

# SWEATSHOP SOLUTIONS?



ECONOMIC GROUND ZERO IN BANGLADESH  
AND WAL-MART'S RESPONSIBILITY

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SweatFree Communities is a national network of U.S. anti-sweatshop campaigns that works to end sweatshop exploitation by inspiring responsible local purchasing and fostering solidarity between U.S. communities and workers worldwide.

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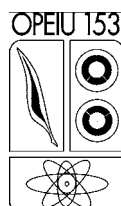
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## Workers Who Appear in This Report

*All names are pseudonyms to protect the identity of the workers. None of the names even resembles workers' actual names. The workers in the photograph below do not work at JMS Garments*

### **Akash, 22 years old, male**

Sewing operator, 2 years at JMS Garments, earns \$40/month without overtime

### **Alia, 20 years old, female**

Sewing operator, 3 years at JMS Garments, earns \$41/month without overtime, up to \$44/month with overtime

### **Anika, 20 years old, female**

Helper, 45 days at JMS Garments, earns \$20/month without overtime

### **Antu, 22 years old, male**

Sewing operator, 7 months at JMS Garments, earns \$41/month without overtime, up to \$44/month with overtime

### **Arman, 27 years old, male**

Quality control inspector, 3 days at JMS Garments, doesn't know what he will be paid

### **Bithi, female, no age reported**

Sewing operator, 2 years at JMS Garments, earns \$35/month without overtime

### **Elina, 22 years old, female**

Helper, 3 months and 15 days at JMS Garments, earns \$38/month without overtime, up to \$46/month with overtime

### **Fatin, 21 years old, female**

Sewing operator, 2 years at JMS Garments, earns \$32/month without overtime, up to \$44/month with overtime

### **Hasan, 26 years old, male**

Operator, iron section, 6 months at JMS Garments, earns \$39/month without overtime, up to \$47/month with overtime

### **Jamila, female, no age reported**

Sewing operator, 9 months at JMS Garments, earns \$35/month without overtime

### **Kamal, 21 years old, male**

Sewing operator, 2 years at JMS Garments, earns up to \$48/month with overtime

### **Laila, 22 years old, female**

Helper, 6 months at JMS Garments, earns \$26/month without overtime, up to \$29/month with overtime

### **Lutfi, 25 years old, male**

Sewing operator, 4 years at JMS Garments, earns \$41/month without overtime, up to \$48/month with overtime

### **Mithun, 24 years old, male**

Helper, 4 months at JMS Garments, earns \$20/month without overtime, up to \$26/month with overtime



**Murad, 24 years old, male**

Sewing operator, 1 year at JMS Garments, earns up to \$48/month with overtime

**Parmita, 22 years old, female**

Helper, 6 months at JMS Garments, earns \$20/month without overtime

**Regina, 25 years old, female**

Sewing operator, 6 months at JMS Garments, earns \$36/month without overtime

**Riana, 22 years old, female**

Helper, 2 years combined at JMS Garments during different periods of employment, earns \$20/month without overtime

**Ritu, 25 years old, female**

Sewing operator, 4 years at JMS Garments, earns \$38/month without overtime

**Sadia, 22 years old, female**

Sewing operator, 2 years at JMS Garments, earns \$23/month without overtime, up to \$36/month with overtime

**Shahed, 28 years old, male**

Sewing operator, 1.5 years at JMS Garments, earns \$41/month with overtime

**Suman, 24 years old, male**

Sewing operator, 9 months at JMS Garments, earns \$39/month without overtime, up to \$44/month with overtime

**Tamina, 22 years old, female**

Sewing operator, 2.5 years at JMS Garments, earns up to \$42/month with overtime

**Zahir, 23 years old, male**

Sewing operator, 1.5 years at JMS Garments, earns \$41/month without overtime

## Executive Summary

This is an account of a particularly abusive factory in Bangladesh which produces children's wear, primarily for Wal-Mart. It reveals how one of the world's most powerful companies is influencing lives and working conditions in one of the poorest countries in the world.

The report is based on in-depth interviews with over 90 workers carried out by a Bangladeshi non-governmental labor research organization on behalf of SweatFree Communities. The first interviews were conducted in September of 2007, the final research completed in September of 2008. We shared an initial version of this report with Wal-Mart in the early part of August 2008; Wal-Mart has committed to turn the factory into a "model for other factories in Bangladesh" through a one-year program of corrective action. As of late September of 2008, workers report that "buyer intervention" has had some positive effect in the factory, but they still consider it to be one of the worst in this export industry intensive area.

Here is a preview of our findings:

**Forced overtime:** Under pressure to finish Wal-Mart orders with tight deadlines, the factory sometimes forces workers to toil marathon 19-hour shifts from 8 am to 3 am. Anyone who refuses this overtime may be fired.

**Physical and verbal abuse:** Verbal abuse for slight mistakes or delays in their work is so common that workers take it for granted, though it appears to have diminished of late. At the early stage of research, workers recounted frequent incidences of managers kicking them or beating them with the clothes they make; at this stage supervisors still affirm the use of "light" corporal punishment by forcing workers to stand up for hours on end if they arrive late to work or miss a day.

**Climate of fear:** If workers were to speak up for their rights they would be fired immediately. "We don't complain against the supervisor and line chief because we're afraid of losing our job," many workers told us. Workers are being denied the right to form a Worker Association despite voting in favor of forming one.

**Inescapable poverty:** Workers live in abject poverty. The lowest paid workers earn only \$20 per month, which is less than the legal minimum wage, and not enough to feed one person.

**Forced to lie to inspectors:** When Wal-Mart's inspectors come to visit, "everything changes in the factory," workers say. The managers "all become good and ask us to forgive them," but force workers to lie about the sweatshop conditions and paltry wages.

The workers are asking that all their rights under the law be respected. They want the quality of food in the canteen to be improved; a Workers Association to be established; overtime pay rates for overtime work; and all termination benefits to which they are entitled. This does not seem to be too much to ask.

As one of the most powerful companies in the world, with such a large presence in Bangladesh—its purchases account for 15% of the country's garment export earnings—Wal-Mart could have a dramatic positive impact on working conditions in the Bangladeshi garment sector. That would require the company to acknowledge that low pricing, just-in-time production, and labor repression by local authorities have a negative impact on working conditions. We look to Wal-Mart to:

**Eliminate** those purchasing practices that depress wages and foster abuse;

**Urge** the government of Bangladesh to protect workers' freedom of association and expression; and

**Reform** its own auditing practices to be able to accurately monitor human rights and labor rights violations in contract factories.



### Introduction

This is an account of a particularly abusive factory in Bangladesh which produces children's wear, primarily for Wal-Mart. It reveals how one of the world's most powerful companies is influencing lives and working conditions in one of the poorest countries in the world.

The report has been written twice, one layer superimposed on the other. The bottom layer consists of the initial findings of sweatshop conditions. It raises questions about Wal-Mart's responsibility for the working conditions, and its factory auditing system that appears to be failing workers. The top layer documents Wal-Mart's response to our report and changes in the working conditions which, we hope, are but the beginning of a process of an industry transformation. Hence, there is no final answer to the question in the title, "Sweatshop Solutions?" We are not able to say that this factory is no longer a bad place to work; it still is. But right now – one year since our initial research began – it is imperative that the story becomes public. Ultimately, sustainable solutions are not formulated behind closed doors; public scrutiny is essential.

From September 2007 to April 2008 nearly 70 workers at the JMS Garments factory in Chittagong, Bangladesh, told us about their miserable working lives and their struggles to survive. Workers speak of excessively long working hours in intolerable conditions, for which they are paid but pennies an hour. Under time pressure to finish Wal-Mart orders with tight deadlines, and price pressure to do so at ever lower costs, the factory forces workers to toil up to 150 hours of overtime each month, or an average of five hours overtime every day of the month with no day off. Verbal and physical abuse is constant, "everyday life as usual," but if workers speak up for their rights they are fired immediately. The lowest paid workers get but \$20 per month: not enough to feed one person.

With the exception of the excessive overtime hours, which appear to have been reduced,

and the verbal and physical abuse, also reduced but still not eliminated, this account of inhuman conditions still seems accurate. Workers interviewed in September 2008 say that JMS Garments remains one of the worst factories in the Chittagong Export Processing Zone. In a region which has become notorious for sweatshop abuses and low wages, JMS Garments may be a “ground zero” for working conditions. Despite harsh repression, workers in Bangladesh have a strong tradition of activism, protest and organizing. At this time, workers at JMS Garments are attempting to form a Workers Association, but finding their efforts thwarted. What better place for the world’s largest company to help to put a floor under labor standards in the global economy?

In addition to documenting sweatshop conditions, the first layer of this report also poses questions about Wal-Mart’s knowledge of these conditions. Wal-Mart notes that it conducts more factory working condition audits than any other company in the world: as many as 16,700 audits at 8,873 factories according to the latest available reports. Workers at JMS Garments confirm that Wal-Mart inspectors regularly visit the factory. Did Wal-Mart not know what the conditions were in this factory?

It is possible Wal-Mart did not know. But if so, lack of knowledge is not acceptable. Most Wal-Mart inspections are preannounced; these are quick factory visits that allow the factory ample time to present an image of compliance with labor law. JMS Garments workers say that managers always “prepare” them for Wal-Mart visits, threatening that they will be fired for telling the truth. Wal-Mart’s inadequate auditing methodology allows this deception and helps to create misleading data about working conditions.

In one sense Wal-Mart’s auditing system is not failing. It allows Wal-Mart to conduct business as usual – paying lower prices for factory products that must be shipped under tighter deadlines – while producing a story for consumers that softens Wal-Mart’s image and placates its critics.

Wal-Mart’s image also benefits from omission of the context of production in its own “ethical sourcing” reports. Wal-Mart encourages U.S. consumers to “save money” and “live better,” but workers in Bangladesh talk about the impossibly high prices of food given their paltry wages. The price of rice, for example, has doubled in the last year in Bangladesh, making their survival increasingly tenuous. These workers also worry about the current suspended state of emergency in Bangladesh, held in place by a military-supported unelected “caretaker” government which has criminalized worker protests. Even sharing information about working conditions with outside organizations is not without risk to workers.

Wal-Mart may not be to blame for the soaring cost of rice in Bangladesh; this is part of a worldwide food crisis. Yet, Wal-Mart profits from the workers’ miserly wages and from the crackdown on labor organizing, a crackdown which, after all, is intended to protect investors such as Wal-Mart from higher labor costs. The increasing cost of living and military discipline of workers is relevant to Wal-Mart’s attempts at ethical sourcing. If workers producing Wal-Mart products are to “live better,” Wal-Mart needs to ensure that its contractors are capable of paying workers living wages, not poverty wages, and that they fully respect workers’ right to speak up and organize for better conditions.

Bottom-line, Wal-Mart cannot be singularly concerned with “saving money” on its own purchases; Wal-Mart has to offer JMS Garments and other contractors a fair deal, a deal which pays for the cost of compliance with fair labor standards. Wal-Mart’s failure to pay fair prices has a dramatic impact on working conditions in a country like Bangladesh where Wal-Mart garment purchases account for as much as 15% of total garment exports and 12% of all exports.<sup>1</sup>

Wal-Mart should also advocate in the strongest possible terms for local authorities to defend workers’ freedom of speech and freedom of association. That kind of advocacy is also an essential component of ethical sourcing, especially for



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a company the size of Wal-Mart.

The second layer of this report is visible mostly as “updates” coded in red (the same or worse violations), yellow (some progress, but serious violations remain), and green (substantial progress, mostly no violations). This layer of the report is based on interviews with workers in three focus groups conducted in September 2008: a group of five helpers and sewing operators and a group of three supervisors each answered 60 questions about working conditions; and a group of 27 workers discussed solutions.

