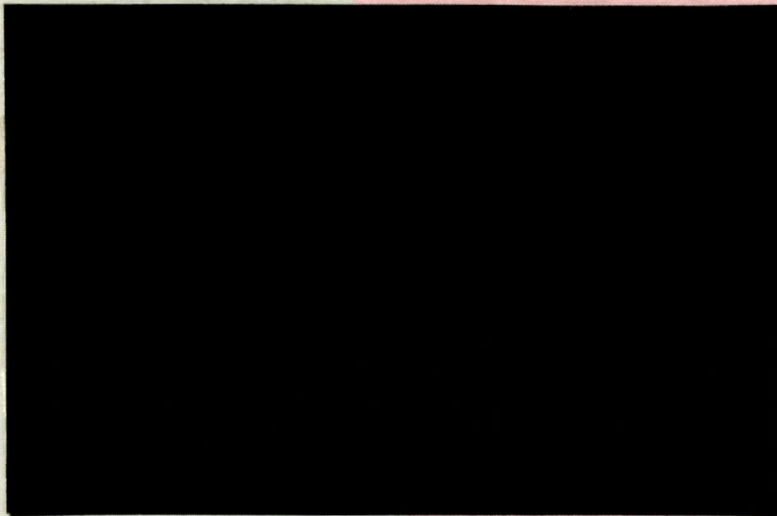


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Stichting Onderzoek Multinationale Ondernemingen
Centre for Research on Multinational Corporations



SOMO

Keizersgracht 132
1015 CW Amsterdam

CLEAN CLOTHES

*Strategies for the improvement of the
labour situation in the garment industry
from a consumer perspective*

INEKE ZELDENRUST & JANNEKE VAN EIJK

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Center for Research on Multinational Corporations (SOMO)
Keizersgracht 132
1015 CW Amsterdam
Tel: 020-6391291 Fax: 020-6391321

Commisioned by the Clean Clothes Campaign
Kinkerstraat 48 huis
1053 DX Amsterdam
Tel: 020-6126172 Fax: 020-6168967

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somo

Keizersgracht 132
1015 CW Amsterdam

INTRODUCTION

"The consumer, after all, wants to know what's going on: how something is made, what it is made of, why and where." (Textiel-visie (Textile Vision), 9-01-91).

This report is the result of research done by SOMO from May to October 1992. The research was commissioned by the Clean Clothes Campaign, which is concerned with the often 'dirty' working conditions in which clothes are made.¹ Until recently, this campaign aimed mainly at drawing attention to working conditions in the South, as well as the North. In the coming years, the campaign wants to move on to improving these working conditions. For this purpose, a '**Fair Trade Charter**' has been drawn up to act as a code of good practice for clothing retailers.

Other similar initiatives have been taken before including alternative trading organisations; international Codes of Conduct for multinational companies; conventions on labour standards and the use of a union label. It is not easy to see the advantages and disadvantages of all these different systems.

The aim of this report is to look at the different strategies adopted to improve terms and conditions of employment in the clothing industry. By 'clothing industry', we mean all the processes that take place after the cloth is made i.e. design, cutting, machining, finishing, distribution and sales.²

In Chapter 1, we review the most important changes in the clothing industry. We then look at recent developments in retailing. What do consumers want? What are the new trends? How do the (large) manufacturers and retailers react?

In Chapter 2, we discuss terms and conditions of employment and the organisation of clothing workers.

Chapter 3 deals with international regulation, including the different kinds of agreements and Codes of Conduct for labour standards, and their practical results.

Chapter 4 looks at a number of initiatives from the consumer's point of view. Different forms of action and critical consumers' guides are discussed.

Chapter 5 looks at initiatives taken by the business world itself. What part does it play in the development of the '**ethical consumer**'?

Chapter 6 looks at different types of trademarks. Chapter 7 analyses the Clean Clothes Campaign's Fair Trade Charter, in the light of other initiatives. Chapter 8 consists of the conclusions of this report.



¹ See Appendix 1.

² This is the last phase of a much larger production chain that starts at the production of fibres. This can be natural fibres, like cotton or wool, or man-made, like polyester or nylon. These last are made from oil or gas. The next stage is the textile industry that includes the production of yarn and of woven or knitted cloth. Both fibre and textile production are outside the scope of this report.

1. The World of Clothing

The clothing industry in general is well-known for relatively poor terms and conditions of employment and low wages; a high percentage of women workers; the global nature of production and long chains of sub-contracting.

A retailer gives an order to a sub-contractor for a certain number of blouses. The sub-contractor gives the work to a workshop in Amsterdam, who in turn puts out the work of sewing on the buttons to an outworker living in the north of Holland. The retailer also has buyers in Asia, who gives an order to a Hong Kong manufacturer. This factory does the cutting of the cloth itself, but sub-contracts the machining to a factory in Indonesia, who in turn puts the work out, partly to a smaller workshop and the rest to outworkers.

Sub-contracting means that the retailer at the top of the chain determines, to a large extent, how and when a product is made. This puts the actual producer of the clothes in a different position from an independent manufacturer who produces clothes and then markets them himself. In general, quick-changing and high-priced fashion goods are made close to the market, while bulk mass production takes place further away, often in low-wage countries.

1.1 A Bit of History

"With the exception of oil, the stream of garments from the South to the North is unequalled by any other product." (Heyzer, 1986).

To understand developments in the clothing industry, we have to go back to the end of the sixties. Various causes brought about a massive withdrawal of manufacturing from Europe and the USA, a movement that was later to become known as the '**first runaway**'. The largest runaways were the textiles, clothing and electronics industries. To give an idea of the scale of this shift: in the seventies, the textiles and clothing industries in Western Europe are estimated to have lost more than one million jobs. In the Netherlands, in 1963, 77,000 people were employed in the clothing industry. By 1985, the figure was 12,000 (van Geuns, 1990).

At first, production went to North Africa and soon after, to Asia. It is estimated that 30% of all trousers, and 60% of all shirts, sold in Europe at the end of the seventies, were made by Asian women.

The most obvious cause of the runaway was the high increase in wages in the North, coupled with relatively strong unions and a limited supply of labour. For labour-intensive industries, this meant a large fall in profits. The situation was aggravated by growing competition, primarily from Japan. There were two possible solutions to 'the problem of falling profits': increasing intensity of capital (through automation) or moving the labour-intensive part of production to low-wage countries.

The movement of production was made possible by technological changes in transport (the ability to transport goods by land or sea, cheaply and quickly) and in communications (the ability to send orders through quickly). Another important factor was the fragmentation of production. The production process for a skirt or a radio, was split up into small parts so that each process can be learned easily and done quickly, and so that the labour-intensive parts of the process can be split off.

The actual production of clothing has proved very difficult to automate, through labour-saving technology. The materials involved are soft and crease easily which makes assembly work difficult to automate. In the clothing industry, technological developments have been concentrated in the highly skilled areas of cutting and design. An article on the Tunisian clothing industry stated in 1991:

"It is happening more often that everything arrives at the Tunisian workshops cut by robots and ready for use, including sewing and pressing machines, needles and thread. The only work which the Tunisian workers have to do is the time-consuming and therefore labour-intensive sewing. The ultra-modern spinning and weaving machines, buttoning machines and design studios all stay behind in Europe together with the largest part of the added value." (NRC, 19-12-91).

The movement of production was stimulated by the great need for foreign currency in the South. The new strategy adopted was export-led development. The rationale was that by attracting foreign investment, employment and economic growth would be stimulated, attracting suppliers and other businesses dependent on the larger industries. Singapore and Taiwan had adopted this strategy in the fifties, and were held up as important models. In many countries, special zones were set up, often close to a harbour and with attractive tax concessions and restricted workers' rights - the so-called Free Trade Zones (FTZ's).

The term '**second runaway**' has been used to describe the relocation of industry from one low-wage country to another, a trend that started at the beginning of the eighties. Between 1985 and 1988, for example, there was a growing trend to move from East Asia to South East Asia and South Asia. Other 'new' locations were the Caribbean, Mauritius and Central America. Important causes of this change were the increasing level of organisation among workers in the 'old' Free Trade Zones; the rising cost of labour in some of the newly-industrialised countries in Asia and the ending of the period for tax concessions. Another reason for the expansion to other Asian countries was the quotas set by the Multi-Fibre Arrangement (MFA). These quotas limit the amount of clothing that can be exported to the North from low-wage countries, in order to protect the industries of the European Community and USA.³

The re-runaway began at the same time as the second runaway. This term, '**re-runaway**' is used in connection with the growth of clothing manufacturing in the North from the mid-eighties, but does not reflect the true nature of this development. We cannot speak of a 'return' of production to Europe, but of a new development, the manufacture of short runs of fashion-sensitive products close to the market. Some was located in peripheral European regions, such as Portugal and Eastern Europe. Companies from Hong Kong, for example, set up factories in the United Kingdom in order to avoid export restrictions and in order to take advantage of the low wages of women workers in the North East of England. At the same time, production moved to the informal sector of small workshops and outworkers in the big cities. This development was made "possible" by rising unemployment and, in some countries, the growth of a marginalised workforce of women, or black and migrant workers. There were several reasons for the re-runaway. The amounts that had to be imported from "far away" in order to be profitable were too great, particularly now that short runs of fashion-sensitive products had increased. Price became less important. Competition was based

³ See Appendix 2.

on style and variety. There was no longer one dominant style, but the market had become fragmented. In 1984, it was stated:

"Nowadays, fashion is dictated more by individual taste than by trends set by designers. The majority of consumers is prepared to pay extra for clothing matching their individual taste." (Zeitlin, 1992).

