. A referendum was held to determine the exact figure. ‘Management even used death threats to intimidate workers. On referendum day the managers all sat there, registering who would show. Only 17 out of 400 workers came out to vote, and we lost. That’s when we started an international campaign.’ The international union federations ITGLWF and ICFTU filed complaints before the ILO and the Fair Labor Association. The case was also brought to the attention of the European Union and the US, since Sri Lanka had received preferential tariff concessions in return for ratifying
CLEAN CLOTHES

the ILO conventions on the rights to freedom of association and collective bargaining.

The CCC supported the complaints and used the ‘urgent appeal’ tool, its own global mouthpiece that informs consumers about labour rights violations, which operates through the internet. The urgent appeal asked the public to file protests with the factory management and with western companies sourcing their goods from Jaqalanka. ‘More than 4,000 e-mails were sent, Nike got really upset’, says Anton Marcus.

Auditors from Nike visited the factory and finally the company recognised our union. It had an impact on all free trade zones. The Board of Investment governing the zones amended its guidelines to allow for unions and make employers recognise them. We still have many problems, but at least now we have zones with unions. Next month we are going to have two collective bargaining agreements signed inside free trade zones. For the first time.

International support is vital to Marcus’s union, he says.

History tells us that international solidarity is one of our core activities; without it we cannot work. The CCC has supported us in I think eight to ten cases of labour rights violations. Even if not all of them have ended in victory, worldwide publication and support help us to continue our fight. I myself am still alive because of it. Employers and authorities to this day accuse me of damaging the Sri Lankan industry, and I am receiving death threats. In February 2007 my picture on an anonymous poster was all over the place. It said that I was an agent of the Liberation Tigers of Tamil Eelam, and have to be wiped out. It is like a blank cheque, anybody can cash it. The CCC and several unions organised an international protest. This kind of support helps to safeguard our lives.

In the Sri Lankan struggle for union recognition, Marcus thinks that consumer campaigns have strong leverage.

Even though there are global union federations, I think it is not easy for them to organise international action. Some unions are suppressed themselves, even in developed countries. Some are very traditional and not able to organise the modern workforce. Both unions and consumer pressure could and should play a major
role, but there is often a gap between them. We should close this gap, if workers worldwide are to benefit.

INDONESIA: JOBS AT A DISCOUNT

The Indonesian garment and sport shoe industry offers a panoramic view of the stages a national economy may pass through when a globalising industry descends upon it.

The production of textiles and apparel was important in Indonesia even before foreign investment catapulted the industry on to the global stage. Before 1986 the country had built a wall of import restrictions, favouring local firms selling to the domestic market. In the second half of the 1980s, neoliberal policies opened up the borders for companies from Taiwan, Hong Kong and South Korea, for whom garment and footwear production had been the springboard for economic growth. Hampered by the growing strength of labour organisation and by rising wages in their own countries, these companies had begun looking for greener pastures, and had found some in Indonesia. Indonesia could provide cheap labour, quality products and quick delivery, had an under-utilised export quota to the US and Europe, offered tax exemptions and other extras in export processing zones (as free trade zones are referred to in Indonesia), and could serve as a low-cost export platform to non-quota countries like Australia, New Zealand and Japan.

On the wings of foreign investment, the Indonesian garment and footwear industries grew fast, providing jobs to several hundreds of thousands of people and contributing to average economic growth of 7 per cent per year in the 1990s. In 1998, Indonesia was Nike’s biggest production centre, with 17 footwear factories employing 90,000 workers and producing 7 million pairs of shoes each month. C&A, Levi’s, Dockers, Ralph Lauren, Marks & Spencer, Umbro, Fila, Puma, Lotto, Reebok, Puma, Adidas and Asics, all enjoyed the favourable economic climate of the Emerald Girdle, as former coloniser the Netherlands used to call the string of islands that constitute Indonesia.

The industry fed on migrant labour – mostly young women from the countryside. There were many cases of labour law violations and abuse of workers, often gender-related. The situation was aggravated by the Asian financial crisis of 1997, which wreaked havoc especially among small and medium-sized enterprises, and caused mass dismissals. In 1998, 25 million Indonesian workers, 26 per cent of the total industrial workforce, were fired. While
currency devaluations restored the country’s competitive advantage – the daily minimum wage in Jakarta’s garment factories decreased to about one-fifth of its original value between July 1997 and August 1998 – the banking crisis choked off credit for the manufacturers, while political and economic instability deterred investors and buyers from attempting to cash in on the cheap wages. In the 1990s, Indonesia was one of Asia’s lowest-wage countries.  

An often-overlooked consequence of low wages is the effect they have on the family lives of workers. Unable to pay for childcare, and with none provided by their employer, women workers send their children to live with relatives in their home villages, and can only afford to visit them occasionally. Research conducted in the 1990s shows that some employers fail to pay even the minimum wage – which is far short of a living wage – or refuse to pay overtime compensation. Legally allowed time off, maternity leave, menstrual leave and sick leave are denied, or hard to get. Workers in nine Nike contract factories in Indonesia reported in interviews that they had observed supervisors or managers hitting, shoving or throwing objects at workers. Punishments in one factory included sitting in the sun for hours, cleaning the toilets, running around the factory grounds, and being denied use of the toilet.  

In 1999 an Indonesian NGO and the German Clean Clothes Campaign investigated companies supplying brands with a high profile in Germany. In two production locations, the researchers found many violations of the ILO conventions, of companies’ own codes of conduct, and of Indonesian labour law. Threats and sanctions were used to make workers work overtime with insufficient pay. Wages were partly withheld when workers made mistakes or broke tools. Protesting workers were locked in a room. Newly appointed workers were fired when found to be pregnant. Workers who wanted to take their menstrual leave were subjected to humiliating inspections and threatened with wage deductions.  

Tens of thousands of women go to work knowing they are going to bleed through their clothes for the first two days of their period every single month. For those two days, they will wear dark pants and a long blouse so the stain on their clothes is less noticeable when they walk home from the factory.  

Both factories paid less than the legal minimum wage. A working day amounted between 52 and 70 hours in one factory, and between 74 and 80 in the other. Supervisors pulled workers by the ear, pinched
them and slapped their behinds. In one of the factories, girls of 14 and 15 worked full days, and nights as well.\(^{30}\) When asked to comment on the report, the legal department of C&A Germany, one of the retailers involved, responded that C&A had stopped ordering at one of the factories in 1998, and could not find the other one in its books. Nevertheless:

> Your study proves impressively that the reality especially in developing countries is often different from what we would like it to be in spite of all conventions ... These conditions are not acceptable to us, and we take steps against them wherever we can influence them. Unfortunately, due to the complex overall situation, model solutions do not exist. It cannot be in the interest of all parties concerned not to source from these countries at all. Your statement ‘Transnational corporations like C&A make use of these conditions in order to obtain maximum profit’ is known to be wrong since it accuses us [of being] an accomplice. No, we don’t make use of these conditions, but we are confronted with them in the framework of our worldwide sourcing. Besides that I cannot see where you find the big profits that the garment trade is supposed to make due to the furthering of these conditions.\(^{31}\)