This second layer of the report began to take shape in mid June of 2008 when we first wrote to Wal-Mart to see if the company would be interested in our findings and in working to find solutions. Two weeks later we had our first telephone conference with Wal-Mart’s “Ethical Standards” team, but it took an additional six weeks to formalize the terms and conditions under which we would share the report with Wal-Mart. Wal-Mart agreed not to cut orders from the factory while investigating our findings and working to improve conditions; protect the safety and job security of workers who participate in interviews and meetings relating to the investigation; and work collaboratively with us in finding solutions. Wal-Mart also agreed to assess the impact of its own sourcing and auditing practices on working conditions, reward the factory with increased orders for improving conditions, and urge the government of Bangladesh to enforce workers’ freedom of association and right to collective bargaining. We agreed to share the report with Wal-Mart, to not release it publicly until August 31, 2008, and to include mention of Wal-Mart’s efforts to improve conditions in the public release of the report.

More than one month after we presented Wal-Mart with this report, the company says it has formulated an “action plan” for corrective action and received a proposal from a “third party” to conduct a factory audit and address violations of workers’ rights. A report outlining key findings and recommendations should be available in two months (approximately mid November, 2008),

and the steps of corrective action including follow-up visits are expected to take one year. The goal of the year-long program, Wal-Mart says, is to “pave the way [of JMS Garments] as a model for other factories in Bangladesh.”

At the time of writing, that is just about what we know. We have strongly urged Wal-Mart to work collaboratively with worker-allied organizations in Bangladesh, especially the group that conducted the research for this report. Thus far, that collaboration is not taking place. Yet, as Wal-Mart says in its plan of action, “it is critical that all stakeholders are on board with all aspects of the... year long program.” We hope “stakeholders” will include workers and their allies.



We also continue to urge Wal-Mart to align its own sourcing and auditing practices with its expectation that contractors maintain decent working conditions. Wal-Mart has told us that the company will address these and other systemic issues in collaboration with other retailers that source in Bangladesh. Yet, this is not the first time that advocacy groups and labor rights experts have identified Wal-Mart’s purchasing practices and auditing methodology as root causes of sweatshop conditions. Indeed, at the very time that Wal-Mart renewed its promise to examine its purchasing practices, a Bangladeshi newspaper reported that “Wal-Mart, the world’s largest retailer of clothing, wants a 2 percent rebate on its current orders of Bangladeshi RMG [ready-made garments] products.” The article, ironically displaying Wal-Mart’s old slogan shown above, worried that “pressure by international buyers on clothing prices is hitting profitability in the RMG sector, which would ultimately undermine efforts to improve working conditions.”<sup>2</sup>

We thank you for reading this report, discussing

it, and, if you can, getting involved in campaigns to improve working conditions for garment workers. Wal-Mart has repeatedly urged us not to release the first version (the bottom layer) of this report. Though we do not know how they learned about the existence of the report, and do not believe they have seen it, the Bangladesh Embassy to the United States has also expressed concern about the report becoming public and contacted several organizations in an attempt to obtain a copy. This is why the questions of auditing methodology and production of knowledge are central in this report. Reporting on working conditions cannot be just a top-down process, but must also be bottom-up. Access to these reports cannot be restricted. Wal-Mart presents its own story about working conditions in its contract factories but, ultimately, even Wal-Mart will benefit from alternative stories, produced bottom-up, being accessible to the public. Without transparency any attempt at change lacks credibility and legitimacy. We hope that this layered report will encourage serious attempts, involving all stakeholders, to improve working conditions not just in JMS Garments but also in other Bangladeshi garment factories.

## Part I – Chain of Power

### Who Made This Shirt? The Shipping News

Wal-Mart sells this Faded Glory school uniform shirt for \$5.88. But who made it? In what kind of conditions did they work? How much were they paid? And how would you find out?



Wal-Mart would not tell you, so it would not be easy. You could check the label of the shirt and find that it was made in Bangladesh (or Jordan or El Salvador, but for this case we are sticking to Bangladesh). This is a start. But now the going gets tougher.

If there was a database where Wal-Mart had to list all its supplier factories and the products they make there, you could check it. Such a database does not exist, but there is something called the Port Import Export Reporting Service (PIERS) database, which contains records of all imports to the United States that arrive via ships. PIERS is not easily accessible. You have to pay a steep monthly fee for huge amounts of information containing a bewildering number of acronyms and shipping jargon. But if you have the time and the resources to sift through the data you may be able to find what you are looking for: a description of the product, the name and address of the importer, the name and address of the shipper, and the monthly quantity and value of the products the shipper sends to the importer. If you are lucky the identity of the shipper coincides with the factory where the products are made.

We did get access to PIERS for the purpose of research for this report. Included in some PIERS Wal-Mart product descriptions is a letter/number code unique to each product, which is also identifiable on some Wal-Mart internet shopping sites. Using internet research we identified 39 different product codes for Wal-Mart school uniform items (variations of shirts, pants, and jackets for girls and boys). We then examined

PIERS to identify the same codes in shipping records. After many days of cross referencing PIERS data with Wal-Mart product codes we identified a record for a shipper in Bangladesh (which turned out to be a factory) that not only included the correct codes, but also specifically identified their product as “short sleeve school uniform polo-fall ’07.”

This factory is called JMS Garments and is located in the Export Processing Zone in the port city of Chittagong, Bangladesh.

In order to be 100% sure that JMS Garments indeed makes the Wal-Mart school uniform shirts, we procured a sample shirt, took photos of labels and tags, and delivered them to our research partner in Bangladesh, the Garment Research Group (GRG).<sup>3</sup> GRG, in turn, talked with workers at JMS Garments who recognized



From CIA – The World Fact Book

## Riana's Story

"My salary is 1,380 takas (\$20) a month," says Riana, a helper at JMS Garments. "My husband earns at the most 2,500 to 3,000 takas (\$36-44) every month. I have to pay my house rent 700 takas (\$10). We need 30 kilograms of rice for the family of four members. We can afford small fishes once or twice a week which is available for 10 to 20 taka (15-30 cents). We can't even think of buying beef or any kind of meat. One blanket and some utensils are everything that we have. We have no other expensive things. Radio or TV is out of our imagination. The prices are so high that I think one day we will have to die without food."

Riana started working in the garment factories in 2001 when she was 16 years old, moving to Chittagong from the countryside when her father had become too old to work. Learning that she could get work by going to the factory gates she found a "foreigner and some other Bengali people" in front of one factory. The foreigner took her inside the factory, asking her, "Do you want to work here?" Then he introduced her to a supervisor who gave her work in the finishing section. Riana became a helper with a salary of \$20/month.

As a helper, she would line up two pieces of cloth and pass them on to the operator for stitching, one of the most menial jobs in the factory. Helpers such as Riana are often forced to work long overtime hours without compensation.

Because of the poor pay, Riana returned to her village with her younger brother after a few months work. But only two months later she returned to Chittagong with her younger brother and sister. "I had to do that because my father was unable to afford them," she says. In Chittagong, Riana married a rickshaw driver. "It was an arranged marriage."

One month after getting married, Riana started working in the garment factories again, because "it was impossible to support my new family with just my husband's income." This time, she started working at JMS Garments, which at the time was known as Tareq Zia's Garments.<sup>8</sup>

Riana soon became pregnant. Knowing that the factory would not provide her with maternity leave, she decided to quit her job and return to her village, staying with her father's family. After two months in the village she bore her first son. Two years later, Riana gave birth to a daughter. When her daughter was three years old, Riana returned to Chittagong to live with her husband. The year was 2004. Accompanied by her younger sister, they both started working again in the garment factories, Riana at JMS Garments, and her sister elsewhere.

Riana worked continuously at JMS Garments for three years. But during the month of Ramadan in 2007 [September and October], Riana, now 22 years old, suddenly became sick. "The sickness made me so weak," she says, "that it was not possible for me to go and inform my factory. I was sick about a month and stayed home that time." Then she rejoined JMS Garments "as a newly appointed worker and again as a helper."

the shirt, confirming that they are the ones who make it.

So far so good. But who is behind JMS Garments? And are there any other companies involved in the production of these shirts?

A little internet probing reveals that JMS Garments, established in 1994, is a joint venture project between U.S., Chinese, and Bangladeshi investors.<sup>4</sup> One investor is the Fashion Product Group, a Bangladeshi-owned garment manufacturer which operates some 10 factories in Bangladesh and is based in Chittagong. The second key investor is Jeasion International Limited, a garment manufacturing and marketing company with an annual sales volume of about \$69 million, which operates production facilities in Taiwan, China, India, Nepal, Bangladesh, Lesotho, Kenya, and Uganda. Internet records indicate that Jeasion International is owned by U.S. and Chinese nationals.

Jeasion International markets its products to major labels and end-buyers in the U.S., Canada, Mexico, and Europe, offering "strategically located global manufacturing, flexible lead time to service price and delivery needs, [and] quick turnaround on perfect sampling." In addition they profess to promote an "ethical work environment." Major customers include Wal-Mart, JC Penney, and Nautica.<sup>5</sup>

According to information provided by Fashion Product Group and Jeasion International, JMS Garments is a "full package" factory that takes care of all stages of production from cutting and sewing the fabric to embroidery, screen printing, finishing, washing, and packing the finished garment. The major customers are Wal-Mart,

## JMS Garments Profile

Products: Trousers, knit tops, active wear, children's wear, underwear, jackets

Capacity: 50,000 dozens per month (both woven and knit)

Production Lead Time: 90 days

Numbers of employees (major groups):

Sewing: 1,155

Cutting: 74

Finishing, pressing, packing: 181

Embroidery: 19

Quality Assurance: 136

Administration: 51

Total: 1749

Annual Sales: \$4.50 million

Sources:

<http://jeasionshcn.com/jeasion.htm>

<http://www.fashion-product.com/index/jms/htm>

Target, and Sears, with 70% of products sold in the United States, 20% in Europe, and 10% in Canada.<sup>6</sup> According to PIERS records for 2007-2008, just about all clothes made for Wal-Mart at JMS Garments are children's clothes.

A further look at the PIERS records shows that yet another company is listed as the "party to notify" when the JMS Garments shirts reach U.S. shores. One would expect this company to be Wal-Mart. Instead, it is a major children's apparel manufacturing company called Garan, Inc.. Founded in 1941, Garan is a former "giant of textiles," the leading U.S. manufacturer of men's and boys' sports shirts in the early 1960s. Since 2002 Garan has been a subsidiary of Warren Buffet's Berkshire Hathaway Inc., which bought the company for \$270 million in cash. Garan now designs, manufactures, and sells apparel primarily for children. They sell products under the private labels of their customers, such

as Wal-Mart's Faded Glory, as well as their own trademarks, including Garanimals. Wal-Mart accounts for over 90% of Garan sales.<sup>7</sup> Garan and Jeasion International have another common denominator. They have offices in the same building in New York City, the Empire State Building (Garan is headquartered there while Jeasion is headquartered in Taiwan).

These, then, are the companies that appear to be involved in the production of Wal-Mart's school uniform shirt and the relationships between them that we can surmise: Wal-Mart licenses production of its private label Faded Glory school uniform shirts to Garan Inc., which designs the shirts and asks their neighbors in the Empire State Building, Jeasion International, to produce them according to Wal-Mart's requirements. Jeasion sends the design and the order (including the number of shirts and required turn-around time) to JMS Garments, which produces the finished shirts. JMS Garments loads the shirts on a truck which travels a mere 1.5 miles to the Chittagong port, where a ship picks them up and takes them first to the Port of Salalah in Oman, and then to the port of Charleston, South Carolina (this too we learn from PIERS). The Charleston port notifies Garan that the shirts have arrived, and Garan sends them to Wal-Mart, where we can buy them. Along these shirts' travel route, these companies all look to maximize their share of the profits.



JMS Garments. Photo from jeasionshcn.com

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A “colony” of 24-30 rooms which houses at least 100 garment workers. The monthly rent for one room is \$20-30. Photo: GRG



A pile of clothes which serves as bedding. The workers keep rice and some personal belongings in the drums in the corner of the room. Photo: GRG



One well serves the whole colony where over 100 garment workers live. They use the water for all purposes, including washing and drinking. This boy is cleaning rice. Photo: GRG

### To Billionaires, from Workers...

- Warren Buffet: \$62 billion
- Jim Walton: \$19.2 billion
- Christy Walton and family: \$19.2 billion
- S Robson Walton: \$19.2 billion
- Alice Walton: \$19.0 billion

Source: The World's Billionaires, Forbes Magazine, March 5, 2008

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Riana, JMS Garments worker –  
“one blanket, some utensils... no other expensive things...”

