

Free Trade's Threat to California's Garment Workers

California is standing at the brink of a potentially devastating economic situation, where global trade policies are leading to increased outsourcing of US apparel and textile production. The decline in the garment industry, one of the larger industries in California, will severely impact California's 100,000 garment workers, who are mostly immigrant women.

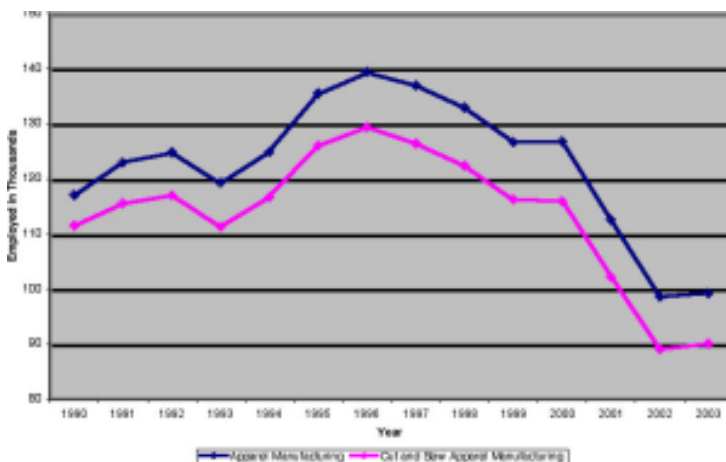
Globalization's Impact – Massive Job Loss

Globalization, lifting of tariffs and quotas in order to increase trade of goods and services, is fundamentally changing the U.S. economy by eroding the nation's manufacturing base. Globalization eases companies' ability to move manufacturing overseas, which has generally resulted in diminished labor rights and displaced workforces. Every state lost jobs equaling at least 1.2% of their workforce since changes to U.S. trade policies under NAFTA and the WTO took place.¹

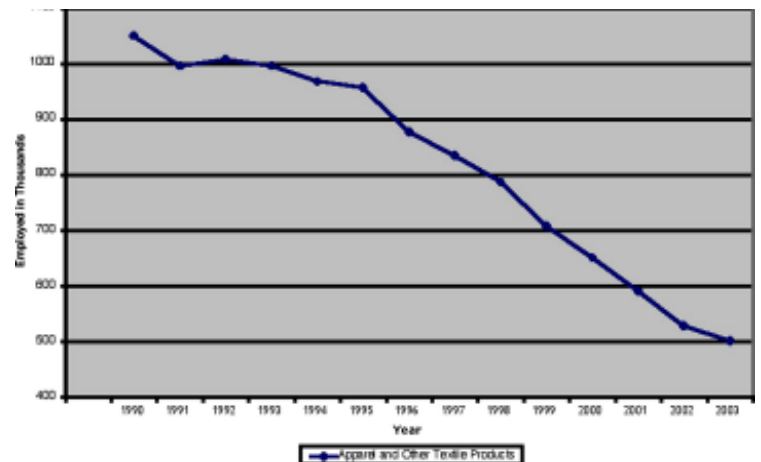
- Globalization's Impact on the US Garment Industry:** The Multi-Fiber Arrangement (MFA), which protected US domestic manufacturing by limiting apparel and textile imports, will be eliminated on December 31, 2004 under World Trade Organization (WTO) policy. Studies indicate that more apparel production will be outsourced, leading to a potential loss of 50,000 jobs in apparel and textile manufacturing in California alone!²
- Job Loss Due to Shift in Garment Production:** Without quotas, the global apparel and textile industry will most likely consolidate production in countries with the weakest labor law enforcement and lowest wages. China is predicted to become the "supplier of choice" for many large retailers.³ It is already gaining a larger share of the market. After the quotas on brassieres and baby clothes were lifted, China's exports into the U.S. rose 232%. After the removal of quotas on baby clothes, China's exports surged 826% while those from Bangladesh and the Philippines fell 18% and 17% respectively.⁴
- Free Trade Policies & Garment-related Job Loss:** Over 500,000 U.S. apparel and textile jobs have been lost since the passage of NAFTA (North American Free Trade Agreement) in 1994.⁵ NAFTA reduced trade barriers, shifting apparel and textile manufacturing to Mexico's maquiladoras. Since NAFTA, Levi-Strauss & Co. has closed over 20 factories and laid off over 25,000 workers, shifting many jobs to Latin America and Asia.⁶
- In San Francisco alone, 20,000 garment workers have lost their jobs, reducing the industry by 2/3 since NAFTA.⁷ Many of these immigrant women struggle to find employment, only to end up in other low wage industries such as hotels and restaurants.