In 1998 came the demise of Suharto, the military dictator who had ruled Indonesia for 31 years. The subsequent democratisation efforts and social turmoil caused problems for employers. Attracted by the more stable political environment and lower wages of what was now known as the third and fourth generation of Asian low-wage countries, buyers like Nike and Reebok began to withdraw orders from Indonesian suppliers. In 1998 Nike spokesperson Jim Small, when confronted with an increase in the Indonesian legal minimum wage to US$2.46 per day, said that there was ‘concern about what that does to the market – whether or not Indonesia could be reaching a point where it is pricing itself out of the market’.\(^{32}\)

Another concern of Nike at the time was the relentless international campaign against the company, exposing the sweatshop conditions in its supply chain. The discovery of child labour in factories producing for Nike in Indonesia and elsewhere did so much damage to the company’s image that, even in 2009, people still refuse to buy Nikes despite the fact that the brand has since joined the vanguard in the field of corporate social responsibility.\(^{33}\) The campaigners used the company’s high media profile against it. It was calculated that basketball star Michael Jordan’s contract for appearing in Nike
commercials, worth 13 million euros, amounted to more than the entire Indonesian workforce made in a year of stitching shoes. In 2002, workers tried in vain to keep Nike and Reebok from taking their business elsewhere. In July more than 1,000 Reebok workers protested for the fifth time that year outside the American embassy in Jakarta, against a cut in orders that they claimed left 5,400 workers without jobs. In August another demonstration was staged to try to keep Nike from cutting its orders to a factory from which Nike was sole buyer. Nike went ahead anyway, leaving 7,000 workers jobless. The factory paid only half the amount of severance pay it owed. When questioned by labour activist groups, Nike and its main competitors Reebok and Adidas stated their commitment to staying in Indonesia. Nike Indonesia’s General Manager Jeff DuMont said: ‘Any statement indicating that Nike is significantly reducing orders to Indonesia is incorrect … While business reality and global conditions do impact our business practices, Nike is looking forward to a positive future in Indonesia.’ In 2009 Nike is indeed still buying in Indonesia. In 2006 Indonesian garment and textile exports grew by 10.5 per cent, and footwear exports by 13.7 per cent. Decisive in this were trade sanctions that the EU imposed on its competitors like China and Vietnam. They gave the Ministry of Industry reason to expect that the Indonesian footwear industry would have an increasing presence in European markets.

At the end of the first decade of the new millennium, the textile, garment and footwear industries combined still constitute one of Indonesia’s largest foreign-exchange earners. But the economic landscape has changed enormously. Many small and medium-sized enterprises have folded. As we have seen, the 1997 financial crisis played its part; the flood of cheap Chinese imports finished the job, taking over the domestic market. The production of sport shoes is now concentrated in the hands of a few Asian companies, themselves multinational corporations that sometimes make more profit than the brands they are supplying. Large Asian companies also dominate garment production. An important characteristic of some of these companies is their vertical integration: in addition to clothes, they manufacture or have easy access to yarn and textiles. For buyers, this offers the advantage of ‘one-stop shopping’; industry experts predict that vertically integrated industries will prevail in the long run.

While sport shoe production is concentrated in a relatively small number of large companies, garment manufacturing is still the scene of much subcontracting and informalisation. Its supply chain can be likened to an hourglass: a great many ‘western’ orders
are sent to a shrinking number of Asian multinational production companies, who distribute these orders to a large number of suppliers – suppliers who rely, in turn, on a network of subcontractors. This handing down of production orders promotes an informal economy of unregistered workplaces where people work without contracts, or any other legal or social protection. It also blurs the distinction between the formal and informal economies. There are many forms of subcontracting: from the archetype of sending part of an order to a small workplace or home-worker, to opaque arrangements whereby the factory owner lets an agent hire people to work in his production department, always on a short-term basis and without contracts. Through ingenious schemes like these, informal work extends into regular factories. Informal workers sit side-by-side with permanent workers, under the same roof. According to the ILO, a large and increasing share of the workforce in key export industries in developing countries works under such informal arrangements.

For the employer, this allows flexibility in responding to sudden large orders alternating with quiet periods; for workers it means hardship and insecurity. Informal workers are not officially recognised – they can be neither seen nor heard; they can lose their jobs overnight. Precisely because of these factors, it is hard for trade unions to reach and organise informal workers. Nevertheless, there are those who try.

Emelia Yanti is general secretary of GSBI, the Indonesian Federation of Independent Trade Unions. It unites unions in four sectors, including the textile, garment and footwear industries.

We have recently merged our garment and textile union with the footwear union. We have many issues in common, and our unions have lost many members on account of the factory relocations and closures. The merger makes us stronger in negotiating with employers and the government, which in turn gives our members confidence.

Yanti has come a long way. When she was a teenager her father became unemployed, and she had to drop out of school. Continuously searching for a job with acceptable wages and working hours, she saw the inside of five garment factories in eight years. She remembers the labels that passed before her eyes: Levi’s, Dockers, Eddie Bauer, Nike, Ralph Lauren, Marks & Spencer and C&A. Through a friend, she learned about workers’ rights and realised that, instead of forever looking for a factory offering better wages
and conditions, it might be more effective to make a stand. In 1995, with the help of an Indonesian labour NGO, she began to learn how to organise workers.

Under Suharto, independent unions were illegal, so we called ourselves an Association. In April 1998, at an international meeting of the Clean Clothes Campaign in Belgium, I met workers from Bulgaria and Haiti, who were suffering like us. I also learned about the code of conduct, as a tool for change. Back home, I told my friends in the Association all that I had heard. It led to a new spirit, a strong spirit to organise an independent union. When Suharto left the stage, we had a chance. We quickly proposed to our groups in the factories to form a union, and began to inform the workers about the code of conduct. After two years, they had a good understanding and began to ask the management for implementation. We found many cases on which to campaign.

Even after Suharto, unions continue to have a hard time. Frequently, when workers try to set up trade unions, companies either fire or demote their leaders and members, making workers afraid to join. Under the 2003 Manpower Act, a union can be dissolved for coming into conflict with the ideology of national unity, and participation in collective bargaining is only granted to unions that win a majority of votes in the workplace. This regulation hinders newly developing, independent trade unions. The right to strike has crippling restrictions, and does not apply to all workers.\(^{41}\)

Yanti has witnessed the dismissal of many newly elected union leaders. One such case made ripples that reached all the way to Davos, where it was brought before an ILO conference. In 2001, after a strike in which 8,000 workers participated, Ngadinah Binti Abu Mawardi was arrested and jailed. She worked in the PT Panarub factory that produced for Adidas, and was the secretary of an independent footwear workers’ union that had merged with Emelia Yanti’s union.

The management said that the strike had inflicted a huge loss on the company, and that Ngadinah had forced and incited workers to join it. She stayed in jail for 29 days, and faced seven years of incarceration. Union members were intimidated, only 10 per cent stayed in the union. The management told the workers that this case gave Panarub such a bad image that buyers might reduce the orders, and Panarub would have to fire many workers. Remaining
members were harassed by security personnel and by supervisors who visited them at home. But by then, we had learned to use the international support. Oxfam, the CCC and the global unions ITGLWF and ICFTU stood behind us. The case was brought before the ILO. Our parliament talked about it, and the Minister of Manpower invited us for a meeting. We became nationally known. It was a good job.