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### To Wal-Mart, from Bangladesh

- Bangladesh GDP (2007):  
\$209 billion
- Wal-Mart revenues (2007):  
\$351 billion

Sources: CIA-The World Factbook; Wal-Mart 2007 Annual Report

### Surviving on \$20 per month

“We can’t survive with the salary we get,” say Parmita and Anika who earn but \$20 per month as helpers at JMS Garments.

According to a Bangladeshi non-governmental research organization, the “minimum requirement for basic living” in cities such as Dhaka and Chittagong is 1,805 calories per day. In 2006, they estimated the cost per month, per person, for food sufficient to meet this calorie intake was \$20. With the cost of basic food staples such as rice having doubled since 2006, Parmita’s and Anika’s \$20 monthly salary is not even enough to cover their own food, let alone other basic expenses such as housing and transportation.

Source: Study by Nari Uddug Kendra cited by Labour Behind the Label in “How Low Can You Go? Support Minimum Wage Increase in Bangladesh,” Sept 21, 2008,  
<http://www.labourbehindthelabel.org>

## To Billionaires, From Workers in Abject Poverty

Warren Buffet, currently ranked the richest person on earth, is estimated to be worth \$62 billion. Several of the Wal-Mart heirs are worth an estimated \$20 billion.

Both Buffet and the Wal-Mart heirs have profited from Wal-Mart's Faded Glory school uniform shirts. What about the workers who make the shirts?

The average basic wage for JMS Garments workers we interviewed is \$36 per month, ranging from \$20 to \$44 per month. Their average wage including overtime is \$43 per month, with a range from \$26 to \$51. How do the workers live on their wages? Here are the average monthly expenses per person as reported by workers:<sup>9</sup>

### Average Monthly Expenses per Person

Food .....	\$26.53
Rent.....	\$12.53
Transportation to work.....	\$3.79
Medicine.....	\$4.32

The total so far is \$47.04 or about \$4 higher than the average wage including overtime pay. And we have not even considered the cost of other basic needs such as household items, clothing, and education, let alone entertainment and savings. Only 12 out of 37 workers interviewed reported any expenditure on entertainment, a modest monthly average of \$2.50, and only four workers could afford to spend any money on household necessities. When asked about savings, only 12 of 37 workers said they could save anything. Some workers reported being in debt, and many workers made comments such as, "If I can't maintain my family or fill my daily needs with what I get, then how can I save anything?"

Any measure of workers' wealth would come close to zero. Asked which of the following items they possess – a bed, fan, table, chair, shelf, television, radio, CD player, refrigerator, water filter, or bicycle – only one of the 37 reported having as many as eight of these 12 items. Two said they owned absolutely nothing, living in a shared room with other workers and sleeping on the floor. Nine said they had one of the possessions, either the fan or the bed; two had two items; three had three items; 14 had four items; nine had five items; and three had six items. Only one person had a bicycle and no one had access to a refrigerator.

"You can only understand the life of poverty that they live when you visit their home," the Garment Research Group told us in a report accompanying the worker interviews. Typically, four or five workers will share a room just 10 feet by 10 feet in size. The only furniture may be a shared bed made from boards from shipping crates. The mattress is one inch thick, made with hard and lumpy stuffing. Those who do not fit on the bed sleep on the floor on another thin mattress, or have only a sheet separating them from the hard concrete or mud floor. There may be one shared toilet and a shared kitchen for about 20 workers. They have no running water but a well from which they pump their own water by hand.

All thirty-seven workers interviewed agreed that the cost of adequate food is more than they can afford. Many of them worried about the high price of rice. A 24-year old female garment worker observes, "Before, we used to buy rice for 10 takas/kg. Now it costs 40-45 takas/kg but our salary has not increased so everything is out of reach." An 18-year old worker who tries to send at least 200 takas (\$2.90) to her family in the countryside every month says that she cannot afford rice for herself. "My income allows me to spend 15 takas/kg of rice," she calculates, "but the price of rice is more than 40 takas/kg."

A 26-year old worker who lives with her family and does not have to pay rent survives on mostly fish and lentils. But, she says, food prices are

## What Workers Eat

Rice is a major part of almost every meal for garment workers in Bangladesh. Fish is the next most common food. A typical garment factory worker eats the least expensive and poorest quality fish and mixes a small amount of dried fish with ground turmeric, garlic and onions to make a curry to flavor the rice. Sometimes workers might have an egg with the rice, but then they will forsake the curry. Daal, a thin soup made with water and yellow or red lentils, is also a common midday or evening meal, as it is a high-protein substitute for meat. However, because it takes a long time to cook, it is difficult for factory workers to prepare when they are expected to work long hours.

Beef and chicken, at \$2/kilogram, are usually too expensive for most factory workers, as are fruits and milk. If they drink milk it is not the good quality pasteurized milk, which costs \$1.50/kilogram, but small watered down cheap packs that need to be boiled before they are considered safe for consumption.

Source: Garment Research Group

increasing so much “that it has become impossible to have food three times a day.” A 20-year old worker who has to pay \$16 a month in rent says that she can afford the vegetables, but “rice, oil, and lentils are out of reach.” Finally, a 25-year old mother, a helper in a garment factory who earns \$32 a month including overtime and shares a small room with another family, despairs, “The market price is so excessive that I can’t feed my children anything good. The market price of ten years ago is affordable for me, but the current market price I can’t afford.”

Twenty-six of the 37 workers interviewed said they could never afford any milk. Beef, chicken, and fruit are also luxuries which they rarely eat. Small fishes, cheap vegetables, and rice are the main staples.

When we ask workers how much they themselves believe they should earn, their demand is more than twice the average basic wage at JMS Garments (\$36 per month), and more than three times the legal minimum wage of 1,662.50 takas (\$24) per month. The average salary request cited by the 37 workers interviewed is \$77 per month, or about \$2.50 a day. Considering their rising cost of living, and that the World Bank

## The World Food Crisis

According to the United Nation’s Food and Agriculture Organization (FAO) global supplies of rice are so tight that the world market price increased 66% from March 2007 to March 2008, reaching a 20-year high. Although global rice production may increase by 2% in 2008, the FAO still expects that it will take two to three years until rice prices drop significantly.<sup>11</sup> In a report released in April 2008, the World Bank notes that overall global food prices have increased by 83% over the last 18 months. “Food crop prices are expected to remain high in 2008 and 2009 and then begin to decline, but they are likely to remain well above the 2004 levels through 2015 for most food crops,” according to a World Bank news release.<sup>12</sup>

In Bangladesh, the price of rice has doubled in a year, according to the government’s food planning unit, due in part to the devastation wreaked by floods and Cyclone Sidr, which destroyed 600,000 tons of rice in November 2007. According to the Garment Research Group the price of vegetables, cooking oil, and fish has also doubled in the last year in Bangladesh, forcing workers to spend as much as two-thirds of their meager income on food. As a result of spiraling prices for both food and non-food items an additional four million Bangladeshis had sunk below the official poverty line by August of 2008 despite economic growth.<sup>13</sup>

The consequences of rising food prices are visible across the globe. News media report that food riots caused by high prices are on the rise worldwide, from Mexico’s “tortilla crisis” in January 2007 to Haiti’s



## SWEATSHOP SOLUTIONS?

defines anyone living on less than \$2 a day as living in poverty, these workers' request appears modest. As Zahir says, "I don't want to buy a car or a house, just my own food and survive."<sup>10</sup>



A shop of dry fish and spices. Workers buy 100 grams of dry fish for a meal for three to four people. This shop is situated close to the Chittagong Export Processing Zone.

"We would have no complaints if we at least got better pay. We are even ready to accept all kinds of punishment, but we just want fair and better pay - at least the pay that we deserve."

-- Anika, helper at JMS Garments, paid \$20 per month

rice riots in April 2008. In Bangladesh, government-run outlets that sell subsidized rice have been besieged by queues "comprised largely of the country's middle classes, who will queue for hours to purchase five kilograms of rice sold at 30 per cent cheaper than on the open market."<sup>14</sup> World Bank President Robert Zoellick estimates that "33 countries around the world face potential social unrest because of the acute hike in food and energy prices."<sup>15</sup>

Poor people in Bangladesh are finding that they are no better off trying to purchase their food on the market with their meager factory wages than grow food to sell on the market where they must compete with giant agribusiness. Many workers at JMS Garments have experienced both sides of the market, and found them equally unpalatable. Riana says: "My suffering started in my childhood. My father was a farmer so I had a miserable childhood with poverty and want of all sorts of basic necessities." She came to Chittagong and found work in JMS Garments. "I thought maybe my family life would be better than in my father's family, but that is not true. We still face the same poverty."

According to the United Nations Development Program, more than 80% of Bangladesh's 160 million people live on less than \$2 a day, a poverty some may attribute to overcrowding. Yet, Bangladesh is blessed with exceptional agricultural endowments with rich alluvial soils. According to sources cited by the Institute for Food and Development Policy/Food First, a nonprofit organization for agricultural sustainability, Bangladesh's official yearly rice output alone "could provide each person with about a pound of grain per day, or 2,000 calories."<sup>16</sup> The hunger is needless.

## Market Accidents or Deliberate Policy?

Workers decry the high food prices threatening their survival. What is the government doing?

In 2005, the World Bank pressured then Prime Minister Begun Zia to remove government subsidies and increase prices of kerosene, diesel, octane, and petrol, adjusting them to international market prices as part of a trade liberalization agenda. More recently, the International Monetary Fund (IMF) has also aggressively promoted free market reforms in Bangladesh, making assistance under its Poverty Reduction Growth Facility loan program conditional on implementation of its standard – but failed – poverty reduction agenda of privatization, government deregulation, and cuts in social spending. Currently led by a “caretaker government” whose Chief Advisor has a Princeton education in economics and a background as a former top official of the World Bank, the government of Bangladesh has been receptive to World Bank and IMF advice.

According to the IMF and the World Bank, state-owned enterprises burden the Bangladesh economy. The Bangladesh Petroleum Corporation and other state-owned power, airline, and fertilizer companies run at a loss while subsidizing the cost for the people. Accordingly, the IMF prescribed the elimination of price controls and subsidies, and the government has complied by hiking prices for fertilizer, electricity, and various petroleum products.<sup>17</sup> Higher costs of irrigation and transport have brought about higher prices of agricultural products and food price inflation.<sup>18</sup> In addition, the IMF prescribed the expansion of the value added tax (VAT) to the retail level, hitting the poorest of the poor, hitherto outside the income tax net, especially hard.

This IMF-World Bank purported poverty reduction program, which appears to have the opposite effect, faces widespread opposition in Bangladesh. In November 2007, academics, economists, politicians and activists announced the formation of a people’s tribunal against the World Bank, International Monetary Fund, and the Asian Development Bank. “The policy prescriptions of the lending agencies have destroyed Bangladesh’s potential for development and are merely another form of colonization,” said a leading economist at Jahangirnagar University in remarks timed to coincide with the arrival of World Bank president Robert Zoellick. “The People’s Tribunal will try to find the ways and means of breaking the shackles that the lending agencies have wrapped around our country.”<sup>19</sup>

## The Numbers

Approximately two million Bangladeshi workers, mostly young women who are forced to leave rural livelihoods in part because of floods, cyclones, and land erosion, but mostly because of abject poverty, now toil for 3,300 apparel employers, making clothes for export. In 2007, they produced \$9.2 billion worth of clothing (out of a total \$11.2 billion worth of exports) of which U.S. consumers purchased approximately one quarter.