Delivery times have also become more important. Retailers have to be able to react quickly. If clothing has to be imported from a great distance, this takes too long. Repeat orders are difficult. Another disadvantage of the long delivery times is that part of the company's capital is tied up for longer, invested in stock not in the shops. The trend is to seek a flexible workforce. Companies try to make less use of permanent, full-time labour. Instead, they employ part-time women workers and temporary workers, and also use sub-contracting. In the West, this cheap and flexible workforce is made up of women, or black and migrant workers.⁴

In countries of the South, production also increasingly shifted outside the zones and/or factories, into the informal sector, where the need for flexible labour was also a factor. As a result, even more complex sub-contracting chains developed. In Mexico, the clothing workers' union has noted that production has moved away from the city and the border area into the countryside. In Taiwan, the Free Trade Zones have been closing down since the end of the eighties. At their height, there were around 290 factories in the zones, of which now there are only 130 left.

This doesn't always happen without a fight. In 1989 the workers from the Wei Xiang clothing factory in Taiwan were informed of the intended closure of their factory. They organised a slow-down action and took the case to the court. The court decided that the company wasn't allowed to take the machinery out of the factory. In the end the women received severance pay and back-wages for overtime.

Workshops in so-called Third World countries are often larger than those in Europe, employing one hundred or more workers. They can often be termed illegal. The workshop, in its turn, puts out work to outworkers, who sometimes work in groups of ten or twenty, in a living room that is more like a workshop. In Europe, although the pattern is the same, workshops are smaller and outworkers work alone.

In 1989, Hong Kong was the largest exporter of clothing in the world, with 14.5% of the market. In second place was Italy, third South Korea and fourth China. In 1989, the largest exporter to the European Community was Hong Kong, followed by Turkey, China, Yugoslavia, South Korea, India, Morocco and Tunisia. The share of the market of Hong

⁴ The term flexibilisation is also used in another sense, when dealing with technologies that lead to quick changes in the process or quick adaptations in the level of output. We also use the term for methods of production which increase the flow of production or decrease stocks, so-called just-in-time methods.

Kong and South Korea is decreasing whereas that of Turkey, China and Yugoslavia have been rising since 1980. However, these figures have to be treated with caution, particularly in relation to the clothing industry. Many Hong Kong clothing manufacturers have subcontractors elsewhere, for example, in China, Indonesia or the Philippines:

"Manufacturers in Hong Kong simply move their production across the border to the new economic zone, Shenzhen, in China." (Phizacklea, 1990). But the products are officially registered as coming from Hong Kong.

Clothing said to be made in Europe, may also not originate there at all. The Netherlands imports about 8.5 billion guilders worth of clothing a year. A quarter of this comes from Asian countries, with the rest officially coming mainly from low-wage countries within Europe, of which Yugoslavia, Poland and Portugal have been taking a bigger share. However, it is not necessarily the case that the clothing was really made in these countries. It is quite possible that garments are actually made in Guatemala but that the labels are sewn on in Portugal. In the clothing industry, a relatively large amount of re-exporting goes on. The Netherlands produces domestically around 1.5 billion guilders worth of clothing a year. But it exports about 4 billion a year. This is because clothing is being re-exported to other Western European countries, which in their statistics originates in the Netherlands. These examples show why such statistics have to be treated with caution.

1.2. The Structure

It is not surprising, then, that the clothing industry is a complicated business. The following section explains the relationship between the different parties involved.

Sales

There are generally three channels for the sale of clothing: independent shops (small, often specialised, often members of a retailers' association); large chain stores and the franchised companies. In nearly all industrialised countries, the proportion of clothing sold through independent shops is decreasing and the sale of clothing is dominated by a small number of large chains. In the USA, these are Sears-Roebuck, K-Mart, J.C.Penney and Montgomery Ward; in Japan, Daiei, Mitsukoshi Daimaru and Ito Yokando; in Germany, Karstadt, Kaufhof and Schickendanz; in France, Carrefour, and in England, Marks and Spencer (Dicken, 1992). This trend is also apparent in the Netherlands where it is estimated that 3% of the companies control 35% to 40% of the market (van Geuns, p.129). The extent to which the large chain stores dominate varies from country to country. In the United Kingdom, in the eighties, almost three quarters of clothing sales were through the large chain stores. This share began to fall with the fragmentation of the market.

Retailers are the dominant force in the clothing industry. They know the market and give orders to the manufacturers. Decisions about sourcing their goods are made on the basis of a number of different criteria: technological capacity of the manufacturer; quality; cost of distribution; reliability as far as delivery times are concerned; the service they offer; speed and, of course, price. The risks of stock are shifted to the manufacturer mainly by ordering short runs and demanding that delivery is spread over a certain time. This avoids the risk of having a large amount of capital tied up in stock on which storage costs have to be paid and where there is a danger that prices will fall or that demand will cease. Retailers increasingly check their stock daily through the use of bar codes.

Intermediaries

There are many different stages between the retailer and the actual manufacture of clothes. The agent (employed by the manufacturer) and the buyer (employed by the retailer) often make use of intermediaries. These may be independent wholesalers but often do more than simply warehouse goods. They may, for example, be involved in design and joint ventures with a retailer. This is called a 'head and tail' company because it is involved in both the 'head' of the production process (design) and the 'tail' (retailing). The small retailer is often a member of an association in order to improve terms for buying. Other benefits of the associations include joint marketing of some brands and shared administration.

Manufacturing

The clothing industry is well-known for the fragmentation of its manufacturing with many tiny businesses operating and only a marginal domination by large companies. This is in contrast to the textile industry in which about 35 companies dominate the sector to such an extent that they determine its character. In the clothing sector, there is a growing trend of concentration, for example, large companies such as Levi and VF Corporation in the USA; Courtaulds, Tootal and Viyella in the United Kingdom; Triumph and Steilmann in Germany; and Benetton in Italy. There is in fact a range of producers, from enormous companies such as Levi to tiny workshops. Manufacturers do not only differ in size, but also in the place they occupy in the chain. The large companies are becoming more visible, whether it is through independent retailing of their products or an indirect influence on the retailers. Smaller manufacturers in general simply work to the orders of the retailers. There are, of course, many other intermediate forms. Sometimes the manufacturers act as middlemen, perhaps by a so-called brand-name company with its own shops or franchise outlets. In turn, these sometimes have contracts with dealers, small shop-owners who buy direct from them. Brand-name companies sometimes have their own factories to which they sub-contract all their production.

Large manufacturers, like the retailers, aim to react quickly to demand, keep their stocks to a minimum and thereby minimise their storage costs and avoid the risk of being left with unwanted goods. They also need to be as flexible as possible. They aim to achieve this partly by introducing new technology in the factories in the North, and partly by sub-contracting. For example, key products are manufactured in their own factories (in the North or South); short orders are sub-contracted to peripheral areas and bulk manufacturing is done in low-wage countries. In this way, a manufacturer can sometimes become only a head-tail company, with little actual production.

One way that a manufacturer can break into retailing is through franchising. The best example of this is the Italian firm, Benetton, also known as the McDonalds of the clothing industry.

In 1957 Giuliana Benetton was a homemaker producing colourful sweaters, her brother Luciano collected orders and did the selling. The sweaters were selling so well that in 1965 they started a factory in Ponzano, in the north of Italy, with 60 workers. Since that year the other two brothers, Gilberto and Carlo, also are part of the company that was registered under the name "Maglificio di Ponzano Veneto fratelli Benetton".

In 1991 the number of factories had grown to twelve, with altogether 1600 workers. They mainly cut and dye the cloth, circa 20 % of the total production activities. At the other, labour-intensive, work is subcontracted to circa 350 to 500 small and medium sized firms in the region. The average firm employs 20 to 40 workers. Altogether it concerns about 30.000 workers, mainly women. The Italian labour law only applies to firms with more than 50 workers. These firms, on their turn, use their own family-based networks of predominantly female workers between 17 and 25 years old, working in the shop or at home. Benetton gives advice and offers a certain guarantee by providing enough work for the whole year. Most firms work exclusively for Benetton. The prices they pay are below the regional average in this region, that is known for its high level of garment production.

Benetton sells the clothes to the stores, which almost all work on a franchise basis and aren't owned by the company. In 1991 it concerned 6500 stores in almost a 100 countries. Turnover in 1990 was almost 1.8 billion US dollar.

Someone who wants to start a Benetton store has to follow the rules: sell only Benetton clothing and decorate the shop according to Benetton guidelines. Furthermore they have to order 70 % of the collection 8 months in advance, unsold merchandise cannot be returned. On the other hand no royalties have to be paid and the shopowner makes free use of the advertising campaigns. All the shops are linked to a central computer via electronic cash registers, so every store daily delivers information on the sales. Distribution is fully automated as well. Benetton can continuously adapt production to demand, or, in the words of Luciano Benetton: "The secret of Benetton is that it only produces what will be sold". Another part of the 'secret' is that the risks of the production and the sales aren't for Benetton. It's a so-called network firm, most people working for them aren't employed by them.