The final court decision set Ngadinah free, and ordered Panarub to rehire her. She got a position in the factory’s human resources department. ‘The management recognised the union and allowed it to recruit members. But they refused to put it in writing. There is still no office in the factories. We can only approach workers during lunch or after overtime.’ Factory closures and relocations cause enormous problems for unions:

Many factories close for just a couple of months, then reopen with workers on short-term or with no contracts. With short-term contracts, all workers can think about is holding on to their job. Sometimes I feel they are afraid when I approach them, because it can endanger their job. At the moment we are trying to organise 100 workers who are embroidering Nike logos, all on a short-term contract. We try, even if we know their jobs won’t last long.

Organising workers without any contract is even more difficult. ‘We need new strategies. There are so many of them, knitting sweaters for Lacoste or making batiks. It is not easy, but we don’t give up. Even if the workers think campaigns have a bad effect, we don’t stop. We don’t want to see management laughing.’

THAILAND: HOW CATS BECAME TIGERS

On 14 November 2000, the world’s best golf player, Tiger Woods, found himself ambushed in the Shangri La hotel in Bangkok by 30 Thais dressed in black. They were former Nike workers and labour-rights activists, and they told Woods that his five-year sponsorship contract with Nike equalled the income of a Thai shoe-stitcher working for 72,000 years on end. ‘It was a very successful action,’ says Junya Yimprasert, ‘we were even on CNN for a couple of minutes.’
Junya’s nickname is Lek, ‘Little One’. In height, maybe; her personality tilts towards the other end of the scale. When she was a university student of social science and development, she became aware of the fact that very few people got the chance to attend university, and that most of them were rich. ‘While universities are highly subsidised, only 5 per cent of the students are from a farmer’s background. I decided to work for development.’ In 2000 she founded the Thai Labour Campaign, an NGO that is not content with just increasing wages or better code implementation, but wants to ‘break the circle of worker exploitation’, as Lek puts it.

In the late 1990s, there were many cases of labour rights violations, and I thought we should send word about that to the world. The Thai Labour Campaign started with just me, my computer and a mailing list of mainly friends. We thought that research and publication of abuses might help Thai workers. We could be a platform for discussion and education, and help to build international solidarity. International organisations gobbled up the information we sent out. There appeared to be a real need for information about the Thai situation.

The motive for the Tiger Woods ambush had been the dismissal of 1,300 workers in a factory that had produced for Nike and other sports brands for nearly 15 years. It was part of the restructuring of the Thai garment sector that had grown in the 1980s and early 1990s, but had since then yielded ground to countries with lower production costs. Factory owners were trying to turn the tide by shifting production to non-unionised subcontractors, to the provinces where wages and benefits were lower, and to border areas where they could make use of migrant labour – in short, to relocate and replace formal workers through informal arrangements. At the same time, buyers scouted for cheaper production in neighbouring countries like Laos, Cambodia, Vietnam and China. While the Asian financial crisis of 1997 was often mentioned as the reason for factory closures and relocations, the structural ‘race to the bottom’ was always in the background.44

Before the Nike action, there had been a labour dispute in Thailand that had given rise to one of the first successful North–South campaigns involving the CCC: the Eden case.

At its peak, the Austrian-owned Eden Group was one of the larger garment exporters in Thailand, employing more than 4,500 workers and producing for brands like Disney and Looney Tunes.
Eden’s workforce expanded rapidly during the late 1980s and early 1990s. Wages were low and working hours long, and labour law was violated on many occasions. Workers responded by establishing a factory union. In 1991 the company began subcontracting work to home-based workers and sweatshops, stepping up this practice after the union gained strength and disclosed child labour and extremely low wages paid by subcontractors in Thailand and abroad. An official government warning concerning environmental pollution speeded the process up: the owners began to transfer capital and profits overseas, facilitated by a billing office in Hong Kong. When the company reported huge losses, suppliers and banks began to remove factory equipment. In 1996 Eden suffered a complete breakdown, with mass dismissals, broken promises of compensation, and finally the flight of the Austrian owner. Workers picketed the factory for months on end, taking to the streets and demonstrating in front of the Austrian embassy. When the factory equipment, the capital and the owners had finally vanished, the workers shifted the focus of their actions to the government, asking it to take responsibility. This resulted in the partial payment of compensation to some of the workers. In the long run, the fight contributed to changes in Thai labour law, including measures against child labour and the establishment of a compensation fund to which foreign-owned companies had to contribute. The 1998 Labour Protection Act now guarantees workers’ severance pay.

One of the contributions of the CCC to the campaign was a European speaking tour by two Eden workers and a representative of a Thai NGO. During visits to six European countries, the three Thai women met with politicians and representatives of western brands, unions, and solidarity and consumer groups. They participated in actions at brand headquarters and in front of stores selling garments made at Eden. They compared their experiences with those of striking Renault workers in Belgium. Another CCC contribution was an international protest-letter action – in fact its very first ‘urgent appeal’, although it did not yet make use of the internet. Information was distributed to thousands of consumers, who then wrote protest letters to C&A, Otto and Neckermann. The international exposure generated pressure on the Thai government, and the European tour provided Thai workers with the opportunity of ‘seeing’ the entire supply chain at first hand. They could confront their foreign employers head-on, and connect to an international labour-rights network. The campaign changed the character of the relation between foreign investors and Thai workers.45
But international solidarity campaigns did not always deliver, as the infamous Par Garment case illustrated. Par Garment, producing for brands like Gap, Gymboree, Wal-Mart and Tommy Hilfiger, had a colourful history of union repression and labour rights violations. At the end of 2002, after the company had subcontracted most of its work to non-unionised factories and sweatshops, the owner failed to repay his loan from the Bangkok Bank and fled, leaving the remaining 149 workers without jobs or compensation, and with salaries and overtime unpaid – though this did not prevent him from keeping a financial interest in two garment factories in the provinces. Requests to the brands to take responsibility were fruitless. The Par Garment union called upon the Ministry of Labour to pay the money owed to the workers from the compensation fund, but was told to wait until the company’s remaining property was sold. In June 2007, five years after being laid off, the workers received less than half of the compensation owed to them.

Perhaps the saddest story is that of the Gina Form Bra Company workers. In 2003 they sent a triumphant message out into the world saying that, after two-and-a-half years of struggle with the management, they had signed a collective bargaining agreement that included the reinstatement of dismissed union leaders with up to two years’ back pay. There were enough new orders from brands like Victoria’s Secret and Calvin Klein to provide jobs for the entire workforce. Early in September 2006, Gina workers received word that the owner had decided to consolidate production in fewer facilities. The unionised Thai factory was closed, in favour of production locations in China and Cambodia.

‘Bed&Bath, now there is an entirely different story!’ said Lek Yimprasert. ‘It was a highlight in our campaigns.’ Bed&Bath was a Bangkok garment company, owned by a Thai couple, employing 850 workers making garments for brands like Nike, Levi Strauss, Adidas and Reebok.