Apparel Manufacturing & Cut & Sew Manufacturing Decline Due to Globalization

California Employment Statistics⁹



National Employment Statistics⁹



Impact on California's Economy – Billions in Lost Income

The garment industry in California will be severely impacted

- The apparel industry is a \$24 billion industry in California with roughly 100,000 garment workers and 5,000 factories.¹⁰
- Los Angeles is the garment production capital of the U.S. While the apparel industry is one of the largest industries, it is also 2nd on the list of Los Angeles' declining industries.¹¹
- Support industries related to garment production would most likely experience heavy losses. For example, 2001 statistics show that the 120,255 recorded garment employees' spending generated another 130,000 in "indirect" jobs. Recorded payroll in apparel and textiles was \$2.7 billion, generating an additional \$3.5 billion in indirect earnings. If all the jobs left, this means the region would lose a total of \$6.3 billion in total income.¹²
- California lost a net 115,723 jobs due to NAFTA.¹³

Garment Workers Most Vulnerable

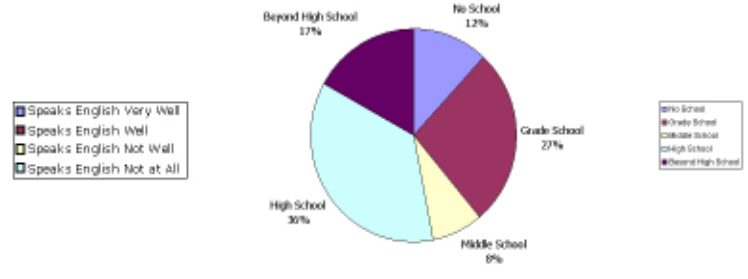
Garment workers have limited resources and skills to recover from the anticipated job loss. Language and citizenship are major barriers to accessing jobs and training. Moreover, the shrinking social safety net does not provide enough assistance in times of unemployment.

- Garment workers are the backbone of the industry, but often work in sweatshops. The U.S. Department of Labor's 2000 survey of registered shops found that 67% of Los Angeles' garment factories violate minimum wage and overtime laws, and 75% violate health and safety laws.
- According to the U.S. Census, Los Angeles garment workers make only \$14,000 a year, below the poverty level for a family.
- Garment production is an entry point for many immigrants. Job loss would especially affect immigrant women workers who compose the majority of the garment industry.
- **Demographics of Los Angeles garment workers:** 70% Latina/o, 15% Asian.¹⁴ 87% speaks a language other than English. Only 34% are citizens, thus most garment workers are unable to access federal benefits.¹⁵

English Ability¹⁵



Educational Attainment¹⁶



¹ Scott, Robert E. "Where the jobs aren't: Particular industries and states bear brunt of dislocations wrought by trade agreements." Economic Policy Institute. 30 October 2001. http://www.epinet.org/content.cfm/Issuebriefs_ib168. Accessed 12 April 2004.

² American Textile Manufacturers Institute, "The China Threat to the Textile and Apparel Trade Report," July 2, 2003, <http://www.atmi.org/TextileTrade/china.pdf>. Roughly half of the US apparel and textile jobs are projected to be lost.

³ U.S. International Trade Commission. "Textiles and Apparel: Assessment of Competitiveness of Certain Foreign Suppliers to the U.S. Market." January 2004. <http://hotdocs.usitc.gov/pub3671/main.html>. Accessed 15 April 2004.