Franchise chains such as Benetton's are the manufacturer's response to the power of the retailers. By controlling their own outlets, the manufacturer can respond directly to demand, which in some cases such as Benetton, was partly created by Benetton itself. The main selling point is not the individual garments but a whole style. Benetton became famous through a series of aggressive advertising campaigns. (In 1990, \$100 million was spent on advertising.) The most noticeable thing about these advertisements was the absence of garments on the billboards. Instead, the consumer sees a graveyard (during the Gulf War); a newly born baby; or a patient suffering from Aids who looks remarkably like Jesus. When the designer was asked what all this had to do with clothing, he replied: "*All I do is make people look at the ads. Selling sweaters is the company's problem, not mine.*"

This does not seem to be a problem. Benetton expects to reach a turnover of \$3.6 billion in 1995.

We have already noted that the number of small companies in Europe is growing, including those in the informal sector. In areas of Europe where unemployment is high, this growth is occurring in legal employment. Production that only a few years ago might have gone to South Korea, for example, now goes to Portugal or Greece, and more recently to Eastern Europe. Denmark, for example, has in the last few years lost 30% of its clothing industry to Poland.

A large part of this production takes place, however, in the informal sector, where black and migrant workers are employed: in New York, Chinese, Latino and Caribbean immigrants; in London, Bangladeshi and Turkish-Cypriots; in Amsterdam, mainly Turkish immigrants. Research in New York has shown that: *"Where ten years ago you may have seen 200 sweatshops, this number now varies between 3,000 and 4,000, with around 50,000 to 70,000 workers, who for the most part are illegal immigrants."* (Dicken, 1992).

It's estimated that the Dutch off the books garment industry yearly produces clothing with a total sales value of 1 billion guilders. In 1987 this part of the industry employed an estimated 3000 persons, current estimates speak of 8000. In the regular garment industry in the Netherlands work circa 12.000 persons (25 years ago this was 50.000) in circa 800 production units.

Small workshops have always been part of the clothing industry of Europe and the USA. In England, for example, sub-contracting in the centre of the old cities, has always taken place. One reason for this is the relatively low level of investment (a couple of sewing machines) that is needed to set up in the clothing industry. Increasing unemployment, especially among black and migrant workers, and the growth of racism has made it more difficult to find work and is another reason for the recent great expansion.

Homework has also always been part of the European clothing industry and is increasing (particularly with the growth of telework). The situation varies from country to country. In London alone, in 1985, it was estimated that there were 40,000 homeworkers, many of whom were Asian women. Homeworkers work in isolation and secrecy, and carry the double burden of earning an income at the same time as looking after children and the home. In the Netherlands, the latest estimate for the number of homeworkers (from 1986) was that there were 166,000 of whom 10,500 were Dutch women. Another source estimated the figure for the clothing industry to be 10,000.

It has also been noted that in the South the number of small manufacturers is on the increase. In Bangkok alone, there are some 2,000 workshops making clothes for export. In Delhi, the official figures show 13,500 people working in the clothing industry but independent research has shown that 100,000 is more accurate (Women Working Worldwide, 1992).

1.3 The Market

It is predicted that the current trend for short-run, fashion-sensitive products will continue, as a result of consumer preferences. However, there is a two-way process going on. The industry latches onto consumer preferences but to a certain extent also creates these preferences, through advertising and strong competition, which create a need to be different and hence to buy more.

Consumer tastes are constantly changing, sometimes at breakneck speed. In the higher price range, price is certainly becoming less important and quality (including the quality of service) is the most important factor. Clothing must wear well, fit well and feel good. Brand names are important as an indication of quality and as promoting a particular image. Clothing is seen as an expression of personality, ideas and lifestyle. The more important that this becomes, the more attention is paid to it (and vice versa) and this trend has already led to an increase in the number of lifestyles and sub-cultures. The consequence is that demand becomes more specific and the market more diverse and fragmented. This fragmentation is further increased by the fashion for special clothes for different activities, (for example, for different sports).

In some chain stores which traditionally had one or two different collections each year, it is now common for there to be as many as four or eight. Demographic factors relevant to these changes are the growth in older consumers and in one- or two person households. Such consumers generally have considerable buying power and are critical. However, consumers' preferences can no longer be predicted according to age, occupation, income or place of residence. The clothing industry spends a lot of time analysing trends and new developments in order to increase their market share of what they call the 'fickle consumer'.

We spend a lot of money on clothing. The European Community's population of 320 million spend a total of \$300 billion on clothing each year. Put another way this is 8% of total household consumption. This is expected to increase up to the year 2000, with 1.9% real growth predicted in consumption of clothing. The 'income-elasticity' of clothing is almost 1 i.e. if the consumer's income rises by 1%, the demand for clothing will also rise by 1%. This is brought about by fashion changes: if fashions did not change, we would certainly use a jacket or a pair of trousers for longer. In 1988, in the Netherlands, total clothing consumption was 13.2 billion guilders, of which 86% was on outerwear. In 1990, estimated expenditure on outerwear alone was 11.5 billion guilders (retail price, including VAT), representing a 4.5% increase on the previous year. In 1990, 1,075 guilders were spend per capita.

According to the fashion world, the yuppie and super-consumer society is over:

"A product will be looked at (in the nineties..) for its actual content. Spending on simple status symbols is on its way out in the coming period. The 'label' will slowly disappear back to the inside of clothing. The consumer after all wants to know where he stands: how the garment is made; what it is made of, why, where, etc. We are going to be dealing with less flimsy fashions in clothing. Disposable fashion, as in the eighties, is no longer possible, in a time when consumers will buy more critically." Textielvisie, 9-1-1991).

Growing attention is being paid to concern for the environment, with the 'ecology-look', many earthy colours and so-called natural fibres. Attention is focused on the end product and

not on the process that went before. We have to keep in mind that above all fashion is by definition cyclical. One style or trend disappears only to be replaced by the new (another) style or trend.

2. QUALITY AND ORGANISATION OF LABOUR

"It is forbidden to talk inside the company even during break time. It is forbidden to sit down if you're supposed to work standing up, forbidden to rest even if you're pregnant." (Filipino clothing worker, Aldana, 1989).

2.1. Terms and Conditions of employment

As was noted in the introduction, the clothing industry is well-known for its poor terms and conditions of employment. Poor working conditions affect the physical and mental health of the workers as they endanger their safety, health and well-being. These working conditions have been dramatically described in innumerable reports, books, films and documentaries. A short summary of the main grievances is given below. For more detailed information, a reference list is included at the end of this report.

One important grievance in the clothing industry is the monotony of the work. Work consists of a short, repetitive action, usually carried out against the clock. This form of work is mind-deadening, and with no provision for breaks, often leads to physical strain, taking the form of swelling and abnormality in the joints. The pressure to work fast, brought about by low wages, piece-work and a quota to be met among other things, has lasting consequences on mental and physical health.

Another important grievance is the attitude of managers and supervisors. In almost all reports on the organisation of the clothing industry, the problems of discrimination against women and sexual harassment, both verbal and physical, is described. It takes many forms, from "lay down or lay off" to degrading interpretations of the law. For example, in Indonesia, women in the industry are allowed two days off during menstruation. They are required to be strip-searched to check whether they have a period or not (Committee for Asian Women, 1991).

Another common grievance is the nature of the workplace (too small, dark, dusty; no hygiene facilities or ventilation; lack of suitable seating) and of the machinery (eyestrain, noise, vibrations). These features are common in workshops in the North. The Homework Support Centre of the Netherlands (Steunpunt Thuiswerk, Nederland) stated in their 1991 report, that the main problems related to terms and conditions of employment were as follows: having to work when sick; tension as a result of having to work under pressure; irregular supply of work and rush jobs; health problems; old and unsafe equipment; lack of suitable work environment and ergonomically designed machinery; problems with noise and dust; repetitive movements and unsafe materials.

The next grievance concerns terms of employment, concerning various matters related to the contract of employment, such as the start of a contract, its suspension and termination; working hours; minimum wages and collectively agreed terms of employment (including information, consultation and employee participation). Working conditions and terms of employment are not always easy to distinguish from each other as conditions tend to be partly determined by the terms of employment.

The major grievance concerning the terms of employment relates to low wages, and the fact

that wages are generally tied to a piece-work system as well as a fixed quota. The effect that these systems of payment have on working conditions has already been noted above. They also lead indirectly to enforced overtime. Workers in the clothing industry also have to contend with seasonal fluctuations. The piece-work system means that in periods of a downturn in the work, there is no guarantee of an income.

We again refer to the points made by the Homework Support Centre, this time in relation to terms of employment. The most serious problem is that there are no established terms of employment; wages are low and in some cases non-existent; irregular supply of work; long working hours and rush jobs; no protection from unfair dismissal; no right to sick pay, unemployment or invalidity benefit; and, in general, even worse terms for black or migrant homeworkers.

A great problem in this area is the difficulty in organisation of homeworkers. Any homemaker who tries to do something, usually finds herself fired. In the Free Trade Zones, organisation is often forbidden. The workers therefore have little bargaining power in determining terms of employment. If they do manage to get organised and make collective demands, the consequence is often mass sackings or the threat of closure.