We had done some research into this company, because workers had reported violations of the law and of Nike’s code of conduct – they were well aware of the code, since a short version had been printed on the reverse of their name tags. One of the violations was excessive and forced overtime; the workers said that they were given Cokes laced with amphetamines to keep them going through the night. The worst violation of all happened on 21 October 2002, when they found the factory locked and the owners vanished, owing their employees US$400,000 in back
wages and compensation. We found out that the factory and the equipment already belonged to the bank. If the workers were to demand a share of the proceeds of the sale, they would get zero, so they decided to change the strategy. First they would hold the employer responsible; second the government; and finally the brands they had produced for.

The case took three months to settle – three very uplifting months, according to Yimprasert.

It was different from other factory closures. The workers of Bed&Bath were mostly young, high-spirited girls and boys. About 400 of them decided to fight. We saw them transformed from cats to tigers. First they were sitting there humbly, waiting for mercy from the Ministry of Labour. After two weeks, when they realised nothing was going to happen, they blocked the car of the minister when it left the Ministry of Labour. He was visibly worried. At that moment they realised they had power when they acted together. They changed from passive waiting to active intervention. We occupied the ground floor of the Ministry. ‘It is our home now,’ the workers said, ‘we have nowhere else to go.’ They walked up every floor and knocked on doors, asking officials what they were doing and telling them about their predicament. They stayed there for three months.

Attempts by the government and the police to remove the rebellious workforce from the building were thwarted by the high visibility of the action, which had not gone unnoticed by international organisations, media and filmmakers. Thai unions brought food and money.

They were camping out there 24 hours per day, cooking meals, playing games, singing songs, taking care of their babies. One of the workers even gave birth there. They went to the offices of the United Nations and the ILO, to the US embassy and the Nike head office in Bangkok. They were very united, and we took care to have maximum participation in decision-making.

After two months the financial situation started to become difficult.
They borrowed sewing machines from one of the unions and began to make T-shirts. We sold them to visitors and labour organisations, and even Ministry of Labour officials asked for special T-shirts. They were earning quite a lot so they borrowed more machines and announced that they were turning the Ministry into a factory.

Since the government could not lay a finger on the runaway employers, negotiations now focused on government compensation.

There was pressure from the brands, which had been informed by international labour rights organisations. The brands refused to pay, but they did threaten to pull out of 900 Thai factories. After three months the government gave in and paid compensation out of the Employee Support Fund. Not 100 per cent, but better than zero. We also managed to raise the level of back-payment of wages and compensation money. The Thai labour movement has benefited from the Bed&Bath struggle.

The story did not end there. While most of the 400 workers went in search of new jobs, about 40 of them, backed by a government guarantee, took out personal loans and pooled the money – a little over 20,000 euros – to open a small garment factory cooperative in Bangkok. They called it ‘Solidarity Factory’.

The first two years they took subcontracted orders, to pay back the loan. They worked like crazy; I felt so sorry for them. After that, there was more time for capacity building and for thinking about the future. They divided up the overhead work, and everybody got two tasks: stitching and finance, or stitching and marketing, or stitching and accounting. They decided they should have their own logo, their own brand. They came up with ‘Dignity Returns’. In the beginning, nobody thought they’d survive. Worker-owned factories never did. During the first three years, it was very difficult. The number of workers shrank to 14. They didn’t earn much; some had to take a cutback of 50 per cent. Many were under pressure from their families. But after they paid back the loan and the factory was theirs, they increased the salary to the living wage, 50 per cent higher than the minimum wage. With direct orders, you generally earn three times more than with subcontracted orders.
Getting direct orders and maintaining long-term relationships with buyers is crucial, and not easy. There are periods of slump, and the local market is barely accessible because sweatshops are too competitive. But international NGOs and unions place occasional big orders, and Thai consumer groups, universities and unions are becoming interested.

I think this is a way to break the circle of exploitation. Thailand is a hierarchical country, a class society. If you are born poor, you will live poor. It is difficult to change this belief into a conviction that everyone is equal, because it is ingrained in the minds of workers themselves. We have introduced many slogans to destroy that mental hierarchy. We made a poster saying: ‘The employer is a human being, the politician is a human being, the worker is a human being.’ Now unions ask for T-shirts with that slogan, for their members.

While it is not hard to find anti-European and anti-American sentiments in Southern activist circles, Lek Yimprasert does not harbour any. But one issue does concern her:

Ever since we started, the Thai Labour Campaign has had a close partnership with the CCC. For us, they are a resource for campaigning and knowledge about globalisation. Their international work has an impact on our campaigns. But I always have to tell them to slow down. Stop talking to the big companies! We must educate the workers here first; most of them have only primary education. If they don’t understand what a code of conduct is, how can we explain the link between an Olympic Games campaign and worker rights? That is why in the strategy planning at the global level, southern representatives are important. A new campaign every year is too much; we need one-and-a-half years to educate and mobilise people, with our limited resources. If you move too fast, you won’t have global action because the southern people will just disconnect. We have to recognise this. It will delay the process, but if we really want to move together, we have to.

CAMBODIA: PLASTIC KILLERS AND YELLOW UNIONS

The garment industry in Cambodia is young. At the end of the twentieth century, when Cambodia was struggling to its feet after
the devastation of the Vietnam War and the ensuing Khmer Rouge years, the dirt-poor kingdom was suddenly flooded with factories producing garments for international brands. In 1994 there were only 20 garment factories; in 2000 there were at least 200; and, according to the Ministry of Commerce, in 2007 there were 290, employing 330,000 mostly young female workers from rural areas. Most of the factories had owners from mainland China, Taiwan, Singapore, Malaysia and Hong Kong, and produced for western brands.

In 1999 an epidemic of fainting among workers was reported in two factories. Excessive overwork and exposure to chemicals caused them to pass out. The Ministry of Labour investigated, and announced on national television that overtime had to be limited to two hours per day, and paid at a higher rate than the minimum wage. In the same month, in another Phnom Penh garment factory, workers went on strike and staged a demonstration at the Ministry of Commerce. They were up against unrealistic production targets that forced them to do unpaid overtime on a routine, structural basis. Their Chinese employer fired anyone who protested. After the strike and demonstration, the employer caved in to the demands of the workers and their union. Workers would earn the minimum monthly wage of US$40, based on an eight-hour working day, six days per week. Overtime had to be compensated, and all dismissed workers were reinstated.

Did the workers’ show of strength impress the employer, or was it the intervention of visiting US State Department officials that had the required effect? Their opinion mattered, because in 1998 a Bilateral Textile Agreement was signed with the US granting Cambodia access to the US market, and thereby attracting investors from China, Taiwan, Malaysia, Singapore and Hong Kong. The agreement tied annual increases in Cambodia’s export quota to compliance with the national labour code, as well as to the observance of the ILO’s core labour standards.