⁴ U.S. International Trade Commission. <http://www.usitc.gov>. Hiebert, Murray. "Getting Ready for Free Trade." *Far East Economic Review*. July 31, 2003.

⁵ U.S. Department of Labor, Bureau of Labor Statistics. March 1993-March 2003.

⁶ Ralph Blumenthal, "As Levi's Work Is Exported, Stress Stays Home," *New York Times*, October 19, 2003.

⁷ California Employment Development Department, April 1993-April 2003.

⁸ California Employment Development Department, April 1990-April 2003.

⁹ U.S. Department of Labor, Bureau of Labor Statistics. March 1990-March 2003.

¹⁰ Much of the garment industry is part of the informal economy, therefore some data from government agencies such as EDD and DIR tend to be underreported and may not capture the whole of the industry.

¹¹ Center for Regional Employment Strategies. "January-February, 2004 Bi-Monthly Report: Year 2003 in Review." http://www.cresla.org/jan_feb_ro04_01.htm. Accessed 12 April 2004.

¹² Los Angeles County Economic Development Corporation. "Los Angeles Area Fashion Industry Profile." December 2003.

¹³ From chart "NAFTA Job Creation & Destruction by State 1993-2002." Scott, Robert E. "The High Price of Free Trade." Economic Policy Institute. November 2003. http://www.epinet.org/content.cfm/briefingpapers_bp147. Accessed 12 April 2004.

¹⁴ Edna Bonacich and Richard Appelbaum. *Behind the Label: Inequality in the Los Angeles Apparel Industry*. University of California Press, 2000.

¹⁵ U.S. Census Bureau. 2000. PUMS 5% Data.

¹⁶ U.S. Census Bureau. 2000. PUMS 5% Data.

Policy Actions for Economic Justice

Garment workers displaced by globalization would be aided by initiatives, policies, and legislative actions that remove barriers to economic opportunities. However, many garment workers are Limited English Proficient (LEP) persons and undocumented immigrants and therefore are limited from accessing needed benefits or training opportunities to contribute to the economy. Removing barriers of language and immigration status will increase access and ensure a better-equipped and more competitive workforce.

Improve Job Training & Placement Programs

- **Create job-training programs that would augment the skills of garment workers**, especially skills that would help garment workers transition to living wage jobs.
- **Implement a holistic approach to job training by combining English literacy, education, and job skills**, along with assistance in job search. This holistic approach will contribute to long-term workforce productivity.¹ English proficiency is key to economic advancement and improved quality of life for immigrant workers and their families. Regardless of immigrants' qualifications, immigrants with English fluency earn approximately 24% more than those who lack fluency.² Teaching Vocational English as a Second Language (VESL) is a way workers can learn and retain English as it pertains to their job. Immigrant workers would also benefit from computer skills and other vocational skills development.
- **Improve programs under the Workforce Investment Act (WIA) to make them more accessible.** Worksource centers funded by WIA aid in job search and training. However, these programs are inaccessible to many LEP and undocumented workers. In addition, programs tend to concentrate on job placement for the displaced worker, while education and training to develop skills that would help in the long term are difficult to access.³ To the same degree worksource centers should offer English literacy programs, trainings in workers' native languages such as Spanish or Chinese would also boost workers' skills development. WIA is undergoing reauthorization in 2004 and faces significant budget reduction.
- **Improve access and programs in the Trade Adjustment Act (TAA).** TAA provides monetary assistance and job training in cases where unemployment is caused by increased imports. However, like programs under WIA, many laid-off garment workers have little information about TAA benefits because of language and immigration status barriers, and training programs fail to meet the specific needs of LEP persons.