On Java in Indonesia in 1991 a great number of strikes took place in the textile and garment industry. In May, 3000 workers of the garment factory PT Ever Shinetex in Bogor went on strike for better wages and for compensation of travel costs and medical insurance (as is their right by law). They demanded payment of forced overtime as well. The strike went on for two days and a number of the demands were met. However, there also were countermeasures and some of the women got fired. At the same time, strikes took place at the Great Rivers Garment Industry (2000 participants) and Trinunggal Komara factory in Cibinong (2600 participants), and in a number of other factories. In August, 12.000 workers of 14 factories of the Gadjah Tunggal group went on a strike that got broken with force by 300 soldiers. At this strike the demands were also for higher wages and compensation for housing, food and transport. The demands were not met.

Many workers in workshops in the North also face a particular problem. Not only are the workshops illegal because they do not pay National Insurance or conform to employment legislation, but the workers themselves often do not have permission to work legally.

2.2 A Few Causes

The poor terms and conditions of employment in the industry are partly a result of the structure of the industry as described above.

The fragmentation of the manufacturing process into small parts leads to monotonous work. The relatively cheap technology needed for production means that it is easy to set up in the informal sector.

Sub-contracting in the informal sector in the North, where predominantly migrant workers are employed, itself creates new problems. The workers cannot rely on employment legislation; they are in a weak position to get organised and sometimes are not legal residents of the country concerned.

One essential characteristic of the industry is that an estimated 70% of the production is done by women. This is certainly so in the Free Trade Zones and homework. The workforce in workshops in the North is generally more mixed, with male black or migrant workers in the workshops, while the women do even more poorly paid homework. In nearly all cases, we are talking about monotonous and badly-paid employment. Better-paid jobs, such as supervising or cutting, are generally done by men.

Many reasons can be given for this high proportion of women in the industry. The greatest advantage of a female workforce is clearly that it is possible to pay between 20% and 50% less in wages to women, than to men. This latter figure applies to the Free Trade Zones. It is nearly impossible to estimate wage levels in small workshops and homework. This difference in wages originates in the second class status of women workers; the myth that they are not bread-winners but are only earning 'pocket money', even when they are the head of the family. Secondly, it arises from the lack of recognition of women's skills and training. Women are assumed to have an innate capacity for routine and intricate work, especially because of their 'nimble fingers', in the clothing industry. The fact that these qualities are seen as 'natural', not having to be learned, means that these skills do not have to be paid for.

As far as the Free Trade Zones are concerned, women are supposed to be more disciplined and obedient (read: less inclined to insurrection). In a random survey made of managers in Costa Rica, 68% preferred to employ women (Smit, 1992). They gave the following as some of the reasons:

- Women know more about the clothing industry;
- Women accept lower wages than men;
- Because of women's inferiority, a female workforce is easier to control;
- Women are better suited to routine, repetitive work that needs concentration and care;
- It is easier to employ a single-sex workforce for administrative and cost reasons;
- Men will not work in assembly work because the work is monotonous and repetitive. (8)

It is clear that although 'obedience' is often given as a reason for employing women, this is not altogether believed by management, who take every measure possible to ensure that no subversive action takes place on the shop floor. When in spite of these measures, action does take place, which is quite often, the response is mass dismissals and closure, which is seen as more acceptable, in almost all cultures, when the workers involved are women rather than men. One of the main obstacles to organisation of women workers is lack of time. The 'double shift' of employment in the clothing industry and work within the family leaves them with no time for organisational or political work.

Flexible work is more acceptable to women than men because of their need to combine paid employment with other responsibilities. But there is no intrinsic reason why flexible work should lead to bad working conditions. Outworkers could have the same rights as regular workers. Indeed, women at the bottom of the production chain should have the same rights as those higher up. But in reality, this is rarely or even never, the case. This is partly because the growing use of sub-contracting and flexible labour makes it more difficult to get organised and demand employment rights, especially for women. Put simply: the smaller the number of women workers, the smaller the possibility that they can organise themselves effectively.

Only a small minority of the workforce in the clothing industry has a job with rights to an employment contract and union membership. The majority - the flexible workers - work on a piece-work basis, with no employment contract or collective agreement; often part-time, and most of all 'just-in-time'. They have to wait and see when there is work, and when there is no work, which is totally dependent on when the company at the top of the chain requires work. Another reason for the lack of membership of the unions by such women workers is that they have their own priorities for organisation, not necessarily terms and conditions of employment.

Women in Jamaica for example, organized themselves around their housing situation. On average six families live in one house with 6 rooms, one kitchen and one bathroom. The St. Peter Claver Free Zone Women Group bought a number of houses, using money from a Canadian church organisation, and rents them to its members. For 30 families there are now 7 houses, with two rooms per family and the facilities have to be shared with only two families. The idea behind it is that better living conditions make it easier for the women to be up to their work in the zone. It also turned out to be a good way of keeping the group together and active.

The next two chapters will look at ways of improving terms and conditions of employment other than the organisation of and by women workers, for example, regulation, international codes of conduct and pressure from public opinion.

3. INTERNATIONAL REGULATION

Over the last century, innumerable different methods to regulate working conditions have been developed. In this chapter, we will look at a few of these, relevant to the clothing industry. We will discuss initiatives taken by international workers' organisations; the conventions of the International Labour Organisation (ILO); the Codes of Conduct for multinational corporations and the practical implementation of these. We will look at the possibility of regulating working conditions through the so-called social clause in trade agreements (GATT). The following chapter will cover initiatives by consumer organisations.

3.1. International Conventions of the ILO

In 1919, the ILO was founded as part of the United Nations. It is made up of governments, workers' and employers' organisations from all member states. Since the founding of the ILO, it has passed over one hundred and fifty agreements and recommendations concerning various aspects of terms and conditions of employment. There are agreements on overtime, safety, freedom of association, child labour, etc. etc. Agreements are made by means of a convention. However, not all the conventions have been ratified by all member states. On the contrary, there are some conventions that have been ratified by hardly any member states. A member state has to produce a yearly report on its national legislation in relation to conventions and recommendations. A specific report has to be made about conventions and recommendations ratified by the member state to specify what measures have been taken to ensure implementation of the agreement.

If a country does not comply with a particular convention, another member state can protest to the ILO. An independent committee of enquiry looks into the complaint and makes a recommendation to the country in question. The government concerned must respond within three months as to whether it intends to comply with the recommendation or take the issue to the International Court of Justice. This Court can then decide whether the decisions of the committee of enquiry were justified. The decision of the International Court of Justice is binding.

If the member state ignores a decision, either of the committee of enquiry or of the International Court of Justice, an ILO conference can then impose sanctions on the country in question. In reality, this rarely happens. The conference has no power to suspend or expel a country from the ILO.

The International Metal Workers Federation (IMF) asked the ILO in March 1992 to ban the Malaysian government from the yearly conference, because this country severely violates the freedom of organisation, especially within the electronics sector. This did not happen. The violations were discussed at the conference. In June 1992, the IMF published a book on the violations of ILO-conventions by the Malaysian government. The IMF stated that the Malaysian government is the worst in the world if we talk about violations of the conventions on organisation and collective bargaining. The IMF is still trying to make the ILO act against the Malaysian government. The only result so far is that the government has threatened to withdraw their signature of these conventions and even to withdraw as a member of the ILO.

In legal terms, the whole procedure has little power. But a public condemnation by the ILO does mean a certain loss of face for governments.

Apart from the procedure for action to be taken by another member state, unions can also file a complaint with the ILO. The complaint is forwarded to the government concerned, and if no satisfactory reply is received, the issue is made public. If union rights are breached, a special committee of enquiry can be set up with nine members, which can only start an enquiry with the cooperation of the government concerned. If this is not given, there is yet another committee - the Committee on Freedom of Association - which can then start an enquiry.

There are no effective sanctions, in this whole procedure. In fact, the only power that the ILO has is the power to investigate abuses, and, if necessary, make them public. This may influence a government but can equally be ignored.

3.2. Multinational Enterprises

It is clear from the section above that the power of international organisations over governments is limited. Equally, the power that governments have over big business is restricted. Especially in the case of large multinationals of great economic power, a government will rarely take the risk that the company will leave their country. Rather than exerting pressure through governments therefore, it seems better to hold companies directly responsible for their terms and conditions of employment conforming to recognised standards.

In the mid-seventies, various initiatives were taken to regulate the conduct of multinational companies (MNC). This led to the existence of several codes of conduct, of which those of the ILO and Organisation of Economic Cooperation and Development (OECD) are the best known. We will look at how these codes were developed and implemented. We will also look at a third United Nations code of conduct, which has still not been completed after twenty years. Finally we will look at the World Health Organisation (WHO) code as an example of a relating to a specific product and that of the "Coalition for Justice in the Maquiladoras", developed for companies operating in the Maquila-zone in Mexico.⁵

International Labour Organisation

Apart from its general conventions, the ILO adopted a special code of conduct for multinational companies in 1977: the Tripartite Statement of Principles concerning Multinational Enterprises and Social Policy. This code was intended to become part of the UN code.

The Declaration of Human Rights is the ILO's starting point: freedom of speech and association. Multinational enterprises (MNE's) must guarantee the right to union activity and collective bargaining. In addition, the code is concerned with employment policy, equality, job security, training, health and safety.