In 2001 the ILO ‘Better Factories Cambodia’ project strengthened this agreement. It combined monitoring of working conditions, training of employees, and a search for solutions to abuses. The gender aspect of working conditions was highlighted – over 90 per cent of garment workers were female. A study published in 2006 presented data about issues critical to women workers: health and nutrition, breastfeeding and childcare, personal safety, sexual and other forms of harassment, workplace relations and dispute resolution. The idea behind the programme was that compliance
with labour standards is good not only for workers but for business as well, because companies will be able to use socially responsible production as a sales argument. It seemed to work. In 2000, Nike and Gap both cancelled or reduced orders from Cambodia after reports of gross labour violations. According to Cham Prasidh, Minister of Commerce, Gap even sent back a $10 million shipment that was in mid-ocean transit when a particularly damaging report emerged. Labour-rights advocates, including the CCC, pressured the companies not to cut and run, but instead to work with suppliers to make improvements. The companies returned to Cambodia after the ILO agreed to monitor working conditions through the ‘Better Factories Cambodia’ programme. They have placed large orders since 2001.\(^5\)

Despite the ILO project, cases of abuse and disputes in the Cambodian garment industry continued to surface. They concerned the lack of compensation for injured workers, fugitive factory owners who owed their workers wages, and children making shoes and jeans for Nike and Gap. A name featuring in many of the reports before was that of Chea Vichea, the 36-year-old, outspoken president of the Free Trade Union of Workers of the Kingdom of Cambodia, the country’s leading independent union, with over 70,000 members. He was also involved in the political movement criticising the Hun Sen government.

On 22 January 2004, around 9 a.m., he was reading a newspaper at a busy roadside newsstand in Phnom Penh when a man came up to him and shot him in the head and chest, then fled on the back of a waiting motorcycle. Chea Vichea’s funeral was attended by 10,000 people. The International Confederation of Free Trade Unions condemned the killing and filed a complaint with the ILO.\(^5\)

In the year before the killing, Chea Vichea had received death threats, going into hiding several times, and had been denied police protection despite strong reasons for a thorough investigation. More than one opponent of the Hun Sen regime had been murdered, and Vichea had had several collisions with thugs in the course of his union work. Two men were arrested and later sentenced to 20 years’ imprisonment for Vichea’s murder.

‘But’, says Phan Phors, ‘they are “plastic killers”.’ It is the title of a DVD made about Vichea’s murder, and argues that the two convicted men became scapegoats while the actual killers – acting on instructions of powerful people – have yet to be caught. Phan Phors is a mechanic in a Malaysian-owned, Phnom Penh-based garment factory – one of the hundreds that operate in Cambodia now.
Every weekend he travels 100 miles on his motorbike to his family plantation where, when he is not rubber-tapping, he studies Chinese in order to negotiate better with the Chinese managers of his factory. He was elected president of his factory’s branch of the Free Trade Union of Workers of the Kingdom of Cambodia. ‘The court hearings in the Chea Vichea case have been denounced by a special representative of the United Nations’, he says. ‘The International Trade Union Confederation and Amnesty International have asked for a new investigation. After Chea Vichea two more union leaders have been killed. They were my friends.’

Seven unions are registered in the factory Phan Phors works for. ‘But mine is the only one independent of the government’, he says. ‘The other unions often make trouble for us. They threaten the workers with factory closure if they demand better pay or a holiday.’

‘That is how “yellow unions” operate’, says Ath Thorn, president of the Cambodian Labour Confederation, which unites four union federations. He used to be a worker in the garment industry, and is now completing a law degree at Phnom Penh University. Like Phan Pors, he is in his thirties, and like Phan Pors he was present at the beginning of independent union organising in Cambodia.

Employers create ‘yellow unions’ when we begin to organise ourselves. They cooperate with factory management and interfere with the work of the free trade unions. Employers and government don’t like the independent unions. Officially we have freedom to strike; the government has ratified the core conventions of the ILO. But corrupt officials, in cooperation with factory owners, hire gangsters to threaten us. Union leaders are dismissed and dragged into court. When we demonstrate, the police will use violence. In the past year we conducted three strikes, and every time the police arrested the activists and fired their guns at the sky. From 1996 to 1999, working conditions were very bad. In 1998 a Cambodian labour NGO began to train workers. We learned how to organise and negotiate with the employers, we studied the ILO conventions and labour law – which didn’t exist in Cambodia until 1997. Then we started local unions in factories, and in 2000 the federation of independent unions was established. Before the unions, the employers could exploit the workers without any restraint.

In 2000, workers from 69 garment factories went on strike to demand an increase in the minimum wage. At the end of 2007
it stood at US$50 per month – up from US$40 in 1997, but still not enough to fulfil the daily needs of a Cambodian family. In 2006 Oxfam estimated that the average living wage in Cambodia should have been US$85. People worked overtime whenever they could get it.

The industry is permanently on the lookout for new ways of reducing the cost of labour and preventing the formation of workers’ organisation, says Ath Thorn. He mentions two.

The owners use short-term contracts, that exclude workers from benefits like annual or pregnancy leave, and if they join a union, the contract is ended. Even people who have worked in a factory for three years cannot get a permanent contract. Sometimes an employer fires all workers and rehires them on a short-contract basis. Another problem is that since 2007, factories will use home-based workers if they get large orders that have to be filled quickly. It robs the regular workers of their overtime hours, which they need badly because the minimum wage is not enough to live on. It is difficult to organise the home-based workers. They are usually entire families, including children, working day and night; they have no choice. They are not interested in unionising. If they did organise, the factory would not send them orders anymore.

Being part of the CCC network is important:

We met the CCC in 2004, at a meeting it had organised to design a strategy for the Olympic Campaign. We believe that consumer pressure on brands in Europe and the United States can be effective. The brands can force factories over here to respect labour rights. We score most of our successes in this way. I feel much stronger, now that we are in contact with labour activists from all over the world. We can achieve more by cooperating globally. If we demand an increase of the minimum wage in Cambodia, the CCCs in Europe can demonstrate in front of the brand offices and the big stores. If they can be satisfied with a little less profit, we can raise the minimum wage. If we stand by our demands, and western customers threaten to stop buying in their stores, the corporations must negotiate with us. I believe in the power of the CCC in Europe, in the democratic countries where they respect the labour movement. We have joined the CCC family.
Phan Phors agrees.

Three of our union leaders are dead already. I myself am afraid sometimes. I work from half-past five in the morning till half-past five in the evening. Always two hours overtime. At night I go to university to study English, until half-past eight. When I return home late I am alone on my motorbike. Once, five men tried to stop me, and I was lucky to escape. But I have to continue my studies, because I need to speak English and get more knowledge. If we give in to fear, we cannot improve the working conditions, we cannot develop our country.

CHINA: WHERE THE SUN NEVER SETS

Over the past 20 years, the poetic description of China as ‘the land where the sun never sets’ has acquired a more prosaic meaning for the millions of internal migrants working in the Chinese ‘twenty-four/seven’ economy. A still from the documentary China Blue, which shocked western audiences with its images of exhausted factory girls sleeping between heaps of blue jeans, features two of these teenagers trying to stay awake by using clothes pins on their eyelids. When the documentary was shown to a packed Amsterdam cinema at the end of 2006, the public was clearly moved. A member of the audience said that he wanted to pay five euros extra for every pair of jeans he bought in future, provided the money went to the girls that made them. The screening was followed by a debate organised by the CCC. One of the panel members was Yuk Yuk Choi, a Chinese activist based in Hong Kong. When somebody asked what ‘we in the west’ could do, she replied: ‘You may call the transnational companies to account.’