Source: “The Economist Country Briefings: Bangladesh,” <http://economist.com/countries/Bangladesh>

## Freedom for Whom?

### *Foreign Investors and Bangladesh’s Labor Laws*

While prices of basic necessities are increasingly unaffordable for garment workers in Bangladesh, the government has been pursuing “a most liberal policy with regard to foreign investment,” observes the Korea Times. “The role of the government is now promotional rather than regulatory,” and Bangladesh has become an excellent place for setting up labor-intensive industry for Korean investors.<sup>20</sup>

Indeed, foreign investment in Bangladesh’s Export Processing Zones reached record levels in early 2008. According to the chairman of the Bangladesh Export Processing Zone Authority (BEPZA), Brg. General Ashraf Abdullah Yussuf, international entrepreneurs are looking to Bangladesh because of the nation’s close proximity to fast growing South Asian markets. Another reason, he adds, is the availability of an inexpensive and productive labor force. By contrast, rising wage rates and

production costs in many other Asian countries are making them less attractive as sites for labor-intensive low-cost manufacturing.<sup>21</sup>

Bangladesh emerged as a global supplier of ready-made garments in the 1980s thanks in part to the Multi-Fiber Arrangement (MFA), which established import quotas on textiles, forcing companies to diversify production locations across the globe. To avail itself of the opportunity for garment-based industrialization, Bangladesh adopted the Foreign Private Investment Promotion and Protection Act in 1980. This act provided for Export Processing Zones (EPZs) to stimulate rapid export growth through an “Open Door Policy” to attract foreign investment.<sup>22</sup>

Anticipating that textile and garment quotas under the MFA would be phased out as of January 2005, most analysts worried that the Bangladesh garment industry would lose ground to India and China especially and substantial numbers of jobs would be lost.<sup>23</sup> Contrary to the dire predictions, however, exports of ready-made garments from Bangladesh have continued to grow at a steady pace since the end of garment quotas. In fact, during the first six months in the post-MFA era Bangladesh garment exports increased over 20% compared to the same period of time during the previous year.<sup>24</sup>

Low labor costs are part of the explanation for the apparent success of the Bangladesh apparel industry despite elimination of worldwide quotas on apparel and textiles. According to *The Economist*, Bangladesh “has made use of its labor, its only abundant resource.” Wages are lower than in China, India, Cambodia, or Vietnam, its main competitors. If today’s trends continue, the magazine speculates, far from losing all its jobs to China, Bangladesh garment exports will soon overtake those of India.<sup>25</sup>

However, the World Bank warns that Bangladesh may not yet be out of the MFA woods, as the full impact of the post-MFA era will only be felt in 2008 and onwards when temporary quotas for China will expire. “Bangladesh’s ability to surmount [the MFA challenge],” the World Bank

admonishes, “will depend on improving its competitiveness and business climate in general.”<sup>26</sup> Many analysts maintain that Bangladesh must increase productivity by improving its infrastructure and addressing its widespread corruption problem.<sup>27</sup>

.....

Bangladesh’s competitive strategy for apparel exports has always included restrictions on labor rights. The Bangladesh Export Promotion Bureau promises investors “production oriented labor laws.” The bureau advertises: “Law forbids formation of any labor union in the zones. Strike within the zones is prohibited.”<sup>28</sup>

When established in 1980, BEPZA was granted immunity from sixteen laws relating to industry, labor, and customs issues, including the Industrial Relations Ordinance of 1969 which guarantees workers freedom of association. Instead, special “Instructions” gave workers in the export processing zones the right to be paid the minimum wage for a 48 hour work week, receive a 10% annual increase in gross wages, and take a certain number of days off from work each year.<sup>29</sup> However, workers were not afforded any freedom of association and collective bargaining rights even though the Bangladeshi Constitution provides for the right to form or join unions and Bangladesh has ratified the International Labor Organization’s Core Conventions on Freedom of Association and Collective Bargaining. Nor could the limited rights the workers received on paper be effectively enforced; BEPZA, the organ responsible for attracting foreign investors, was also to be responsible for adjudicating disputes between workers and employers, and BEPZA’s decisions were to be final.

Worker movements have ensured that workers in the export processing zones now have at least limited associational rights, but those rights are still poorly enforced. By October 2006 all factories in the EPZs were required to establish Workers Representation and Welfare Committees (WRWC) that would have the power to negotiate and sign collective agreements on limited topics relating to working conditions

## Chittagong Export Processing Zone

Located just 1.5 miles from the Chittagong Sea Port and less than five miles from the Chittagong International Airport, the Chittagong EPZ, where JMS Garments is located, was the first to be established in 1983, followed by the Dhaka EPZ in 1993. Six additional EPZs have been established more recently though only three of them are currently operational. Of the 264 enterprises located in the EPZs, 61% are foreign-owned, 23% locally-owned, and 16% local/foreign joint ventures. Major apparel brands and retailers sourcing from these factories include Wal-Mart, GAP, Nike, H&M, and Tommy Hilfiger.<sup>34</sup>

The EPZs' primary objective is to provide potential investors with "a congenial investment climate, free from cumbersome procedures." According to the Export Promotion Bureau of Bangladesh, this congenial climate includes:<sup>35</sup>

- Free electricity, water, gas, and telecommunications;
- A tax holiday for 10 years;
- Complete exemption of dividend tax for foreign nationals during the tax holiday period;
- Exemption of income tax on salaries of foreign technicians for three years;
- Full repatriation of profits and capital;
- Repatriation of investment, including capital gains;
- Duty free import of machinery, equipment, and raw materials; and,
- Duty free export of goods produced in the zones.

The Bangladesh Export Processing Zone Authority (BEPZA), established as a distinct authority directly under the Prime Minister's Office, is the official government organ to promote, attract and facilitate foreign investment in the EPZs.

and remuneration. In November 2006 EPZ workers gained the right to establish Worker Associations with the power to represent their members and declare a strike. In addition, labor tribunals – not BEPZA – are now supposed to adjudicate disputes between workers and employers and enforce labor regulations.

In practice, workers' right to organize continues to be severely curtailed throughout the Bangladesh apparel industry and especially within the EPZs. Research shows that union leaders and members are routinely harassed, verbally and physically threatened, beaten, suspended, and fired for pursuing union activities.<sup>30</sup> While WRWCs have been formed in most EPZ firms, "employers routinely harassed, intimidated, suspended, and fired leaders of WRWC, and the BEPZA systematically failed to protect WRWC leaders from these campaigns," the International Trade Union Confederation found in 2007.<sup>31</sup>

Furthermore, the BEPZA Executive Chairman has the authority to deregister any Worker Association that he sees as non-compliant with EPZ law; that is, any Worker Association that allows talk about unions in the workplace, distributes pamphlets, or holds meetings without their employers' permission, contravenes any part of its own constitution, or even fails to submit a report to the Chairman is at risk.<sup>32</sup> Strikes are forbidden in EPZs until October 31, 2008. The labor tribunals are still not in place, depriving EPZ workers of any legal recourse to address violations of workplace rights. And BEPZA has mostly ignored queries and complaints from international labor rights associations about illegal worker firings.<sup>33</sup>

## Repression of Labor Rights

### *The Military-Backed “Caretaker” Government*

When the Bangladesh Nationalist Party government stepped down in October 2006 at the end of its term, a non-party caretaker government made up of technocrats backed by the military assumed power. Its stated purpose was to root out corruption and implement pro-democracy reforms to ensure free, fair, and credible elections.<sup>37</sup> Just a few months into its term, the caretaker government’s anti-corruption campaign had resulted in the arrest of more than 160 senior politicians, top civil servants, and security officials on suspicion of graft and other economic crimes. Even the former Prime Minister’s son, Tareq Rahman, faced charges of economic extortion and was jailed.<sup>38</sup>

However, in January 2007 the caretaker government, backed by the military, cancelled elections and instead appointed a new interim government that promptly declared a state of emergency said to be necessary to end corruption, abuse of power, and political violence. Twenty months later this government is still in power; elections are not expected until December 2008. Emergency rule remains in place and is expected to continue through the late part of 2008 if not longer.

Human rights organizations have widely condemned the caretaker government for using Emergency Power Rules (EPR) not just for addressing corruption and abuse of power, but also to suspend basic civil liberties and due process rights, restrict freedom of expression and assembly, and suppress opposition to the government. Human Rights Watch estimates that tens of thousands of people, including a wide range of government critics and peaceful protesters, have been arbitrarily arrested under emergency rule.<sup>39</sup>

Hundreds of workers and labor rights defenders are among those targeted and arrested under Emergency Power Rules that prohibit processions, meetings, assemblies, industrial action, and trade union activity. Violations of these pro-

hibitions may result in 2-5 year prison terms and fines<sup>40</sup> following “Speedy Trial Tribunals” with secret proceedings where the public and press are excluded.<sup>41</sup> As a result garment workers’ protests over poor and hazardous working conditions, low wages, and long working hours have become even more hazardous than they already were prior to the establishment of the EPRs.

During the time of this research project, national intelligence authorities aggressively harassed several unions and labor advocacy organizations. Reporting on the harassment of the AFL-CIO Solidarity Center’s Bangladeshi staff in 2007, the International Trade Union Confederation wrote: “The authorities seemed particularly concerned about the work being done to assist EPZ workers, and collaboration with local trade union partners to insist that government enforce its labor laws. The work of the Solidarity Center to help workers contact international labor organizations and overseas garment companies/brands to rectify problems at the factories was also evidently unwelcome.”<sup>42</sup> Citing police sources, Human Rights Watch reported in January 2008 that “a number of international organizations and their staff members are currently being monitored for allegedly engineering or inciting subversive activities within the garment industry.”<sup>43</sup>

## Salma's Story

In late December 2007, Salma, a female worker at SQ Sweaters in Dhaka, became ill. Fearing she would be fired if she stayed home, she continued working. On Sunday, December 31, her condition worsened and she requested permission to leave the night shift. Her line supervisor refused. When Salma continued to worsen, she was eventually taken home around 3am. By then it was too late; Salma died at 4:30 am on Monday morning. Her coworkers were denied leave for the funeral service under the threat of losing their jobs.

On January 2, 2008, incensed at the injustices that led to Salma's death and in defiance of the ban on demonstrations imposed by the caretaker government, several thousand workers from SQ Sweaters and other factories took to the streets protesting forced overtime and other labor abuses. Workers stated that factory owners forced them to work overtime without proper payment, did not provide treatment facilities for sick workers, and did not pay wages on time. The protests lasted several weeks. In several factories workers were able to negotiate improvements with management, including agreements to pay the salary within the first seven working days of the month; pay overtime wages at double the regular rate by the 25th of the month; and grant sick leave and annual leave in accordance with labor law. An even greater worker insurrection



Workers at Chittagong Export Processing Zone demonstrating against the physical assault on two of their colleagues by a factory official, August 17, 2007. Photo from [www.newagebd.com/2007/aug/17/front.html](http://www.newagebd.com/2007/aug/17/front.html)

in May 2006 resulted in an increase of the legal minimum wage from 930 takas (\$13.50) per month to the present 1,662.50 takas (\$24.20) per month, the first increase in the minimum wage since 1994.<sup>36</sup>

## Dangerous Research

In the context of the Emergency Power Rules, the conduct of research on working conditions can be fraught with danger. According to sources cited by the Clean Clothes Campaign, an international network of anti-sweatshop and labor rights organizations, some Bangladeshi labor rights researchers and advocates have been charged with “supplying sensitive information” about working conditions to outside parties.<sup>44</sup> In January 2008 a Bangladeshi labor rights investigator with the U.S.-based Worker Rights Consortium was arrested, jailed and held incommunicado for a week, and only released following the intervention of international human rights groups, the U.S. government, and major apparel brands.

As an advocacy organization, SweatFree Communities approached this research with some concern for the safety of our research partner in Bangladesh, the staff of the Garment Research Group (GRG).<sup>45</sup> The GRG is a non-governmental research organization with no political affiliation. Founded and directed by former Bangladeshi garment workers, the GRG is respected domestically and internationally, enjoys the trust of garment workers, and has a track record of producing thorough and credible research in the apparel sector. Ultimately, we followed their lead to proceed with this research, believing that the act of witnessing and exposing human rights violations is necessary to create a more humane global economy.