The code is voluntary, in spite of efforts by the unions, developing and socialist countries to make it binding. The Secretariat of the ILO has not taken any steps to make the code binding as it is argued that many countries would not accept this. If the code were binding, it is said, governments would be responsible for implementation and the provisions of the code might come into conflict with national legislation. The code could lead to discrimination against MNE's in relation to national businesses, not covered by the code. There has been strong pressure from employers not to implement multinational collective bargaining or to harmonize working conditions on a global scale, both demands of the unions. In the end, the employers won on all points.

The Secretariat of the ILO investigates the practical results of the code by sending to governments a questionnaire, which they are required to fill in in cooperation with employers and employees. The Secretariat compiles the results into a report which is then discussed by the Board of Directors of the Committee on Multinational Enterprises. The value of such reports are minimal. Very few governments actually reply to the questionnaire and only a small number of those who do reply have cooperated with employer and employee organisations in filling it in. Only officially-recognised unions can represent employees and the majority who reply are from western industrialised countries. Many of the replies that are

⁵ Maquila means industrial production, mainly assembly work, destined for export.

received are incomplete and only give a summary of existing legislation in the country concerned. It has also been agreed that specific companies cannot be discussed, meaning that the responses are in general terms only.

In general, governments have a positive attitude towards MNE's. Too much criticism would indeed be likely to scare off foreign investors and would indeed be a criticism of that country's government in not effectively implementing the code of conduct. The unions, if and when they are allowed to speak, report problems with wages, freedom of association and collective bargaining.

There is no real appeal procedure. Governments can only submit a request for an interpretation of the code. They can do this on their own initiative or following a request by a union. If the government turns down such a request, the union, provided that it is recognised, can go directly to the ILO to ask for an interpretation, or do the same through an international trade union federation, if it is a member.

Requests for an interpretation of the code are, in fact, rarely made and are usually judged as inadmissible because the request concerns a specific company. The ILO can make no comment on specific cases. The ILO also refuses to make a judgement if the complaint is over an issue covered by national legislation; or an issue that is covered by an international agreement; or if it concerns the right to organise. Other procedures have to be followed to pursue these issues, which does not leave many issues which can be taken up. The procedure followed for investigation of the complaint is often time-consuming. But at least the ILO can conduct on-the-spot investigation and this can put some pressure on governments. The investigation committee writes a reply to the request for an interpretation following its investigation. This reply has to be internally approved, after which it is made public. This could be a useful campaigning instrument but is not effective in itself as few important statements or decisions are made, relative to the amount of time and money involved.

We have to conclude that the ILO code has little practical value. Because of its voluntary nature and the ban on dealing with specific companies, the code cannot be used to expose individual cases of abuse, let alone correct them. The complains procedure through international trade unions can be used as a form of publicity but is time-consuming, with few concrete results and little change.

In the case of the clothing industry, because a large part of production takes place in chains of sub-contracting, this production is outside the formal employment of the multinationals. In addition, a large proportion takes place in the so-called informal sector, which is not covered by such codes or conventions.

Both the international trade union federations and the ILO are trying to change this situation. In 1990, the ILO compiled a report of the Meeting of Experts on the Social Protection of Homeworkers. In this report, a large number of recommendations are made to governments and unions as well as to employers. One of these is that national legislation concerning outwork should be consistent with the ILO's standards concerning outwork. These recommendations, which were among others discussed at the Bangkok meeting of the ILO in November 1991 by the Asian Regional Group, met with great resistance from employers and governments. Attempts are being made to put the subject on the agenda again.

The International Confederation of Free Trade Unions (ICFTU) adopted a resolution during their fifteenth World Congress, held in March 1992, entitled "**Strategy for the Integration**

of Marginalised Workers".⁶ The resolution urges member unions, in light of the fact that such workers are in general not organised, work under bad conditions, are under-paid and isolated, to draw attention to these facts in their campaigns and programmes. Several demands are made on legislation as well as policy, to be put to the authorities. The ILO is called upon to make a contribution by means of research as well as advice.

Organisation of Economic Cooperation & Development

The code of conduct of the OECD (Organisation of Economic Cooperation and Development): "**The Declaration and Decisions on International Investment and Multinational Enterprises**" came into existence one year before the ILO code. The OECD is an inter-governmental organisation of 24 industrialised countries where unions and employers' organisations are effective.⁷ In 1973, the Executive Committee held several meetings to coordinate policy on MNC's. Within the organisation, there were two opposing views. On the one hand, the United States, Britain and Germany wanted protection for MNC's; an improved climate for investment and further liberalisation for direct foreign investments. On the other hand, the Scandinavian countries and the Netherlands argued for more regulation and called for a binding international ruling on the conduct of MNC's. In the end, a compromise was reached. The Committee for International Investments and Multinational Enterprises (CIME) was established in 1975 to investigate the possibility of codes of conduct for MNC's (regulation). It was also charged with looking into protecting MNC's from discrimination and regulation of incentives for investment (protection).

In 1976, the CIME proposed the Declaration mentioned above. Thanks to the unions, the clause on employment and industrial relations is fairly detailed. It requires that MNC's:

- must guarantee the right to trade union organisation;
- must give unions information for negotiations;
- must pay at least the legal minimum wage;
- must implement legal standards of employment'
- must inform employees of important meetings, and in cooperation with governments and unions, soften the impact of potentially negative results (e.g. dismissals);
- must not threaten to move production during negotiations;
- must allow unions to negotiate with authorised agents of management.

All of these requirements are voluntary. MNE's are required to adhere to these guidelines. Member states, on the other hand, have a **mandatory** obligation to treat MNC's on an equal basis to their national companies and to the restriction of investment incentives and restrictions. The code is aimed particularly at improving the climate for investment and to put an end to discrimination against MNC's.

Moreover, the CIME, on the insistence of the USA, may not comment on specific companies. It can only give an interpretation of the guidelines. MNE's can be invited to give their point of view but this provision is not mandatory.

⁶ By marginalised workers, we mean homeworkers, temporary, part-time or seasonal workers; workers who are working in illegal workshops or who are working without permission in the country where they live, as well as all other workers in the informal sector.

⁷ This is done through two advisory bodies: TUAC - Trade Union Advisory Committee, and BIAC - Business and Industry Advisory Committee.

The business world was pleased with this result. The code provides no obstacle to employers and, additionally, takes the wind out of the sails of those who wanted a binding code. The unions meanwhile adopted an optimistic view that the code could be the first step towards a binding code.

Governments report twice a year to the CIME. In practice, these reports contain mainly information about the promotion and dissemination of the guidelines and do not concern themselves with specific companies. At any rate, CIME cannot comment on specific companies.

The unions figured out a way to put pressure on CIME, in 1977 they came with 13 cases of violations of the guidelines and asked for clarification. The US and the business community protested. CIME wasn't allowed to pass any judgements on companies. According to them guidelines are voluntary, so companies aren't required to comply with them and therefore can't be reprimanded. The unions however kept on stating that they only demanded for interpretation of the guidelines and in the end got their way. CIME accepted that 13 cases could be a basis for interpretation without naming the companies in its clarifications. The 13 cases mainly came from countries with strong unions. The clarifications mostly ended in favour of the unions, but only in a few cases did this lead to any results. The crucial factor was whether the government of the country where the violation took place took the side of the union.

The unions also face the problem that they may only bring forward fresh breaches of the code. If they have complaints about repeated breaches, the CIME can only refer to the original decision. As a result of this rule, the CIME has concluded that the guidelines are effective since so few new complaints are brought.

In reality, the OECD code has mainly influenced the climate for investment. The code has done nothing for the protection of employees in relation to the employers, except in cases where governments take action. But where this happens, it is the government itself that has brought about change not the code.

National Contact Points were introduced to the member states in 1979. The aim was to stimulate dissemination of and compliance with the guidelines. They were also intended to gather information at national level and function as a forum for discussion of any problems. In the Netherlands, the contact point is based within the Ministry of Economic Affairs.

The business world was against the introduction of these contact points, fearing that judgements would be made at national level. But their fears turned out to be unfounded. The contact points have no authority to do this: clarification is confined to the CIME. In practice, the contact points do very little and the unions have expressed dissatisfaction with the way they function.

An example: in 1983 the Dutch Federation of Trade Unions filed a complaint at the national contactpoint concerning C&A, stating that they did not comply with the OESO code. C&A, according to the union, is frustrating company democracy by keeping the accounts secret, is anti-union, discriminates against women and systematically replaces full-time jobs with part-time jobs. Attempts of the FIET (The Interantional Federation of clerical and commercial workers) to talk about this with C&A came to nothing because C&A denies being a multinational. In a first meeting between officials from the contactpoint and the union, the contactpoint seemed to agree with the union about C&A being a multinational. After a meeting with two lawyers of C&A the contactpoint radically changed sides: C&A wasn't a multinational, and the contents of the meeting with the lawyers were not to be discussed.

The FNV filed a complaint at CIME, still in 1983. In 1986 CIME answered that they cannot answer and referred back to the contactpoint.

The United Nations

The development of the United Nations (UN) Code of Conduct for Transnational Corporations has already taken up twenty years and is still incomplete. In 1972, a group of eminent persons was set up to investigate the role of MNE's in developing countries in response to the activities of ITT in Chile, among others. Conclusions were to be formulated and recommendations made.⁸ The report, published in 1974, concluded that MNE's did promote economic growth but at the same time increased inequality. Developing countries needed a stronger bargaining position in order to combat this growth in inequality, for example, by means of regional agreements between developing countries and technical aid from the UN. The position of the unions would also have to be strengthened. As far as working conditions were concerned, the report took the ILO codes of conduct as their guidelines.