Choi is a small, soft-spoken woman who was born in mainland China and grew up in Hong Kong. After studying sociology, she started working in an NGO that conducted poverty relief programmes in rural China. It educated her about the hard life of rural communities. The Chinese – approximately one-fifth of humanity – live on 7 per cent of the world’s arable land. It is one of the reasons why so many, mainly young people begin looking elsewhere for a living. Most of them are young girls. They pack some clothes and a toothbrush in a bag, and take a bus to the city. Not only are they going to earn the family some cash income – they are also going to have fun! You can buy almost anything in the city:
there are movies, music and cars, and if you work hard you may get to enjoy it all.

It is estimated that China now has 200 million internal migrants – partly those from rural areas, and partly workers who became unemployed when state-owned enterprises shut down after the introduction of the market economy. Most migrants work in the industries of the coastal provinces, especially in the south. These days Yuk Yuk Choi works there as well, in the Pearl River Delta, which is referred to sometimes as ‘the workshop of the world’, sometimes as ‘the most polluted area on earth’. Her organisation is the Hong Kong-based NGO Worker Empowerment (WE), which supports self-organisation by migrants.

Our work is necessary because the only trade union allowed by the government is distant from the workers. But I have to say: it is difficult. WE is small; we don’t even have ten staff members. Most of them used to be migrants who started work at 14 and have little education or skills. But they all suffered under the injustices of their work and want to make a change, together with their fellow workers. In our centre on the mainland we train workers in labour law and labour rights; we try to help them get compensation when their fingers are smashed in a machine, to show them where to look for support when they have a conflict with the boss. In the long run, we aim to build capacity, confidence and trust between workers, as a basis for organisation. The companies and the Chinese government are keeping a close watch on our work, but even if there are restrictions, there are also successes. Compared to other countries, labour law in China is not all that bad. It is not implemented, but we can refer to it. ⁵⁹

In November 2007 a worker centre associated with WE was attacked, and one of its organisers stabbed by two unidentified men. In July 2008 the centre reopened in another location, with its permanently handicapped organiser back in the saddle.

After the devastation of the Cultural Revolution, the Open Door policy engineered by Deng Xiaoping in 1979 ended China’s economic isolation by attracting foreign capital, technology and management skills. The first special economic zones were set up in Guangdong province, next to Hong Kong, and in Fujian province, on the strait between China and Taiwan. Tax exemptions, free foreign exchange transactions, concessions on land use, and minimal regulation of labour management were effective in luring foreign
direct investment to these zones, and soon much larger coastal areas were opened up for foreign capital and trade, finding a huge labour force willing to work for little money.\textsuperscript{60}

The Chinese textile and apparel industry was quick to absorb modern technology and procedures, partly because of the financial and marketing expertise of the Taiwanese, Korean and Hong Kong investors who came in and began to act as intermediaries between China and western brands and retailers. China soon gained an advantage over other garment-producing countries.\textsuperscript{61} In 2002, even when still restrained by the quota rule of the Multi-Fibre Arrangement, China produced over 20 billion pieces of clothing – almost four for each human being on earth.\textsuperscript{62} In 2005, in the first month after the end of the quota regime, Chinese exports to the US achieved a 75 per cent jump, while its exports to the EU increased by 46 per cent.\textsuperscript{63}

It is hard to avoid superlatives when describing the growth of the Chinese economy. Until the western financial and economic crisis of 2008, China’s economy showed double-digit growth; in 2007, China produced 40 per cent of the world’s shoes; Dutch households save 300 euros every year because of cheap Chinese imports; the number of Chinese millionaires and an affluent middle class are growing fast; the large cities have branches of Starbucks, MacDonald’s, Häagen Dazs, Gucci and Louis Vuitton.\textsuperscript{64} This economic transformation has reduced the numbers living in absolute poverty, but the gap between rich and poor is widening; China ranks among the most unequal of nations. While city centres surpass western cities in the number and size of their high-rise buildings, shopping malls and cars, about 200 million out of 700 million rural inhabitants have an income of less than one dollar a day. When they move to the cities in search of jobs and income, many find 16-hour working days, starvation wages and unhealthy working conditions instead. In 2005, according to official estimates, industrial deaths amounted to 127,000, and the number of workers suffering from occupational diseases was 200 million (out of 758 million workers across China). In the Pearl River Delta, some 40,000 fingers are severed each year in work-related accidents.\textsuperscript{65}

China has had a minimum wage since 1994. It is set by local or provincial governments, who are required to take into account the cost of living in their area. The Labour Law also sets the standard working week at 40 hours, with overtime not exceeding 36 hours per month, and paid accordingly.\textsuperscript{66} The reality is different. Although average wages have increased every year in China since the late 1980s
the average wage in urban areas in 2006 was 170 euros (US$224) a month, four times higher than the figure for 1995 – the incomes of low-skilled workers in primary industries have not kept up. Those most adversely affected are migrant workers in areas such as the Pearl River Delta, where the cost of living has increased rapidly over the last few years. A National Bureau of Statistics survey in 2006 reported the average monthly wage of migrant workers in the Pearl River Delta to be 600–700 yuan (58–67 euros, or US$76–89), only enough to buy four bowls of noodles a day. In 2007, three people died and 31 were injured when a crowd stormed a Carrefour store that had announced a sale of cheap cooking oil. This signalled the increasing difficulty people have had with the steadily rising prices of food and energy.

Average wages are higher than the minimum wage, but some employers fail even to pay that. When Jasmin in China Blue starts work in the jeans factory, she earns US$0.08 an hour; the minimum wage at that time was between US$0.45 and US$0.48 cents. In 2006, the minimum monthly wage in the Guangdong province was between 43 euros (US$57) and 75 euros (US$100). In order to earn a living, many people worked between 12 and 14 hours a day, seven days a week, with one day off each month. Workers paid on a piece-rate basis were confronted with unrealistic quotas, and had to work long into the night to earn wages that might still be lower than the minimum wage. Western people experience ‘burnout’; the Chinese suffer from ‘overwork death’: guolaosi. In 2002, a 19-year-old girl died after having worked for 21 hours without a break. Conditions are worse for temporary workers and for those who have no contracts, and women generally earn 20–30 per cent less than men for the same work. Payment of wages is often delayed, and earnings are reduced by fines charged for misdemeanours such as ‘looking around’ or ‘sitting cross-legged’.