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The GRG developed a 60-question survey to guide interviews of a total of 94 workers interviewed over a period of one year, queried an additional 37 random workers who came through their office about everyday living expenses, photographed workers' living environments, and collected data to help us profile the factories. We agreed to the design, in part because they have experience and expertise in this type of research, but also because we understood that for the GRG this was not just a program of research for the sake of research. Exhaustive interviews of a large number of workers would not just yield credible research results for us, but also help the GRG advance its own mission by documenting labor rights violations, educating workers about their rights, and encouraging workers' interest in their own organization.

In January 2008, GRG began telling us of regular office "visits" by the secret police special branch amounting to harassment so serious they were unable to continue working. "We are in hiding," they told us via email, "and can't go to the office as we are being followed and questioned by security people." In the same email they indicated "many problems with JMS Garments factory management and EPZ authorities." A long period of silence followed this email.

The Emergency Power Rules grant security forces the authority to seize, disrupt, or delay communication by post, wireless, telegram, or telephone. During the time of the research for this report numerous labor rights organizations reported bugging, intercepted emails, and seizure of computers. One Bangladeshi labor rights activist told the Clean Clothes Campaign: "Electronic communication (cell phone, email) of several concerned persons is under surveillance. ... Nobody is safe under the moment."<sup>46</sup> Discussing this research project, staff with a U.S.-based labor rights organization underscored that "worker leaders are under heavy surveillance by the Bangladesh secret police," and advised us: "Whatever communication you have with them over phone and email you should keep that in mind. In short, just assume that everything is read and listened to when you communicate with Bangladeshi labor leaders."



## Part II – A Story for Consumers

This account of labor repression and human rights violations is hardly the one U.S. consumers hear when purchasing Wal-Mart apparel. Instead, we receive a sanitized version produced, in part, through Wal-Mart's own factory monitoring reports.

The field of “corporate social responsibility monitoring” emerged in the early 1990s after a number of high profile apparel brands were scrutinized and criticized in the press for producing consumer goods in factories with poor working conditions. Today, tens of thousands of audits of working conditions are commissioned annually by hundreds of brand-name companies and retailers.<sup>47</sup> Often these audits are designed to protect corporate reputations rather than workers' wellbeing.<sup>48</sup>

Established in 1992, Wal-Mart's Standards for Suppliers sets out the company's expectations of fair labor practices in the production of merchandise for sale by Wal-Mart.<sup>49</sup> Suppliers must sign an agreement that they, their contractors, and subcontractors will abide by Wal-Mart's Standards for Suppliers. As part of this agreement, a poster of the Standards - signed by factory management - must be displayed in a location visible to all employees at all facilities that manufacture merchandise for sale by Wal-Mart. The poster must include a local helpline number and an e-mail address for workers to contact Wal-Mart with any concerns they may have.

According to Wal-Mart, its Ethical Standards team monitors supplier factories and educates factories and suppliers to help prevent violations of Wal-Mart's Standards for Suppliers. In 2006, Wal-Mart placed over 200 Ethical Standards associates in five regions around the globe: Southeast Asia; the Indian subcontinent; the Far East; the Americas; and the Middle East, Africa and Europe. That year, Wal-Mart conducted more factory audits than any other company in the world: 16,700 audits at 8,873 factories producing goods for Wal-Mart.<sup>50</sup>

Few workers at JMS Garments appear to know that Wal-Mart's Standards for Suppliers is posted on the factory wall. Only one worker interviewed indicated that she had read it, adding that the factory does not follow many of its provisions.

However, almost all workers interviewed had heard of Wal-Mart and know that the company regularly sends inspectors to the factory. The inspectors pick out a handful of workers and interview them a few minutes each. Workers say they are “prepared” for these visits, describing them as elaborate performances, complete with rehearsals, costumes, roles, props, and recordings, for the benefit of the audience, the Wal-Mart auditor.<sup>51</sup>

Ritu explains, “They always prepare us. Some supervisors ask us to forgive them and they also ask all the workers to wear proper dresses. The day when the Wal-Mart representative comes to visit everything changes in the factory. They behave with us like children, as if they don't know anything.”

Arman sounds a similar note: “They always prepare us. That day [when the visitors come] they all become good and ask us to forgive them and they tell us don't do anything that will stop our work order.”

According to Mithun managers explain to workers “the role we have to play.” “They instruct us about the leave, the wages, and what we have to say if the buyers ask us.” Similarly, Regina says, “Managers ordered us that if anyone of the visitors asked we must say we get the weekend off, we get our wages on time, and so on.”

The main props supporting this performance are the fake pay slips.

Hasan, for example, earns 2,700 takas per month, nearly 3,200 takas with overtime. But he has to sign three different salary sheets, including one for the factory and one for the buyer. “In



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the buyer's salary sheet my wages are more than 4,000 takas," he says.

Tamina explains, "There is a real and a duplicate pay slip for all the workers. We don't get the wage on the pay slip that they give to us and that we have to show the buyer. For example, if our original salary is 2,900 takas then the fake pay slip says our basic wage is 3,500 or 3,800 takas. The helpers who get 1,300 takas, they have to say that they get 2,900 or 3,000 takas. So when the buyer comes we have to lie to them as we are taught."

Even the childcare room is "for show" in Tamina's words. Managers do not forbid the workers to take their children there, but nobody does because "the female workers are afraid to keep their children there," says Shahed. "They know the management never takes care of their children properly."

When asked if they have ever complained of anything to Wal-Mart, workers are quite clear that telling the truth about the working conditions is not part of their script.

Parmita responds: "If we complain, the next day we will lose our job. So nobody opens their mouth." Tamina says similarly, "We can't tell any of our grievances because we are told that if we open our mouth we will be fired, and because we are afraid of losing our jobs, we don't open our mouth." She proceeds to reveal that the performance for the auditors is actually recorded, increasing the pressure on workers to follow their script: "While interviewing workers they record us and take our photographs as well. If we complain about anything, management gives our photograph to BEPZA or other factories, and we lose our jobs. They keep our photograph so that no factory will give us a job."

### UPDATE: September 2008

The workers and supervisors interviewed still agree that complaining is pointless as managers "take no action."

Arman, finally, sounds a note of resistance. Explaining that Wal-Mart inspectors have not talked to him yet during his short time at JMS Garments, he vows that if one day "the buyer chooses me, I will tell everything honestly whether I lose my job or not."

"The Wal-Mart Ethical Standards program is in place to do what is right for factory workers and the environment."

--Rajan Kamalanathan, vice president of Ethical Standards for Wal-Mart Stores, Inc.

Most people looking to purchase a shirt from Wal-Mart do not know about these elaborate performances put on by workers, managers, and auditors every few months. Yet, the performance is ultimately for the benefit of consumers who receive the story about the shirt filtered through the audit, the auditor's report, and the company's ethical sourcing report as presented to the media and retold to consumers.

Wal-Mart does admit problems in its supply chain, but the true "sweatshops" are merely the "bad apples" in their story, easily discarded by Wal-Mart's auditors. In 2006, Wal-Mart rated a mere 0.2% of its supplier factories as "red," factories where auditors found "egregious violations." A further 2.1% were "disapproved" because they had received four "orange" ratings within a two-year period. The vast majority of audited factories were either rated orange (40.3%), exhibiting "high-risk violations" such as failure to pay the legally required overtime premium, or "yellow" (51.6%) with "medium-risk violations" such as failing to provide pay slips to workers. A small number of factories received the "green" rating, having no violations or "low-risk" violations.<sup>52</sup>

Thus, Wal-Mart's rating trajectory places all but a small minority of factories within acceptable bounds. According to the company report, some factories may be questionable, on the verge of

"When the Wal-Mart representative comes we are told to lie for the benefit of the factory. We have to tell them we get all the benefits and everything is paid properly. An incident took place a few days ago. All the helpers were given 200 takas (about \$3) each to lie in front of the buyer. So all the helpers told them everything is fine."

-- Bithi, sewing operator at JMS Garments

elimination, but usually a nudge - a repeat audit after 120 days (for factories rated orange), or after 30 days (for factories that have underage workers) - corrects the problem and returns the factory to an acceptable course. The exceptions (rated red) that are completely off the trajectory and beyond acceptable norms are few indeed; based on Wal-Mart's own figures, about 18 factories out of 8,873 (0.2%) exhibit "egregious violations."<sup>53</sup>

JMS Garments apparently is not one of the egregious 18. According to the industry-supported monitoring organization Worldwide Responsible Accredited Production (WRAP),<sup>54</sup> JMS Garments meets standards relating to laws and workplace regulations; forced labor; child labor; harassment and abuse; compensation and benefits; hours of work; discrimination; health and safety; freedom of association and collective bargaining; and the environment.

According to the factory itself, it is a case example of an "ethical work environment." Jeasion's website proclaims: "We provide [a] safe and positive working environment for all employees. All our facilities strictly follow local law and anti-discrimination guidelines. We respect our client's code of conduct and [are] always trying for the continuous improvement of the social standard of the workers."<sup>55</sup>

When, as Tamina says, workers have to "lie to the buyers" as they are taught, they do much more than deny their own lived reality and the truly egregious human rights violations they endure daily in the factory. They do more than play the roles assigned to them by managers to mislead or appease auditors. They also tell consumers the story that serves to prop up the system which keeps them working in brutal conditions and living in

abject poverty. By putting on a nice dress, telling the auditors what they are supposed to say, and refraining from complaining, workers become the unwilling, but not always unwitting, collaborators with those who profit from their exploitation. By denying their own voice, JMS Garments workers place their daily humiliations within the bounds of acceptable norms of "humane and ethical conditions." The workers are forced to affirm a global economy based on low-wage sweatshop labor as basically sound and morally acceptable if not entirely without problems.

It is no wonder that Arman and perhaps others like him cannot wait to speak truth to power, come what may.

### UPDATE: September 2008

According to workers, in May 2008 a Wal-Mart inspector visited JMS Garments unannounced and talked randomly with workers. One worker reportedly "told the truth about working conditions" to the Wal-Mart inspector. When the supervisor found out, he interrogated and beat the worker apparently in full view of the Wal-Mart inspector. That supervisor was fired on Wal-Mart's demand. But workers still say that managers instruct them how to answer Wal-Mart's questions and threaten to punish them if they reveal the truth.

"Unfortunately, factories sometimes present false documentation to auditors. Thus, auditors are tasked with identifying the falsified documents, and are trained in techniques to detect such falsification."

-- Wal-Mart 2006 Report on Ethical Sourcing

## Part III - The Lie of the Story: No Freedom, No Rights, No Respect

What would Arman say if the Wal-Mart inspectors chose to listen to him?

Behind workers' performance to auditors lies a reality in stark contrast, a work life of confinement and near captivity with hardly any of the rights accorded to workers by Bangladeshi law, Wal-Mart's Standards for Suppliers.

JMS Garment workers talk of nearly unbearable production pressure, tying them to sewing machines for long hours, virtually without a break, day in and day out.

"The production target is excessive and is impossible to meet," says Tamina. "If I can make 60 pieces they keep asking for 80 or 100 pieces, whereas 60 pieces is normal production."

According to Anika, "The production target is extremely high. I have to make 200 pieces each hour, which is almost impossible. Sometimes I come in at 7:30 in the morning and don't get up from the machine until 7:00 in the evening, without even taking a break for lunch."

Elina concurs, "The production target is too high. Workers can't even go to the toilet because of the work pressure. Today I couldn't take my lunch because I had to fill the target."

### UPDATE: September 2008

According to workers, the same excessive production quotas are still required.

Workers report a minimum of 80 and up to 150 hours of required overtime per month. This is not forced labor in the sense that workers are physically prevented from leaving the workplace. However, it is not freely chosen labor either as workers would be fired or otherwise punished if they chose to spend the time doing something else.