As a result of this report, the Committee on Transnational Corporations was set up in 1974.⁹ The same conflict of interests was immediately apparent as in the OEPD: protection versus regulation. An Intergovernmental Working Party was set up in 1976 which was to draw up the UN code. This was the beginning of years of negotiations that have dragged on and on. Developing countries want a binding code that applied only to MNE's, while the rich countries did not want a code at all. But if there had to be a code, they wanted one that would apply to all companies and one which dealt with issues like compensation in the case of nationalisation. The discussion about whether state-owned companies in socialist countries were MNE's or not occupied the working party for years. Every now and then a text

⁸ This group consisted of twenty persons, ten from rich countries, eight from developing countries and two from socialist countries. Trade unions were not represented which is why they boycotted the hearings held by this group.

⁹ This commission consisted of 48 members: 11 from Asia, 12 from Africa, 10 from Latin America, 10 from Western countries and 5 from socialist countries.

appeared in which statements over which there was disagreement were placed in brackets. An illusion of progress was thus maintained.

In the meantime, a consensus has been reached on the application of the code to companies operating in more than two countries, with the word 'operate' being loosely defined. So, for example, companies in which the parent has a minority holding and licensed production are included. This appears to be good, since it concerns general standards and guarantees on working conditions to which all workers have a right. And it is certainly true that there are many companies who are not official subsidiaries of an MNE but who are in practice controlled by that company, for example, by means of 'straw men', joint ventures or repeated sub-contracting (as in the clothing industry). However, it can also be seen as a protectionist measure to be used against independent companies from the South who do not reach the required standards.

International consumers' organisations (such as the International Organisation of Consumers' Unions - IOCU) have pleaded for the UN code. However, at national level, they have mainly been concerned with the interests of the consumer, for example with international guarantees on quality specifications, especially as far as health safeguards are concerned (for the consumer).

If the code is ever finalised, it will be voluntary. However, it seems unlikely that it will ever reach this stage.

Apart from these general codes, it is possible to establish codes for specific products. This is a way in which specific demands can be made of one sector, relating to the particular characteristics of the product concerned. Examples of this are the WHO code for baby food and the Food and Agriculture Organisation (FAO) code on pesticides.

In 1981, the World Health Organisation brought out the International Code of Marketing Breast-milk Substitutes. This was due to years of action on national and international level. In 1974, the British actiongroup War on Want published a report on the negative consequences of promoting instant milk in the Third World. This book, called 'Babykiller' was mainly aimed at Nestlé, that has a marketshare of 50% of all exports of babyfood to Third World countries. Nestlé went to court en sued War on Want, and won. But because of all the publicity, international actions and a boycott against Nestlé, the WHO-code came into existence.

This code prohibits advertizing all milk products which are offered as a replacement of breastfeeding and also the advertizing of dummies and bottles. It is also prohibited to give out samples, for instance by hospitals. Labelling of baby food has to meet certain conditions.

The WHO asks countries to put this code into their national legislation. Many countries have not done so. The code is being violated all the time, also by Nestlé, that promised to follow it.

The Maquila Code

Another example of guidelines for investors among others, is the "Maquiladoras Code of Conduct". In February, a coalition of over sixty environmental, labour, religious and women's organisations from the USA and Mexico began the campaign for Justice for the Maquiladoras.

In the border zone between Mexico and the USA, the manufacture of car parts, electronics, shoes, chemical products and clothing takes place in more than 2,000 so-called Maquila factories. Of these 90% are owned by MNE's from the USA. The campaign wants to put pressure on US companies with subsidiary companies in Mexico or who sub-contract there, to guarantee socially acceptable conditions. The basis for their campaign is a code of conduct, "**Maquila standards of Conduct**".

The code is made up of four parts. The first is concerned with waste and the environment, and requires that companies keep to certain regulations based in both Mexican and US law. It is worth noting that Mexican labour law is excellent but not applied. In the second part which is concerned with health and safety, the basic demands are also based on Mexican and US law.

The third section, about terms and conditions of employment and living standards, demands that business is carried out in accordance with relevant ILO conventions:

- no discrimination on the grounds of sex, age, race, religious or political conviction;
- a living wage, reasonable working hours and good working conditions;
- the right to free association and collective bargaining;
- a minimum wage for employment.

The following requirements were drawn up from Mexican legislation:

- profit sharing, including honesty about finances and an annual report about maquiladora production facilities (or wholly Mexican subsidiary companies);
- publication and distribution of a handbook about employment policy, including specification of workers' rights in Mexican law;
- positive action taken on the shop floor to prevent sexual harassment.

Finally, the fourth part of the code is concerned with influence on the community. It requires companies to fulfil their social responsibilities at the level of economic development of the community, as well as in relation to the standard of living. The most important demands are: firstly, that barracks-type housing is no longer acceptable. The building of this type of housing should be stopped and action taken to improve conditions where they still exist. Secondly, that companies must make funds available to a group consisting of representatives of the employers, employees and community, with the aim of improving the infrastructure of the settlements which have grown up around the factories.

This code can be used in a number of different ways. People are asked to write to companies which are known to be active in Mexico and demand that they sign the code. In several places in the USA, local coalitions have been set up as the first step in trying to get the code accepted into local and national legislation. The code can also be used in laying down standards for ethical investment or as a means by which shareholders can exert pressure. During one shareholders' meeting, twelve large companies agreed to write a report about their activities in Mexico. There is currently a demand for these reports to be made public. Pensioners are being asked to write to their pension funds. Another demand is that the code of conduct becomes part of all trade agreements between Mexico and the USA.

The effectiveness of this code will largely depend on how much energy organisations manage to put into the campaign for it to be implemented. It is still to be seen whether they can exert enough pressure to make companies sign. But in principle both US and Mexican workers' organisations can investigate and protest against any infringements of the code's requirements. One danger that will have to be guarded against in the case of the clothing industry is that companies may move production or sub-contract into the informal sector as a means of avoidance.

Conclusion

What conclusions can be draw about the regulation of working conditions in the clothing industry? It is clear that existing international codes of conduct are of little practical use. Their voluntary nature insures that they are little more than a sweetener. Even if such codes were obligatory, this would not guarantee their effectiveness. Without effective control mechanisms or sanctions against infringements, it is unlikely that companies will keep to the code. However, the standards and demands in the codes can be used to show that a company's practices are unacceptable in that it is breaking internationally-accepted standards. Other methods will have to be found to ensure that a change is brought about. An initiative such as the Maquila code demonstrates that if a code does not aim to be all-embracing, but is limited to one region, or as in the case of the WHO code, to one product, it can give a clearer direction to regulation and campaigning around infringements through the involvement of workers' and/or consumers' organisations. In fact, negative publicity is the only sanction possible.

3.3 Social Clause in GATT

Another long-standing idea, common particularly among union organisations, is the addition of working standards (through a social clause) into international trade agreements, specifically in GATT agreements. The big advantage of this method is that immediate sanctions are at hand through trade restrictions and prohibitions. But there are also disadvantages. In most proposals concerning the social clause, the employment standards used are those of the ILO conventions, in the form of a minimum package. Over a number of years, various proposals have been made concerning what should be contained in this minimum package. These do not greatly differ from each other. The most important demands are those for freedom of association, the right to collective bargaining, non-discrimination, ban on child labour, protection of health and safety and a limit on working hours. The so-called economic criteria, i.e. wages, are somewhat different. Some make a general demand for an improvement in the standard of living while others refer to the ILO convention on a minimum wage, under which conditions are laid out for the setting and raising of a minimum wage.

The General Agreement of Tariffs and Trade (GATT) lays down the rules for visible and quantifiable world trade. A significant portion of trade falls outside the GATT rules: trade by barter; trade within multinationals, both internal and bilateral (between two countries). It has been estimated that this accounts for some 75% of the total of world trade. The GATT is not an organisation but a meeting consisting of various rounds, each of which can take several years. After the Second World War, the intention was to set up an international organisation for commercial trade. But because of opposition from the US Congress, this was never realised. Although the stated intention of GATT is the liberalisation of world trade, in practice it functions to protect the markets of the North from products from the South. We can see this clearly if we examine textiles and clothing where trade is dealt with separately by the Multi-Fibre Agreement (MFA) (see appendix 2). Third World countries have been protesting for years against such protectionism and have opposed the extension of the MFA. A new social clause could also be seen as a new trade barrier, a new form of protectionism. The economic inequality between the North and the South plays an important part in discussions about the social clause. The developing countries see themselves as being forced to use cheap labour to compete with the North which has the advantage over them in the areas of technology, knowledge and capital.

The GATT has no established apparatus for enforcement or regulation. It is unclear how regulation of sub-contracting is carried out as all trade that takes place within a country automatically falls outside the GATT. Another problem is who takes responsibility for infringements of the standards, as the GATT can only address governments.

In conclusion, we can see that although many welcome initiatives have been taken by international organisations in order to regulate working conditions, in practice their implementation has been limited. This is partly because of the way that the general codes and conventions are organised and partly because of the difficulty of effective inspection and use of sanctions in cases of non-compliance. The institutional framework within which many of these initiatives have been taken also forms an obstacle. Large, all-embracing, worldwide codes seem, in practice, to be unworkable. Product specific codes (such as for baby foods) or region-specific codes (such as the maquila code) offer more possibilities through the involvement of workers' and consumers' organisations.