Migrant workers are considered ‘temporary guests’ in the cities, and are barred from all kinds of social provision. Place of residence largely determines benefits and opportunities, and rural people have fewer entitlements than city dwellers. The hukou system of resident registration that tied people down to a particular place has been gradually dismantled to meet the demand for a flexible labour force. But, while people are now allowed to migrate, it is still difficult to obtain an urban hukou. This makes it hard, for example, for children of migrants to attend public schools. Workers and their families are denied healthcare by employers who fail to pay for the legally required medical insurance.
In the autumn of 2006, the European parliament passed a resolution that highlighted the difficult situation of migrant workers and asked China ‘to combat all forms of modern slavery, child labour and exploitation, particularly of female workers, so as to ensure respect for the fundamental rights of workers and discourage social dumping’. 72

In September 2007, the Hong Kong-based NGO *China Labour Bulletin* published a report indicating that child labour had become an increasingly serious problem. This was confirmed in 2008, when more than 1,000 children were discovered in a situation of forced labour in Guangdong province. A criminal organisation had lured them to factories, where they earned between 22 and 34 euro cents per hour. 73 A more ‘normal’ form of child labour were the ‘work–study programmes’ using children to work in factories or on fields on the understanding that employers contributed to educational costs. At the time of writing, some 400,000 children are estimated to be involved in these programmes. One example cited by Human Rights Watch concerns 500 children from a middle school in Sichuan working 14-hour shifts in a factory during the summer. They sleep in overcrowded dormitories, are fed insufficiently, suffer work-induced health problems, and are fined for production mistakes. Employers often use children when trying to evade government regulations on seasonal work. 74

Although the level of organisation among migrant workers is low and in many places non-existent, their sheer despair has led increasingly to ‘wildcat’ strikes and other forms of protest. Efforts at organising outside of ACFTU – the only legal trade union federation, since China has not ratified the ILO conventions on freedom of association and collective bargaining – are usually met with repression by the government, which considers social instability a great threat. The lists of imprisoned labour-rights activists compiled by the International Trade Union Confederation and by *China Labour Bulletin* are eloquent: people continue to be ‘reformed through labour’ or incarcerated in psychiatric wards. 75

But repression is not the only governmental tool for shaping labour relations. In recent years, the Chinese government has introduced a series of laws and regulations to protect the rights and interests of workers, and ‘from a strictly legal standpoint, it would be fair to say that the protection of workers’ rights in China is systematically improving’, says Han Dongfang, the renowned labour activist who, since his release from a Chinese prison, supports workers on the mainland through *China Labour Bulletin*. 76 The Contract Labour
Law of 2008, for example, is designed to regulate the explosion of short- and no-contract labour. The Law also sets limits on working hours and overtime, and implies a curbing of employers’ influence. It prompted the American–Chinese and the European–Chinese Chambers of Commerce to protest strongly and threaten a withdrawal of orders. This corporate interference in the country’s legislation elicited a storm of indignation, at which point the European–Chinese Chamber of Commerce retracted its objections. But the Law continues to be undermined by the excessively low piece-rate wages that force workers to seek overtime.\(^77\)

Under these circumstances, corporate social responsibility (CSR) is at most a flawed and inadequate tool to improve working conditions. Even brands that are serious about their code of conduct and audit their suppliers regularly cannot prevent the boundless violations of basic labour rights in their supply chains. When the CCC and global trade unions, as part of the 2008 Play Fair campaign on the occasion of the Beijing Olympics, investigated four Chinese companies awarded licences to produce official Olympic goods for firms such as Nike, Wal-Mart and Disney, they found many abuses that had not been discovered by the auditors assigned by brands and retailers to investigate the factories. The Play Fair coalition concluded that, without freedom of association and collective bargaining, no sustainable change could be effected.\(^78\)

In a *Business Week* article titled ‘Secrets, Lies and Sweatshops’, a CSR manager for a major multinational company commented that the percentage of Chinese suppliers cheating on payroll records stood at 75 per cent in 2006. A study commissioned by Nike in 2005, investigating 569 of its suppliers in China and elsewhere, found code violations in every single one, as well as many tricks for hiding them. Factory managers complained that they could not afford better labour standards as long as western buyers were unwilling to pay more for what they ordered. Like the Play Fair research, the article raised the question of whether it is possible to improve working conditions in a country without ‘real unions and a meaningful rule of law’.\(^79\)

According to *China Labour Bulletin*, there is a growing network of labour rights NGOs across the country, with 40 in Guangdong province focusing on migrant labour alone. They provide information and training on labour rights, and assist in legal proceedings. They operate in a grey area, since registering as an NGO is difficult. Some register as businesses, while some present themselves just as
private salons or clubs. Still, pressure for change is growing. *China Labour Bulletin* reports:

China’s citizens are increasingly campaigning openly, at the community level, on a wide range of local rights violation issues – ranging from unauthorized and uncompensated land seizures in the countryside, urban evictions to make room for city development projects, serious pollution from local factories, police violence against protestors, and of course [there are] collective protests by workers.\(^{80}\)

In support of these actions, labour-rights groups doggedly continue to explore routes between the rocks and hard places within Chinese society. To get an idea of their modus operandi, it is useful to take a closer look at the work of one of these groups, which for reasons of safety will remain unnamed. It is a Hong Kong-based group, and over the years its activities have changed from being research-based and organised from the top down to having direct involvement with mainland workers. They provide training to workers in factories on employment relationships and health and safety issues. At first, access to factories was gained through cooperation with brands ordering from those factories, and needed to adhere to their codes of conduct prescribing training programmes. Later, the group also forged direct relationships with workers and grassroots organisations, since it appeared that brands could be unreliable: sometimes they simply packed up and left. The training has in some places resulted in the establishment of worker committees, or in trade unions affiliated to the state union federation. The impact on working conditions has been limited, but the emerging organisations are a way of identifying active workers who dare to stick their necks out. This is important, since one of the major obstacles for workers in standing up for their rights is their lack of confidence: they do not have the experience of their voices being heard. The many labour protests that occur are usually one-off events without long-term planning, or even much hope of success. The organisers often leave the factory immediately afterwards – either because the authorities have detained them or because management will discriminate against them if they stay. Building solidarity and sustaining an organisation is difficult. Since the lack of organising experience is another major obstacle, the group arranges contacts between mainland workers and workers from other Asian countries, and stimulates the exchange of information.\(^{81}\)
It is groups like these that provide the clean clothes movement with anchorage in China. They supply information from the ground and try to express the needs and demands of Chinese workers. Western groups in turn pressure brands to develop decent labour standards in their Chinese supply chains, and give direct support through the urgent appeals system, through worker exchanges, and in other ways. When the CCC organised the showing of China Blue throughout Europe, it not only conveyed an inconvenient truth to the western public, but also facilitated contacts with the European labour movement for the Chinese activists who accompanied the film.

A major anti-sweatshop campaign on China involving the Hong Kong partners was the 2008 Play Fair campaign. The Olympic Games in Beijing presented a challenge: while China wanted to use the global profile conferred by the games to demonstrate its progress and achievements, labour and human rights activists saw a chance to shine a light on the people at the losing end of China’s success stories. The campaign had to move carefully to avoid endangering individuals and groups working in mainland China. The coalition – consisting of the CCC, its partner organisations, and the global ITUC and ITGLWF unions – published two research reports. One investigated four companies licensed to use the Olympic logo, which was hugely profitable: the official Beijing Olympic mascots alone were estimated to have brought in more than US$300 million. All four companies violated one or more standards for wages, overtime, child labour, or health and safety. Employees of a headwear company worked more than 13 hours a day, seven days a week, while they received less than half the minimum wage. Workers reported that management instructed them to lie to the auditors of western brands investigating their factories. There was no form of worker representation.