### Young Workers Only

The average age of JMS Garments we interviewed was just 24 years, the youngest being 20 years old and the oldest being 28. Jamila explains why all workers are young: "When the workers are 30 or older management requires too high a production target. They are unable to complete the target and this is how at some point they fire them by accusing them wrongly of infractions they did not commit."

According to the Garment Research Group, JMS Garments recruits new workers every month and ensures constant turnover in the workforce in order to keep labor costs as low as possible and prevent workers from developing a sense of unity.

Tamina, for example, regularly puts in about five hours of overtime every day or 150 hours every month. Even in the month of Ramadan, when she and the other Muslim workers fast all day, overtime is mandatory, and even more extreme than normal because of a demanding volume of orders. "I worked 14 or 15 hours a day during the month of Ramadan," she says. "They also cut our salary for Namaz (praying)."

The hours are yet more oppressive when the factory receives an order for an emergency shipment. In that case, Tamina says, "we have to do nightshift work until 3 am, and then we have to start again at 8am, even on the weekend." All those hours, workers have to keep going with only "the Tiffin" for sustenance, a snack of some bread and banana. When the marathon 19-hour shift finally is over, the male workers go home to sleep a few hours, but the women have to manage as best they can on the factory floor because it is not safe for them to be out late at night. And it can be even worse, as Sadia relates: "Some days ago we had to do night shift duty up to 3 am, but they didn't provide any Tiffin to us, and we had to sleep inside the factory."

### UPDATE: September 2008

(See page 27) The number of normally required overtime hours appears to be dramatically reduced. Rather than 80-150 hours of overtime per month, workers report 52 – 60 hours of overtime per month and two to four hours of overtime per day. Furthermore, most workers, but not all, appear to be paid the legal overtime rate. However, anything in excess of 52 overtime hours per month and two overtime hours per day is still illegal. Furthermore, a worker in the embroidery section reports 12-hour working days as the norm, a clear legal violation. Finally, the grueling 19-hour day-night shift, from 8 am to 3 am, is still required when the factory needs to meet an emergency order. These shifts are only legal if the factory receives permission in advance from the Bangladesh Export Processing Zone Authority, which the GRG believes JMS Garments does not have. Whether legal or not, requiring such long hours is hardly a humane practice.

Nearly every worker interviewed confirmed that these extreme overtime hours are by no means voluntary. According to Elina, “If any worker declines overtime management harasses him or her mentally or physically. Sometimes management will deduct wages.” Zahir agrees, “Management will never let the worker decline overtime or nighttime work. Workers have no choice, even when they are sick.”

Nor can workers recuperate by taking time off for any reason, medical or otherwise.

Workers who try to exercise their civic responsibilities by registering to vote find the doors closed. Elina tried to take her lunch hour to obtain her voter identification card, a measure designed to minimize fraud. But she found the lines were too long and she had to rush back to the factory, fearing management would dock her pay if she came back late. According to Jamila, “We need a day to get a voter ID, but they don’t give it to us.”

When she wanted to go back to her village to see her family, Tamina found “the factory management does not allow us to take a week of leave for that.”

Even when workers are sick, they have to keep working. According to Akash, “Sometimes workers become terribly sick and they want some leave, but still the authority doesn’t want to let the worker go. And when at some point workers fail to work and fall down unable to work, then the authority brings the ambulance of the EPZ to help the worker. But until then they don’t let the worker go.”

### UPDATE: September 2008

The poor quality food and unhygienic conditions in the canteen are still some of workers’ major complaints. According to one of the supervisors interviewed, “We can’t take our food to the canteen because the place is deadly dirty. The company supplies food for lunch, but it is uneatable.”

### The Food in the Canteen

Workers’ wages are cut 180 takas per month for lunch, which is served in the factory’s cafeteria. What do they get for it?

Workers report unhygienic conditions and inedible food. They find cockroaches in the curry, flies in the lentil, banana peel in the dal, stones or sand in the rice, feathers in the chicken, leeches in the spinach, and insects in other food. “The food stinks and the chicken they give us is not edible,” says Akash. “Sometimes

the food is the same for many days and then the workers don’t want to eat.”

Tamina wonders, “Where do we get energy for work? We don’t get it from the food. The food quality in the cafeteria is so bad we can’t eat it. There are leeches in the spinach, dirt in the curry. So if we can’t eat, how can we work? If we complain to the managers about this situation they tell us we can just leave if we don’t like it.”

## SWEATSHOP SOLUTIONS?

Several workers recounted a recent incident involving a pregnant woman who was denied leave until it was too late. Sadia remembers: “Just some days ago one of the female workers was working inside the factory and she was pregnant. Her pregnancy reached the eleventh hour and she delivered her child inside the factory. Then the management sent her home.”

### **UPDATE: September 2008**

There appears to be a dramatic improvement in JMS Garments’ leave policy. All the workers interviewed in September 2008 report that they now receive paid sick leave, casual leave, earned leave, and festival holidays according to law. Workers now also get the weekend (Friday) off on a regular basis.

If workers do stay away from work because of illness, they lose their daily wages and also the attendance bonus of 200 takas, which they can ill afford.

### **UPDATE: September 2008**

Both workers and supervisors confirm that managers sometimes continue to deduct money from workers’ regular wages to punish absences. This practice is illegal.

### **The drinking water in the factory**

News report: August 3, 2006, The Daily Newspaper

More than 200 workers fall sick at CEPZ [Chittagong Export Processing Zone] – Staff Correspondent. Chittagong

“More than 200 workers of a garments factory at the Chittagong Export Processing Zone fell sick after taking polluted water Wednesday morning. The CEPZ sources said most of the workers of the JMS Garment Industry started

### **A Factory Owner’s Perspective**

All the female workers are from the rural area. The work is new for them. They can neither read nor write and have no skill, and therefore their productivity is very low. In the village they were just doing some housework. In the factory the work is different. We are getting criticized by Western countries but they just do not understand that the salaries correspond to the work these women perform. We cannot pay more. And you have to control them much more than in other places because they are not used to work. Without control, they would sit around chatting all day.

—Garment factory owner, Bangladesh (quoted in Fair Wear Foundation background study, 2006)

They may be punished in other ways too. “One day I was absent because I was sick,” recounts Hasan. “When I came back management placed me in the iron section as an iron operator, even though I had been working as a sewing operator. Ironing is more difficult. Management punished me for being absent and sick.” According to several workers, if they are absent for two or three days they may be fired.

### **UPDATE: September 2008**

Workers now report that management provides safe drinking water.

vomiting when they took water after having their breakfast at around 8:30am. Among the ailing workers, 151 were admitted to local BEPZA [Bangladesh Export Processing Zone Authority] Hospital and all of them had been released in the afternoon after their condition improved. The police said the water had been contaminated as the reservoir tank had not been cleaned for long and they had collected water for laboratory test.”

Source: <http://www.newagebd.com/2006/aug/03/met.html>



JMS Garments at night. Workers are working late.  
Photo: GRG

Even being late to work is a punishable offense. “Today one worker came a bit late,” says Parmita. “He was taken into the personnel office at 7 am and not allowed to come out until 11 am. He had to stand in front of the officer for this long time.”<sup>56</sup> According to Ritu, “They keep us standing in front of the line for four or five hours without any chance to sit, or they take us to the personnel office. When the worker is a little soft [vulnerable] they start beating the worker.”

In an environment of intense production pressure and excessively long working hours with few breaks, where workers sometimes do not eat or go to the bathroom for fear of not reaching their quotas, verbal abuse for slight mistakes or delays in their work is so common that workers take it for granted. Supervisors yell obscenities - “inhuman and brutal words” - that most workers felt too ashamed to repeat to the interviewers. It happens “every single day.” It is an occurrence “as usual,” just about all workers interviewed say. Physical abuse is also common.

Here are workers’ comments about the everyday abuse at JMS Garments:

Murad: “If any worker talks with other workers, or makes a mistake, or can’t fulfill the target, managers slap the worker’s neck or throw the spool of thread. ... Some days ago there was an incident when one of the line chiefs kicked a female worker who was already six or seven months pregnant. As a result the worker miscar-

ried. But the factory management didn’t take any step against the line chief.”

Ritu: “Sometimes the supervisors slap or strike the workers with the shirts or pants or whatever is in production.... Today a supervisor kicked an operator for a little delay in work. And the operator lay down on the ground after the supervisor kicked her.”

Parmita: “Obviously workers are always verbally abused... I have also seen supervisors slap or shove workers. Sometimes they also kick the workers.”

Elina: “Verbal harassment is a daily event. Sometimes management puts me on a new machine, but if I can’t operate the machine, the supervisor or line chief is rude with me and uses bad language.”

### Talking Prohibited

**Arman:** “We aren’t even allowed to look behind us or say a single word to the worker next to us.”

**Suman:** “No, the workers can’t talk during working time. If anyone talks they will be punished by the supervisor or the line chief, verbally or physically.”

**Jamila:** “Maybe the worker is looking back to tell her coworker something. The supervisor will come and slap the worker for talking.”

### UPDATE: September 2008

Workers report that talking is now permitted while working.



A house of five or six JMS Garments workers. There is no running water and no well, so the pond in the foreground serves for both washing dishes and bathing. On the right end a toilet is perched on top of the pond.  
Photo: GRG

## SWEATSHOP SOLUTIONS?

Arman: “The words the supervisors use I am unable to express. I can’t say those words. Today when I was working one supervisor started scolding a female worker with such bad and shameful words that I was even feeling shame looking at him.”

Zahir: “If we make a slight mistake then they use rough words in the name of our parents or sister. They tell us *hay maderchod* (mother fucker), *mayre chudi* (fuck your mom). These sorts of words are used.”

Bithi: “When a worker makes a mistake the supervisor punishes the worker by having her stand high on a bench so everyone can see her. It’s shaming that worker. This happens often with female workers.”

Zahir: “Sometimes if there is a good looking female worker, the line supervisor or manager acts in an improper way with them. When poor female workers come from the village they are financially blackmailed. ... They blackmail the worker sexually.”

### UPDATE: September 2008

Workers report that verbal harassment and beatings have diminished, but have not stopped altogether. The firing of a particularly abusive supervisor on Wal-Mart’s insistence has had a positive influence. However, according to the workers, when they make a mistake, even a minor one, managers still call them names, like *sourer bacha* (son of a bitch) and *kutta bacha* (son of a dog). Furthermore, according to the three supervisors interviewed, workers who are absent will be punished “lightly” when they return to work, for example by making them “stand upright for a couple of hours.”

For the predominantly young, female, Muslim workers, verbal and other abuse is not easy to ignore and brush aside as minor transgressions by managers under pressure to produce. “Inhuman and brutal words” intentionally demean and dehumanize. Dehumanization is a means of dis-

cipline and control as workers themselves observe. According to Murad, “managers think that if they punish the workers production will continue.”

Workers who complain about these oppressive working conditions risk being summarily fired. By law, JMS Garments should have established a Workers Representation and Welfare Committee with labor and management representatives to address workers’ grievances and develop collective agreements on issues relating to working conditions and remuneration. But there is no such committee at JMS Garments and no other way for workers to make their voices heard.

### UPDATE: September 2008

There is now a Workers Representation and Welfare Committee at JMS Garments. But according to workers, the WRWC is “pro-management and has no impact on the working conditions.” The GRG attempted to meet with the WRWC, but was not able to do so as none of the workers interviewed knew anyone on the committee. A few months ago JMS Garments also held a referendum to determine if workers wanted to form a Workers Association. The Workers Association would have the right to negotiate with management on wages, hours, and other matters relating to working conditions. It would also have the right to declare a strike. The “Yes” vote reportedly won the referendum and the results were submitted to the Executive Chairman of the Bangladesh Export Processing Zone Authority who then was required to register the Workers Association within 25 working days. But there still is no Worker Association at JMS Garments. Workers say they do not know why their associational rights are being thwarted.

Complaining to managers is not possible. According to Suman, “We don’t complain against the supervisor and line chief because we’re afraid of losing our job.”