There is also a different approach, that of the power of the individual when buying a product. Many non-government organisations involved in employment issues are approaching the question from the angle of the consumer.

4. ETHICAL CONSUMERISM

One way of persuading companies to change their policies is through using consumer pressure. As a customer, you can decide from which companies you buy and do not buy. Obviously consumers take account of practical questions such as price, quality, availability etc. But increasingly, customers are also beginning to consider ethical questions, for example, boycotting South African fruit or buying washing powder that is environmentally friendly. However, many products simply do not give enough information to enable the customer to make an ethical decision. Or no information is available about any alternatives.

Ethical consumerism can take a number of different forms. In this chapter, we will look at campaigns aimed directly at specific companies and general guides for consumers. Particular attention will be paid to problems in determining the criteria by which a company can be judged.

4.1. Direct Action (boycott or incentives)

Publicity about the practice of specific companies can be generated through campaigning and actions such as pickets, blockades, letter-writing campaigns etc. Public awareness and discussion about the company grows and a call can be made to boycott a certain shop. This was the basis of the campaign against Shell because of its involvement in South Africa. Another example in the clothing industry is the campaign aimed at C&A. It is difficult to make an exact assessment of the effects of such campaigns on company policy. But it is clear that the companies are far from happy about such bad publicity. For example, C&A published a pamphlet denying that they knowingly sold clothing made in illegal sweatshops. A campaign also has greater impact if it carries on for some time. The campaign against Shell, for example, went on for so long that Shell became automatically associated with South Africa.

Campaigns are certainly an effective way to draw attention to injustice, and to demands made by campaigners. One specific case can be used to draw attention to the wider cause. In the clothing sector, such campaigns are particularly effective because of the importance of its image. The industry certainly is not happy to become known for its bad working conditions. Their initial reaction is usually to deny such criticisms, as C&A did. The campaign needs to be based on solid research and persistence to counter such denials. This in turn will generate further publicity and provided that the campaign is broad enough and lasts for some time, it can exert considerable influence.

Apart from targeting particular companies as 'bad', it is important to offer the consumer an acceptable alternative. Promoting 'good' companies is a way to influence the policy of companies who want to be included in the 'good' list. One way to encourage this is 'investment as reward'. This is the idea behind the Dutch ABF (Alternative Investment Trust, Andere Beleggings Fonds) which was set up to invest in 'clean' companies.

On the international level this idea is put into practice by CERES (Coalition for Environmentally Responsible Economies), that set up the Valdez-principles. The Valdez-principles are a number of standards concerning the environment. CERES is a coalition of investors and environmental groups. If a company signs the principles, the investors will invest in this company. One can have doubts whether the companies really meet the standards. No check is made, companies only have to write a yearly self-evaluation. CERES explicitly states that she will not sue any company that does not meet the standards.

The idea of investment as reward seems to be workable if regulation is effective. Another problem is, of course, money. Investment trusts will need to have access to considerable amounts of capital if they are going to have the power to make substantial changes in company policy. Otherwise, there is the danger that only companies who are already "clean" will be eligible.

In the clothing industry, the fact that it is the retailer that has the greatest power over manufacturing policy has to be taken into account when applying this kind of pressure. Few retailers are listed on the stock exchange.

A more general problem is the development of criteria by which companies are judged. What is 'good' or 'clean'? In the section below, we explore some of these questions in looking at consumers' guides.

4.2. Consumers' Guides

The idea to develop a guide for consumers which assesses companies and their products on ethical criteria was first developed in the United States. The guides are produced in a format which is easy to take with you shopping so that a particular product or company can be looked up on the spot to see how it scores according to the different criteria. A similar guide has now been published in Britain by the consumer organisation, New Consumer. The guides in the USA and Britain seem to be fairly successful and reach a fairly wide public. But there are some problems involved.

One issue is whether to assess the company or the product. If the product is assessed, this means that one particular product may receive a good mark while in other parts of the company, things may not be so satisfactory, so that goods produced in different factories for the same company can receive separate markings. This method tends not to encourage companies to change policy, but rather to introduce one product that is 'green' or 'Third World', to meet the demands of some consumers. If it is the whole company that is assessed, there is the problem of subsidiary companies who may have no incentive to change policy if they have no influence on a parent company that has been criticised. Thus there is no "reward" for good initiatives unless the whole company changes. Then there is the problem of selection. No guide can include all companies and products and a selection has to be made. The main focus tends to be on big companies, even though policy in smaller companies may be better.

Finding reliable information on a company is a major problem. Sometimes, companies claim to have a good policy and the compiler of the guide accepts this, in the absence of any other information. This leads to some strange results. For example, in one of the British guides, C&A is listed as a good company in relation to employment conditions, even though the Dutch branch of the same company has been the target of a campaign for its bad practices. It can also happen that a company is recommended by one group and then boycotted by another for, for example, its connection with South Africa or use of wood from tropical rain forests. Sometimes, this kind of problem occurs because of carelessness. But there is a wider problem involved. There is little information on many companies and difficult to find out what is needed. Often the companies are large and their structure complex. If one particular company says that it keeps to ILO recommendations, this assertion is almost impossible to check. Companies are not obliged to provide information and many are not willing to do so. The only thing that can be done is to look for particular scandals and give the company the benefit of the doubt in the meantime.

Criteria

In the first place, it is not easy to establish objective criteria to assess a company or a product. How do we set standards which are 'Third World' friendly-policy, for companies in the Third World? There is, in fact, no such place as the 'Third World'. There are many different countries, and within each there are groups of people who may have conflicting interests. It is also difficult to pinpoint where precisely the responsibility for a particular company lies. It is unrealistic to expect companies to go against existing market principles. They simply will not do so, unless it is clear that the consumer is prepared to pay extra.

Another problem is how to deal with buying from the Third World in general. If a guide simply promotes the idea that it is good to buy products from the Third World, this may ignore issues such as dictatorships in particular countries or the more general question of who in the Third World benefits from trade with the West?

Another issue is how far we look in assessing a company. If we only look at company policy in Britain what about subsidiary companies in other countries? Take the position of women in the company for example, it is possible that a company could score high marks in Britain but that in the rest of the world, the same company may be carrying out policies which discriminate against women. Another issue is what standards do we use? Is it a good idea to judge companies in other parts of the world by Dutch standards? Although this sounds like a nice idea, the end result would be there would be few companies to recommend in the guide.

There are, then, many problems in compiling a good consumers' guide, particularly if a broad selection of criteria, companies and products are to be included. It is easier, perhaps, to compile a guide for specific products or one particular sector, giving consumers information about the companies involved in these particular industries or products.

When we ask if it is possible to compile such a guide for the clothing industry, a number of the issues outlined above immediately rear their heads.

For example, the question of a guide to companies or products? There is certainly the danger that in the clothing industry retailers will put a few 'clean clothes' on their racks and not bother about the rest of their products. On the other hand, if we want to deal with whole companies, it is likely that there is not one that we could recommend. That is not to say that the different retailers are all the same. There are differences between them. But there is a lack of detailed information and no guarantee that this information can be found. As was explained in the first chapter, clothing is often manufactured through long chains of sub-contracting, which the companies concerned are not prepared to reveal. It is easy to tamper with labels and it is often difficult to check the country of origin stated. It is essential therefore to have the cooperation of the company involved in order to collect information. This in turn implies that only companies willing to cooperate can be assessed. Companies are, however, continually trying to create their own identities specific to their own company, increasingly through ethical and environmental criteria.

5. IN SEARCH OF THE GREEN CONSUMER

One example of a company in the clothing sector which presents itself as a 'responsible, concerned company' is Esprit. Best known is their eco-line. But the company appears to be involved on a wider scale with ethically responsible methods of manufacturing. A retail company that seems to be well along the way of 'clean' sales, and which is successful, is The Body Shop. Although The Body Shop is not a clothing retailer, it does set criteria for its products, how they are produced; origin of raw materials and terms and conditions of employment.

We visited both these companies to find out how ethically responsible their methods really are. We were especially interested to find out how they check the criteria which they lay down for their products.

5.1. Esprit: Wear What You Believe

Some time ago, Esprit hit the headlines with its E-collection: a line of clothing manufactured with ecologically friendly methods. Attention is paid to the use of dyes and bleaches; unsprayed, naturally coloured cotton is used; no galvanised zips are used; and attention is paid to the use of resins and formaldehyde.

Esprit explicitly states that their aim is not one rack of 'clean clothes'. Their intention is that in the long run all their production should be carried out in an ecologically sound way. Esprit says that as far as working conditions are concerned, it is their responsibility to check how their clothing is manufactured, and that their buyers must keep a sharp eye on this.

Esprit was set up in the United States by Doug and Susie Tompkins. It has no manufacturing facilities of its own. Everything is sub-contracted, mainly in the Far East. The E-collection is however made in the United States. Esprit works through different forms of retail outlets. The image shops, which are the model of shop that Esprit wants, stock only Esprit products and are owned by them. There are also franchise stores, 'shops in a shop' and dealers who sell other products as well as Esprit'.