Improve Quality of Work

- **Prioritize job creation of unionized, stable, living wage jobs through economic development.** The many areas that do exhibit job growth occur in low-wage, non-unionized, unstable sectors.⁴
- **Strengthen local garment production by creating or tying incentives for garment manufacturing businesses to stay in the U.S.** Incentives such as tax rebates and easing access to capital will encourage the industry to invest in the local community, as well as provide opportunities for the industry to modernize, advance, and expand. Not only do incentives help businesses stay, but also helping ensure labor laws are followed.
- **Support policies that give undocumented workers a path towards citizenship.** Lack of work authorization leads to increased exploitation, vulnerability, and inaccessibility to jobs, benefits, and social services. Moreover, the underground economy is harmful to legitimate businesses and cheats the state out of billions of dollars worth of unreported payroll taxes and workers compensation premiums.
- **Encourage partnerships between businesses and job training programs to maintain job retention.**
- **Provide incentives for employers who hire displaced garment workers.**

Support Innovative Economic Models

- **Encourage non-traditional forms of economic development**, including micro-enterprise businesses, worker-owned businesses, or community gardens, which will also provide increased economic opportunities for displaced garment workers.

Provide Adequate Social Safety Net

- **Expand access to welfare, unemployment insurance, and healthcare.** The social safety net is vital in supplementing the low incomes of garment workers, especially in between jobs. However, many garment workers cannot access benefits because many are undocumented and lack English skills. In addition to increasing access, benefits should also be more extensive in order to adequately aid workers during economic restructuring. For instance, unemployment insurance should be extended and average monetary assistance should also be raised.
- **Fix welfare reform.** As Temporary Assistance to Needy Families (TANF) is being reauthorized by Congress, it must include a transitional safety net period. The new policy should “stop the clock” for recipients in areas with high unemployment and for those who comply with program requirements.

Support Responsible Trade Policy

- **Include provisions that protect workers, labor rights, human rights, and the environment in trade policies.** Free trade policies, like the elimination of the MFA, have increased global competition in garment production and placed a downward pressure on wages and working conditions. Incorporating provisions to protect labor rights in trade agreements and opening trade negotiations to democratic participation with labor representatives would help ensure workers’ rights will be protected. Until there are adequate protections for labor rights, human rights, and the environment, there should be a “time out” on trade agreements to examine the impact of previous agreements.
- **Oppose upcoming free trade agreements.** The Central American Free Trade Agreement (CAFTA) would expand NAFTA to Central America, and the Free Trade Area of the Americas (FTAA) would create a free trade bloc in the Western Hemisphere. Like NAFTA, these free trade agreements will lead to more job loss in the U.S. Moreover, CAFTA & FTAA do not include adequate workers rights protections, nor are the free trade agreements openly and democratically negotiated.
- **Support sweat-free procurement policies.** In government purchasing agreements, include a measure that would call for goods to be made sweatshop-free. This helps ensure that taxpayers’ money is invested in businesses that follow labor laws. However free trade policies often bar governments from regulating purchasing agreements.

Promote Corporate Accountability

- **Strengthen labor laws.** Labor laws have been blamed for causing businesses to move. However, labor laws are the important mechanisms that guarantee safety and fair pay for workers. Globally, labor laws need to be enforced and strengthened in order to combat the “race to the bottom” spurred by globalization.
- **Revise tax laws to eliminate incentives for corporations to move production overseas.** U.S. multinational corporations currently enjoy tax breaks offered by foreign governments to encourage them to move abroad. The U.S. government should consider implementing an exit tax to offset foreign tax breaks to encourage businesses to invest domestically.

“Without opportunities to learn English and obtain other job skills, immigrant workers and our children will remain trapped in poverty.” – Los Angeles garment worker

¹ Center for Law and Social Policy, National Institute for Literacy, & National Adult Education Professional Development Consortium. “The Language of Opportunity. Expanding Employment Prospects for Adults with Limited English Skills.” August 2003.

² National Immigration Law Center, “Immigrants & Employment: Workforce Development,” http://www.nilc.org/immsemployment/wrkfrc_dev/imm_priorities.htm.

³ Center for Law and Social Policy, National Institute for Literacy, and National Adult Education Professional Development Consortium. “Built to Last, Why Skills Matter for Long-Run Success in Welfare Reform.” April 2003.

⁴ Center for Regional Employment Strategies. “November – December Regional Overview.” http://www.cresla.org/nov_dec_ro_01.htm. Accessed 12 February 2004.