Joining a union is out of the question. Per Elina: “If any worker joined a union they would lose their job.” And complaining to the Wal-Mart inspectors is also a non-starter as managers

## SWEATSHOP SOLUTIONS?

instruct workers to lie about the working conditions unless they want to lose their jobs.

Parmita laments, “We are even unable to complain that there is no chance to complain.”



A garment worker in her house. She suffers from lack of adequate nutrition and is very weak.  
Photo: GRG



The other side of this worker's room. This is another worker's bed. Her bed is covered with cement bags. The bed also serves as her kitchen and TV room.  
Photo: GRG



A typical clay cooker by the house of JMS Garments workers.



## Conclusion – Wal-Mart’s Responsibility

Wal-Mart’s reports on its sourcing practices blunt the image of Wal-Mart as a harsh and relentless economic actor with power over the lives of millions of workers. For example, the company’s 2006 Ethical Sourcing Report (the latest available) tells the personal story of a Wal-Mart factory auditor named Jessica, who serves as personification of the company itself. Jessica (read: Wal-Mart), the report maintains, is “warm and friendly,” and can “easily create a comfortable environment for workers to share their experiences.” She is an effective ally to workers, “able to stand her ground in a polite, non-confrontational manner” advocating workers’ cause with factory managers.

The “worker” in Wal-Mart’s characterization of the auditor-worker relationship is a Latin American male who works hard and appreciates Wal-Mart giving him the opportunity to earn a living in a tough environment. “Life in my country is difficult,” says the worker, named José. “I need to work. I need food.” José further reports that he is “happy with the management” at his factory and that he “felt comfortable during the interview” with the auditor (Jessica). According to Wal-Mart’s report, workers like José appreciate auditors’ visits “because the factory soon follows up on the concerns [workers] have expressed and other improvements are made.”<sup>57</sup>

The story of Jessica-the-company and José –the-worker – a couple who would seem to be partners in Wal-Mart’s “ethical sourcing” venture – obscures Wal-Mart’s tremendous power to change workers’ lives for better or worse through sheer economics, rather than through warmth and friendliness. This is nowhere more the case than in Bangladesh where Wal-Mart represents an astounding 15% of all garment export earnings. Wal-Mart accounts for \$1.7 billion of Bangladesh’s garment export earnings of \$10.7 billion.<sup>58</sup> As garments make up three-quarters of Bangladesh’s export earnings, Wal-Mart purchases are responsible for 12% of total

Bangladesh exports.

The real story begins with Wal-Mart’s low-price and “just-in-time” production business strategy. With its enormous buying power, Wal-Mart demands tighter deadlines and lower prices from its suppliers. Under its “Plus One” principle, Wal-Mart requires suppliers to either lower the price or improve the quality of every single product every year. At the same time, Wal-Mart’s automated system of “continuous replenishment” – based on computer technology that tracks every sale in every Wal-Mart store and transmits consumer preferences down the supply chain – enables Wal-Mart to keep inventory at a minimum while forcing suppliers to make more frequent deliveries of smaller lots. Wal-Mart’s turnover is so rapid that it sells 70% of its merchandise before the company even has paid for it, yielding enormous savings in financing and inventory maintenance.<sup>59</sup> Suppliers are forced to bear the burden of Wal-Mart’s product requirements, the uncertainty of short-term contracts for which they are paid only after the goods are received, and the production risks associated with lower prices and shorter lead times.

Wal-Mart’s uncompromising demands for quick and flexible production at ever lower prices force factories like JMS Garments to produce goods faster and cheaper if they want to keep Wal-Mart as a customer. A recent UK study of working conditions in Bangladeshi school uniform factories cites factory owners in Bangladesh who claim that “prices have [been] reduced about 5 to 10% compared to two years ago” and that “buyers are asking whether we can ship in 60 rather than 90 days and if we say no then [they] threaten to take their business to China.”<sup>60</sup>

Workers interviewed for the UK study confirm that buyer price pressure cuts into their wages, and that short lead times mean harder and longer work hours for them. “The supervisors are afraid of making mistakes because if they do their salaries are cut or they are beaten themselves,” said a 20-year old school uniform worker

for Asda, Wal-Mart's UK subsidiary. "They are under so much pressure from higher authorities, which is why they force us to work harder and they discount our extra working hours."<sup>61</sup>

In September 2008, the 200 Bangladeshi factories that produce for Wal-Mart learned that the company had requested a two percent rebate on current orders. If those rebates were applied to Wal-Mart's total annual purchases of \$1.7 billion of garments from Bangladesh, the 200 factories would see an average reduction in earnings of \$170,000. How would these factories cut cost to compensate for lower prices? The prices of gas and power, transportation, yarn, and machinery have increased in the last year, boosting production costs by as much as 15%.<sup>62</sup> Unless these factories found ways of producing more efficiently, the only way to reduce production costs in the short term would be to squeeze the workers even harder. If workers in a factory with 1,000 employees had to absorb the entire \$170,000 earnings loss, they would lose an average of \$170, or roughly four months of wages.

These calculations are speculations, but they illustrate Wal-Mart's economic muscle. When Jeasion International transmits Wal-Mart's demands for lower prices and quicker deliveries to JMS Garments, the factory manages the only way it knows or can: it cuts costs by paying (sometimes illegal) poverty wages and denying workers their legal right to organize through a Workers Association; and it speeds up deliveries by requiring excessively long hours, sometimes until 3 am in the morning. Managers, themselves under pressure to complete Wal-Mart's orders within short time periods, sometimes abuse workers verbally and physically, seemingly under the mistaken belief that insults and physical force will make workers more productive.

The Bangladesh Export Promotion Authority, supposedly responsible for safeguarding workers' rights in the export processing zones, turns a blind eye to worker abuse because its primary responsibility is to attract foreign investors such as Wal-Mart. The military-supported caretaker government contributes to the "investor-friend-

ly" business climate by maintaining a suspended state of emergency under which worker organizing, advocacy, and sometimes even research is criminalized.

This is the hidden context of Wal-Mart's "ethical sourcing:" low pricing, just-in-time production, and labor repression by local authorities. Unfortunately, in this context sourcing cannot be ethical by any standard, including Wal-Mart's own.

### What Wal-Mart should do

Wal-Mart bears responsibility for the working conditions at JMS Garments and similar factories. Wal-Mart does not bear that responsibility alone, for there are many actors between Wal-Mart and the workers, other retailers that also drive down prices and labor standards, and there are local political circumstances (the continued state of emergency in Bangladesh) and world economic circumstances (the global food crisis) that are not directly of Wal-Mart's making. But the fact of complex circumstances and the fact that other actors – from international financial institutions to individual factory managers – share responsibility for workers' poverty and intolerable working conditions in no way diminishes Wal-Mart's responsibility.

### Meet workers' demands

In September 2008, 27 workers met to discuss their most important demands of Wal-Mart and JMS Garments. This is their list:

- Improve the food quality and clean the canteen.
- Abide by the factory referendum results and establish a Workers Association to negotiate on wages, hours, and working conditions.
- Pay all the legal termination benefits, including benefits for the length of service, unpaid wages, and encashment of earned leave benefits.
- Pay *all* workers the legal overtime rate for overtime work.

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- Provide transportation to and from the factory.
- Respect all worker rights under Bangladeshi law and Wal-Mart's code of conduct.

Wal-Mart should work with JMS Garments to ensure all these demands are met as expeditiously as possible.

### Urge the government of Bangladesh to protect workers' rights

Wal-Mart should urge the government of Bangladesh to remove prohibitions on trade union activities and on the exercise of basic rights of association and expression currently in force under the Emergency Powers Rules (EPR).<sup>63</sup> Wal-Mart should make clear to the government of Bangladesh that, contrary to protecting its investments by maintaining emergency powers and denying workers' their lawful right to organize, the government is in fact putting such investments in jeopardy.

### Reform purchasing practices

Wal-Mart should urgently assess the impact of its own purchasing practices, including its recent demand for a two percent rebate on current orders, on workers' wages, working hours, associational rights, and working conditions. Wal-Mart must ensure that prices paid to factories are sufficient to enable factories to pay

workers living wages and meet the costs of legal and code compliance; that dates for delivery of products and other logistical requirements imposed on factories do not induce violations of hours, overtime, or other ethical standards; and that its relationship with factories is sufficiently stable to enable factories to provide job security to workers.

### Adopt new auditing methods

Wal-Mart should reform its auditing system to ensure it really does benefit factory workers. Here are recommendations for Wal-Mart:<sup>64</sup>

- Names and locations of factories as well as audit reports should be publicly available so that Wal-Mart can work with local unions and human rights and worker advocacy organizations that workers trust to improve working conditions.
- Factory auditor visits should not be advertised in advance to factory management; rather, visits should be unannounced so that they have the potential to reveal violations.
- Auditors should work through local unions and non-governmental organizations to interview workers in safe settings – not under the watchful eyes of factory managers – where workers can speak frankly without fearing for their jobs.



The room of a couple who work in a garment factory. They have nothing but this thin mattress in their room. Photo: GRG



A very narrow entrance to their room. Photo: GRG

## SWEATSHOP SOLUTIONS?

- Wal-Mart should create business incentives that encourage factories to comply with ethical standards, such as committing to maintain sustainable levels of production with factories that demonstrate significant improvement or are substantially violation-free.

Wal-Mart has said that it wants to turn JMS Garments into “a model for other factories in Bangladesh.” We applaud this goal. Reaching this goal involves making significant factory changes in the short-term, working conscientiously towards systemic changes in sourcing and auditing, and ensuring workers’ right to organize is fully respected. Serious change also necessitates public transparency and accountability. Wal-Mart should tell us in specific terms how it is working to improve working conditions in Bangladesh. You can help hold Wal-Mart accountable by insisting the company reports to you.

### What you can do

Tell Wal-Mart to...

- Meet workers demands for change at JMS Garments.
- Pay a fair price for the products it buys from factories like JMS Garments.
- Adopt auditing methods that reveal the true working conditions.

...and report back to you on the actions it takes.

Join with students and teachers to start a “sweat-free” school campaign and learn about the benefits of school uniforms made in good working conditions.

Buy sweatshop-free clothes. Check out the Shop with a Conscience Consumer Guide at [www.sweatfree.org/shopping](http://www.sweatfree.org/shopping)

SweatFree Communities invites you to learn more at [www.sweatfree.org](http://www.sweatfree.org) or contact us via email at [info@sweatfree.org](mailto:info@sweatfree.org)

See Appendix I for Wal-Mart contact information.