The second report was built on interviews with over 320 sportswear workers in China, India, Thailand and Indonesia, and on reviews of company and industry profiles, reports, newspaper articles, websites and factory advertisements. It concluded that, despite more than 15 years of corporate social responsibility, violations of workers’ rights were still the order of the day. It identified low wages, precarious employment, violations of freedom of association, and factory closures as the four main hurdles to overcome. Street actions of the European CCCs and their global partners, a virtual Olympic torch relay using mobile phones and the internet, and the media attention generated by the reports culminated in a day of action in Hong Kong, five days before the Games began. The International
Olympic Committee, itself a major brand asked to undertake action, did not give an inch; but some of the sportswear industry’s major players agreed to take part in a working group that discussed sector-wide solutions to the hardships of garment workers.

Staphany Wong used to be staff member of the International Hong Kong Liaison Office (IHLO) of the international trade union movement, one of the CCC’s partner organisations active in the Play Fair campaign. The IHLO supports this movement in Hong Kong, and monitors trade union rights and labour developments in China. ‘In Play Fair we had a good working relationship with the CCC’, says Wong. ‘We like each other instinctively. Their approach is direct, there is little bureaucracy. For us it is good to be involved in bigger international campaigns and learn the technique of working with different groups. It has been good media training too.’

The IHLO itself has no staff working in China, but is in close contact with other Hong Kong groups that meet workers on the mainland in ‘service centres’ or elsewhere.

Most younger workers are familiar with the internet; they enter discussion forums on which we are also active. The majority move from city to city to look for better employment, and uses the internet to keep updated on the minimum wage level and the best positions in a city. The core problem is the absence of freedom of association, but they will not mention this. They have never had it. It is one of the difficulties of organising in China. The official trade union ACFTU does not represent the workers. Foreign trade unions often think that they have to collaborate with the ACFTU because it is big and powerful, but we think they could explore other roads as well. We try to brief them about the key labour-related issues in the regions they visit, about the labour activists in prison there. But sometimes they are afraid to upset the ACFTU. It is a hot issue to touch, but they should at least try because after all, freedom of association is the foundation unions are built on.

Wong has worked on labour rights for several years now, and has recorded much repression. But she sees positive changes as well. ‘Despite local obstacles, labour legislation is improving, and people are more aware of their rights.’

May Wong works with Globalization Monitor, a Hong Kong NGO that supports workers in industrial zones in China, focusing on labour, the environment, women’s rights, and globalisation. She
agrees with Staphany Wong: Chinese workers have become more aware of their rights, and are using them.

They file court cases against employers, and there are more possibilities for grassroots organisation now. When I started to work in the industrial zones in the mid-1990s, it was much more difficult to do research and interview workers. These days, workers even provide information to journalists. Few can afford a computer, but in chat rooms you see some fierce criticism on the direction of the economy. You can get away with it as long as you don’t organise any long-term actions. That’s where government draws the line. It is the reason we see so many cases of ‘wildcat’ strikes and blocking of highways without any apparent leadership.\(^{86}\)

The worker service centres on the mainland are a growing influence, she says.

The government knows we are there and what we do. They just monitor it. Worker Empowerment\(^{87}\) uses a special strategy: it supports a worker centre near an industrial zone, and the centre encourages active workers to gather signatures under a petition to raise the minimum wage, because food prices are going through the roof. The workers ask the local labour bureau and government representatives to adopt it. Campaigns like these are a new development in industrial zones. The future is difficult to predict, but the seeds are sown. The ACFTU is trying to connect to this movement. They are trying to monitor labour disputes and migrant workers by recruiting them into the union, and actively encourage local chapters to recruit migrant workers.

Past experiences have made Wong wary of working with brands on corporate social responsibility.

If workers had their own unions, we wouldn’t need these CSR interventions. Since 2001, the Hong Kong groups [have worked] with Nike, Reebok and Adidas on health and safety in their supplier factories in China. Unfortunately, we have not gotten best practices yet. There are problems: no full commitment of the brands, incapable CSR personnel, much resistance from the supplier factories, and no full participation of workers throughout the project. We were very frustrated and disappointed. We have
to be careful when companies invite us to do a project. When they only use us to show their willingness to work with local stakeholders, we lose credibility. But working with international partners is important. We face many obstacles and risks, and international support is crucial.

Because of sharp controls on capital movements, Chinese banks were believed to have escaped the current western credit crisis and recession; but, in the course of 2008, they arrived in China anyway. While the years of expansion and labour shortage have not brought workers’ emancipation, the crisis is not likely to turn that tide. The export sector in general is suffering from shrinking orders from western brands and retailers; since the end of 2008, double-digit growth has ceased. For about a year before the crisis hit, the Pearl River Delta had already seen an increase in closures and relocations of low-end, low-profit and highly polluting enterprises – including the clothing sector – as the central government sought to move away from them towards higher-end production. The crisis, extending into 2009, has stepped up the momentum of this trend, and millions of workers have been fired. Businesses seek government support in the form of tax breaks, special loans and suspension of the Labour Contract Law. Social stability is at risk. Provinces like Sichuan and Chongqing are bracing themselves for the return of millions of migrant workers. Poorly educated workers, especially, are having difficulty finding jobs. In November 2008, fierce protests erupted in the southern Guangdong and Jiangxi provinces: workers destroyed the windows and computers of a toy factory when they were dismissed without compensation. In Guangdong alone, 67,000 of over 700,000 factories were shut down in just a few months. In many cases, social security payments that would have ensured compensation to dismissed workers has not been made by employers. At the beginning of 2009, millions of workers in the textile, toy and furniture industries lost their jobs. In February, immediately after celebrating the Chinese New Year in their home villages, many of them returned to the Pearl River Delta, hoping to find new work and prepared to accept lower wages and worse conditions than before. The Chinese government announced provisions for modest compensation and training for migrants who had been fired. Now it is preparing for social instability. The People’s Army has been called upon to be ‘steadfast and loyal’ to the Communist Party.

2. Sweatshop, India 2008. © Clean Clothes Campaign
3. Participants in the European tour push the broken-down bus, Brussels 1996. © Clean Clothes Campaign

5. Emelia Yanti, general secretary of GSBI, an Indonesian federation of independent trade unions, Bangkok 2007. © Liesbeth Sluiter

7. (left) Worker in economic processing zone, Sri Lanka 2002. © Clean Clothes Campaign

9. Solidarity Group, a cooperative garment factory established in the wake of a strike in a regular factory, Bangkok 2007. © Liesbeth Sluiter

11. Nur-E-Alam lost his left arm after waiting 17 hours to be rescued from the collapsed Spectrum factory, Dacca 2005. © Clean Clothes Campaign

12. Spectrum workers demanding the arrest of Spectrum owners after the factory collapsed, killing 64 and injuring 70 workers, Dacca 2005. © Clean Clothes Campaign