These two garment workers were happy to share with us some of their problems. Photo: GRG



## Appendix I – Company Contact Information

### **JMS Garments Ltd.**

Plot No.1-4, Sector 6  
Chittagong Export Processing Zone  
Chittagong-4233, Bangladesh  
Tel: +880-31-801142-43  
Fax: +880-31-741996  
Contact: Mahmud Ali, Managing Director  
Email: ali@fashion-product.com  
[http:// jeasionshcn.com/factory/Bangladesh.htm](http://jeasionshcn.com/factory/Bangladesh.htm)

### **Jeasion Limited**

350 5th Avenue, 10th floor  
New York, NY 10118, USA  
Tel: 212-947-0899  
Fax: 212-947-1006  
Contact: Anna Fu, Director of Sales  
and Marketing  
Email: anna@jeasion.com.tw  
<http://jeasionshcn.com>

### **Fashion Products Limited**

Jahan Building No. 3  
79 Agrabad C/A  
Chittagong-4100, Bangladesh  
Tel: +880-31-712924 or 812701-2  
Fax: +880-31-710667  
Contact: Mahmud Ali, Managing Director  
Email: ali@fashion-product.com  
<http://www.fashion-product.com>

### **Garan, Inc.**

350 5th Avenue  
New York, NY 10118, USA  
Tel: 212-563-2000  
Fax: 212-971-2250  
<http://www.garanimals.com>

### **Wal-Mart**

702 SW Eighth Street.  
Bentonville, AR 72716, USA  
Contact: Rajan Kamalanathan, Director of  
Compliance, Global Procurement  
Tel: 479-204-9291  
Fax: 479-277-1799  
Email: Rajan.Kamalanathan@wal-mart.com

## Appendix II - Labor Law and Code of Conduct Violations at JMS Garments<sup>i</sup>

	EPZ Rules	Wal-Mart Standard or Suppliers	Update September 2008
<b>Wages and compensation</b>	(11 workers in sample of 67 paid below legal minimum; the required 10% annual wage increase is not provided; only permanent workers receive the festival (holiday) bonus pay at half the basic salary, rather than at the full amount as required; many workers report that termination compensation at one month's pay for every completed year is not provided)	(requires compliance with EPZ rules)	(at least one worker in a sample of five non-supervisory workers is paid below legal minimum; the wage scale appears lower than legal minimum; workers do not receive legally mandated termination compensation; wages are deducted for absences; workers do not receive pay slips)
<b>Working hours</b>	(required working hours far exceed legal limits of 10 hours a day (including two hours overtime) and 60 hours a week (including 12 hours overtime); female workers are not allowed to work beyond 8 pm, but typically work the required 19-hour day-nightshift until 3 am)	(workers often exceed max of 72 hours/ week, and 14 hours/ day)	(regular required overtime hours appear much reduced for most workers and most workers are paid double the ordinary rate of pay for overtime; however, workers still report working up to four hours overtime a day; embroidery workers are required to work 12 hours at regular pay; and the egregious 19-hour day-nightshifts remain, especially in the finishing section)
<b>Work leave and holidays</b>	(most workers do not receive the required 10 days paid casual leave; the 14 days sick leave at half-average wages, or the weekend (Friday) off; no worker reports receiving the paid earned leave; and most workers only receive 3-7 paid holidays out of 10 required days)	(requires compliance with EPZ rules)	(workers report receiving all legally required leaves and holidays, though managers may still (legally) deny workers' request for sick leave, casual leave, and earned leave during times of high production pressure)
<b>Maternity leave</b>	(most workers report that pregnant women receive the required 12 weeks paid maternity leave, but they are paid only after returning to work and sometimes not for the full 12 weeks; in addition, the leave is sometimes granted too late in the pregnancy)	(requires compliance with EPZ rules)	(workers report receiving the legally required maternity leave benefit)
<b>Freedom of Association</b>	(there is no Workers Representation and Welfare Committee as required)	(requires compliance with EPZ rules)	(there is a Workers Representation and Welfare Committee, but it is ineffective; workers have been denied a Workers Association despite a majority of workers voting in favor of it)

## SWEATSHOP SOLUTIONS?

	EPZ Rules	Wal-Mart Standard or Suppliers	Update September 2008
<b>Mental and physical disciplinary practices</b>	N/A (no EPZ rules on mental or physical disciplinary practices)	(verbal and physical abuse is common in violation of prohibition on mental and physical disciplinary practices)	(verbal abuse and corporal punishment is reduced, but not eliminated)
<b>Appointment letter</b>	(workers do not receive required appointment letter indicating wages, terms and conditions, and nature of work)	(requires compliance with EPZ rules)	(workers receive the appointment letter)
<b>Facilities</b>	(workers report that the canteen is dirty, the medical center does not provide care for workers, and the fire escape route is locked – all legal violations)	(requires compliance with EPZ rules)	(violations remain)
<b>Social Security</b>	(employer makes required contribution to Provident Fund)		
<b>No Child Labor</b>	N/A (no EPZ rules on child labor)	(no child labor in accordance with prohibition)	
<b>Forced or Prison Labor</b>	(no EPZ rules on child labor)	(no forced or prison labor in accordance with prohibition)	

i. Based on interviews and focus groups with over 90 workers conducted by the Garment Research Group between September 2007 and September 2008.

## Appendix III – Wages at JMS Garments

Gradation of Workers	Minimum Wages <sup>i</sup>	JMS Garments Workers Who Earn Less than Minimum Wage <sup>ii</sup>	Wage Scale According to Workers <sup>iii</sup>
<b>Apprentice:</b> training for 3 months, which may be extended no more than another 3 months	\$20/month (1,370 takas/month)		
<b>Helper:</b> has completed training	\$30/month (2,060 takas/month)	Riana: 1,380 takas/month Anika: 1,380 takas/month Parmita: 1,380 takas/month Anonymous: 1,380 takas/month (as of September 2008) Mithun: 1,400 takas/month Laila: 1,800 takas/month	1,300 - 1,800 takas/month
<b>Junior Operator:</b> anyone allowed to operate a machine	\$35/month (2,400 takas/month)	Anonymous: 1,600 takas/month Fatin: 2,200 takas/month	2,000 - 2,100 takas/month
<b>Operator:</b> after 2 years as Junior Operators workers shall be promoted to Operators	\$45/month (3,090 takas/month)	Ritu: 2,600 takas/month Akash: 2,750 takas/month Lutfi: 2,800 takas/month Alia: 2,800 takas/month	
<b>Senior Operator:</b> after 2 years as Operators workers shall be promoted to Senior Operators	\$50/month (3,430 takas/month)		2,400 - 3,600 takas/month
<b>High skilled:</b> after 2 years as Senior Operators workers are eligible for promotion to High skilled workers	\$58/month (3,980 takas/month)		

### Wage Distribution among Workers Interviewed

Lowest base wage:	1,370 takas/month (\$20/month)
Highest base wage:	3,000 takas/month (\$44/month)
Highest wage with overtime:	3,500 takas/month (\$51/month)
Average base wage:	2,500 takas/month (\$36/month)
Average wage with overtime:	2,900 takas/month (\$43/month)

i. "Instruction No. 2 of 1989," Bangladesh Export Processing Zones Authority, on file with SweatFree Communities.

According to this instruction, "minimum wages should at first be computed and determined in U.S. dollars and then payment made in taka currency." In the table, the conversion rate is 68,675 takas to \$1 U.S.

ii. Based on basic wages reported to the Garment Research Group, at least 11 out of 67 JMS Garments workers interviewed earn less than the legal minimum wage for garment workers in export processing zones.

iii. Based on interviews with three supervisors and five helpers and junior operators conducted by the GRG in September 2008



## Notes

1 See “Wal-Mart wants rebate on garment orders,” *The Daily Star*, September 8, 2008, <http://www.thedailystar.net/story.php?nid=53804>, accessed September 28, 2008; and “Emergency rule boosts Bangladesh garment exports: industry,” AFP, August 6, 2008, [http://afp.google.com/article/ALeqM5iJoUoi0D6dN830\\_tyEz5\\_VOwyB8w](http://afp.google.com/article/ALeqM5iJoUoi0D6dN830_tyEz5_VOwyB8w), accessed September 28, 2008.

2 *The Daily Star*, op cit.

3 This name, like the names of all workers who appear in this report, is a pseudonym. The identity of the organization is disguised in order to protect the safety of staff members and the workers they interviewed. As GRG explains based on their experience: “When factory managers learn the names of the workers quoted in a study, they will call all the workers by that name to the office (even though they do not know their ID numbers), interrogate them, and ask them why they have given interviews.”

4 See <http://www.epzbangladesh.org.bd/>, accessed February 1, 2008.

5 “Jeasion International Ltd.,” <http://jeasionshcn.com/jeasion.htm>, accessed February 1, 2008.

6 See <http://www.fashion-product.com>, accessed March 27, 2008.

7 Berkshire Hathaway Inc 10-K, for fiscal year ending December 31, 2007.

8 The son of the former Prime Minister Begun Zia, Tareq Rahman, was later jailed on corruption charges. See further below.

9 This cost of living analysis is based on interviews with thirty-seven garment workers in Dhaka in February of 2008. According to the GRG, the cost of basic necessities in Dhaka and Chittagong are equivalent. The rent is typically for a room shared with three or four other workers. The exchange rate used here and elsewhere in this report is 68.675 Bangladesh takas per U.S. dollar.

10 According to the Bangladesh government, the country is a “success story in sustainable development,” with steady economic growth of 5-6 percent

annually and a sharp decline in infant mortality from 145 to 46 per 1,000 live births and in child mortality from 239 to 77 per 1,000 live births between 1970 and 2005. Bangladesh has also made significant progress in reducing poverty and gender disparities, eradicating hunger, and fostering environmental sustainability. Overall, the government says, Bangladesh is on track to meet the U.N. Millennium Development Goals of eradicating extreme poverty and hunger by 2015. The World Bank confirms that Bangladesh has taken large strides toward achieving the Millennium Development Goals, even outperforming most low-income countries on a range of social indicators. See, “Bangladesh Country Overview,” September 2006, <http://web.worldbank.org>, accessed April 10, 2008.

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23 Some studies indicated that Bangladesh would lose over one-third of its ready-made-garments exports to competition. See, Montfort Mlachila and Yongzheng Yang, “The End of Textile Quotas: A Case Study of the Impact on Bangladesh,” IMF Working Paper, June 2004, <http://www.imf.org/external/pubs/ft/wp/2004/wp04108.pdf>, accessed May 5, 2008.

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27 Montfort Mlachila and Yongzheng Yang, *op. cit.*, pp. 25-32.

28 “Bangladesh EPZ,” *op. cit.*

29 Eusuf, M. Abu, ABM Omor Faruque, and Atiur Rahman, “Institutions for Facilitating FDI: Issues for BEPZA, Bangladesh, IPPG Briefing Paper No. Ten, March 2007, <http://www.ippg.org.uk/briefing.html>, accessed May 5, 2008.

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31 *Ibid.*

32 *Ibid.*

33 Eusuf, M. Abu, et. al, *op. cit.*, p. 8.

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53 *Ibid.*

54 See <http://www.wrapapparel.org/> and search under “list of WRAP certified factories.” JMS Garments (certification number 7885) is certified until June 3, 2009. Created in 2000 by the American Apparel and Footwear Association (formerly known as the American Apparel Manufacturers Association), WRAP is a non-profit factory monitoring and certification organization that purports to be “independent from the industry.” Labor advocacy and human rights organizations have criticized WRAP for lack of transparency in monitoring methodology, weak labor standards, and undue influence of the companies whose contractors are subject to monitoring (see, for example, “Memo: Codes Update, Number 12,” Maquila Solidarity Network, November 2002, [http://en.maquilasolidarity.org/sites/maquilasolidarity.org/files/codesmemo12\\_0.PDF](http://en.maquilasolidarity.org/sites/maquilasolidarity.org/files/codesmemo12_0.PDF), accessed April 28, 2008).

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61 Ibid.

62 The Daily Star, op cit.

63 Wal-Mart should further insist that cases against the workers and union leaders under the EPR are withdrawn immediately; that full due process rights are afforded to all individuals who have been named as suspects or charged with criminal offenses; that all individuals being held in detention for interrogation or sentencing are provided dignified treatment and are not subjected to abuse or torture, are granted access to lawyers and family members and to a full legal process in line with international norms and standards; that there are no travel restrictions on trade unionists and labor rights activists or on persons of overseas organizations intending to visit Bangladesh to monitor the labor situation; and that new labor legislation be halted until the state of emergency is withdrawn and trade unions, workers, and other stakeholder have the possibility to engage in the process. These are the demands on all major brands and retailers sourcing in Bangladesh recommended by the Clean Clothes Campaign, an international campaign focused on improving working conditions in the global garment and sportswear industries.

64 A recent report by the International Labor Rights Forum reveals many inadequacies in Wal-Mart's general auditing system: for example, auditors spend too little time in each factory to get the full picture of working conditions; workers who are interviewed in the factory with factory officials present are often too scared to speak candidly about their conditions; factories as a rule receive advanced notice of audits, giving management the time to prepare and coach workers and manipulate the factory setting; and Wal-Mart does not provide valuable incentives for factories to improve working conditions. See, "Ethical Standards and Working Conditions in Wal-Mart's Supply Chain," October 24, 2007, International Labor Rights Forum, <http://www.laborrights.org/creating-a-sweatfree-world/wal-mart-campaign/resources/284>, accessed May 5, 2008.