The European side of the business is centralised via Dusseldorf. Stock is bought four times a year, through a selection made from a sample collection six months in advance. Esprit does not sell the typical quick fashion products that do not fit in with their formula nor their concept of marketing. They do not order products at short notice. When the selection has been made from the sample collections, orders are placed, mainly in Asia, but also in Portugal, Ireland, and for socks in Germany. This is a strict policy.

Esprit believes in flexible ventures. By this, they mean that the atmosphere is informal, the hierarchy limited and job descriptions are variable. One example worth mentioning here is that every worker can take one day off a month to work for a good cause.

Susie Tompkins states that the new E-collection is a natural step in the evolution of Esprit towards taking more responsibility for society and the environment. *"We haven't suddenly found all the answers. But we have got a lot of ideas, ideas that can be transferred from the E-collection to our main collection."*

When questioned about this, it turned out that concrete plans had not yet been made. The intention is there, but with no definite time-scale. There are no fixed standards, either for the

E-collection or the main collection. Esprit states that its manufacturing should be as friendly to people and the environment as possible. But with no fixed standards, this is difficult to assess. The company does not publish any financial information, yearly reports etc.

5.2. The Body Shop: Trade not Aid

Anita Roddick, the founder and motor behind The Body Shop, began by setting up a small shop for bodycare products as a reaction against the existing cosmetics industry, which according to Anita Roddick, sells mainly illusions in pretty packages. Another reason was the need to make money. In terms of making money, Bodyshop has been very successful. It has grown into an financially extremely healthy, international chain, with over seven hundred shops (mostly franchises) in 41 countries.¹⁰

But The Body Shop is not just a large and successful business. It is also a company with a strong philosophy and company ethics. Their principles are particularly well developed in relation to the environment and the company policy is to attempt to limit damage to the environment, and it is this image that is used to promote the company.

Company policy and all products must comply with some general standards:

- no unnecessary use of energy;
- no unnecessary waste;
- no raw materials can be used from threatened species or environments;
- no cruelty to animals; no animal testing for the last five years; suppliers must guarantee this but there are no checks.
- no negative effects on other countries, especially those of the Third World.

Other measures are laid down, mainly by head office in London, to limit environmental damage and goals have been set for the shops to adopt an environmentally-friendly policy. General targets have been set (with definite dates) for environmental policy for the whole company, for example, the elimination of packaging which contains PVC; the reduction of waste and the setting up of a windmill park. The Body Shop is also well known for its extensive, often worldwide, campaigns organised round specific issues, such as saving whales and the rain forest. All of this is co-ordinated by the Environment Projects Department, made up of four people at head office. This Department also checks on the implementation of policy.

Existing practices are examined through interviews and questionnaires and then advice is given as to how improvements can be made. New research is undertaken to see if changes have been made. In the future, every shop will have to produce a report on the current situation in relation to the policy on the environment. Many other things are also under discussion without clean policies on implementation.

The Third World section of The Body Shop comes under the 'Trade not Aid' (TNA) projects and 'ethical sourcing'. Through the TNA projects, The Body Shops supports the setting up of manufacturing projects whose products it then buys. It helps with packaging and transport systems, as well as production itself. TNA projects have to be financially feasible for both parties. But the manufacturers receive a fair price for their products and a proportion of The Body Shop's profits are then reinvested in the local community, for example, in health care, schools, interest-free loans, environmental protection or improvements in safety at the

¹⁰ In 1991, they had a turnover of about 400 million guilders and a net profit of 75 million guilders. Compared with 1990, that meant a growth in turnover of 27.5% and in profits of 26.8%. In 1990, growth in turnover was 36.8% and in profit 30.3%. Nearly 6,000 people work for The Body Shop.

workplace.¹¹ Within TNA projects, only traditional skills and sustainable natural materials are used. It is planned to duplicate specific projects in different regions. At present, the profit margins from these projects are lower than from production in Britain. But the intention is that they should be equal in the long run. When the TNA projects cannot meet the total demand, The Body Shop buys the remainder from another manufacturer for a fair price. This is what they mean by 'ethical sourcing'.

At present, the proportion of production from TNA projects and ethical sourcing is marginal, making up at the most only a few percent. The Body Shop plans to expand this. Most Body Shop products are made in their own factories, about 70% in all, with the rest coming from sub-contractors. A big proportion of the raw materials used in their own factories comes from the Third World but is bought on the world market.

In order to have a better understanding of their products, the Body Shop has started a system called 'Life Cycle Assessment' (LCA) in order to chart all environmental aspects of the products. This does not only concern direct production but the production of the ingredients, to the point of including how the water that is used is purified. This is a long-term plan and is still at the research stage.

Another system being developed is 'Supplier Accreditation', so that suppliers can be graded according to their willingness to follow environmentally friendly policies and a commitment to reduce pollution.

The weak point in these systems is monitoring. In the system of Supplier Accreditation, for example, The Body Shop aims to inspect not only the direct supplier, but the whole chain before this supplier. They want to find out about the relationship between the different parts of the chain. They ask the supplier for information on the origin of their products; the address of their suppliers etc. Through collecting this information, The Body Shop wants to be in a position to check whether the supplier is paid on time; whether their working conditions meet The Body Shop standards and any effects on the environment. At this point, they are not sure how they will obtain all this information and have not decided whether they should use inspections or questionnaires. The accuracy of the information they are given will have to be taken on trust.

The same applies to The Body Shop policy in relation to the shops. Questionnaires are sent out and analysed when returned. No inspections are carried out to check on the truthfulness of the replies. On the other hand, there is a lot of contact between head office and shops, allowing a certain amount of informal checking to take place.

We conclude that both The Body Shop and Esprit have expressed good intentions and have taken certain steps to ensure that their policy is implemented. It is true of both that the ideas have come from within the company, without any conditions being attached. It is notable that both describe themselves as flexible, non-hierarchical and spontaneous. They have a policy of listening to everyone and being open to new ideas, therefore, it is argued, there is no need to set up fixed standards. But this also makes it difficult for the consumer to have a clear idea of what the policy entails. Both companies have a definite 'ethical' image but it

¹¹ Recently there was some criticism of the TNA project in the Brazilian rain forest. It was alleged that profits from the project were only going to a very small number of people.

is difficult for the consumer to make an objective judgement about what these ethics are. (The Body Shop are clearly one step ahead of Esprit.) In the case of The Body Shop, the reason for the lack of clarity is not unwillingness to give information. The problem is that many of their ideas have not taken a definite form and so cannot be checked. This is also true of Esprit, who are at any rate less open about their business matters.

One way of marking out a company as 'clean' or 'fair', for the sake of ethical consumers, is a fair trade label, open to inspection.

6. FAIR TRADEMARK

Fair trademarks are a way of informing the consumer about a product that he or she is buying. A company can apply for this trademark and has to agree to be open to inspection and checks. Fair trademarks offer the company a way of making their products distinctive. There are two types of fair trademark: those for a particular product and those for a whole company (or shop). There is also a difference between a fair trademark that is awarded according to how, and for what price, something has been produced and a quality trademark which simply guarantees good value to the customer.

The next section will deal with the question of inspection and monitoring of a fair trade label as this often presents the greatest difficulties.

6.1. Quality control marks

The best known quality trademarks in the Netherlands are two from the Institute of Domestic Advice (IVHA): that of the Dutch Housewives' Association and the Good Mark. They work in the same way but are aimed at different products. The Dutch Housewives' Association trademark is mainly given to household products. The Good Mark is for products of a more technical nature, where safety is in important consideration, for example furniture for children or ladders.

Both these two trademarks are comprehensive and they are also the only two of this nature in the Netherlands. The products are assessed for a number of different qualities: whether they are functional; how well they last; what kind of guarantee they carry and environmental aspects. A factory can apply for the trademarks. A list of requirements is then drawn up - different for each product - including statutory and voluntary standards. The requirements are drawn up by a broad committee for a particular group of products. The committee is made up of experts from different fields, from manufacturers, consumers, government and business. The product is laboratory tested and if it meets the requirements, is awarded the trademark. Inspections are also made. How often varies with the different products. Inspection is more frequent for natural products, for example leather, than for goods from a production line. Tests are also made more frequently if there are complaints from consumer organisations. The company which applies for the trademark pays the costs of the initial tests. After, a yearly payment is made for the right to use the trademark, depending on the company's turnover. This payment is used to finance the inspections.

Other quality control trademarks work in a similar way. One is the ANWB quality trademark which is applied to products of interest to the ANWB, an organisation similar to the British AA. The KEMA-KEUR trademark is for safety of electrical goods; the KIWA-KEUR is for products in the water, environment and building sector. For all these trademarks, the same principles apply: the company applying for the trademark pays the initial costs and then yearly payments for the use of the trademark and these payments finance the costs of inspection and monitoring. The amount paid varies, depending on the turnover of the company and complexity of the product. The precise arrangements vary with the different trademarks.

Another principle is that an independent organisation carries out the quality control and that the company pays these costs. KIWA and KEMA are recognised by the Raad voor de

Certificatie (Council for Certification). This means that they themselves are regularly inspected on the quality of their management, expertise, reliability and independence. The ANWB have their testing done by independent laboratories.

Another parallel between all the different trademarks is that the list of standards to be met is drawn up by experts coming from different fields. For the ANWB, the representatives come from manufacturers, consumers, government and research institutes. For KIWA, there is a Board of Experts drawn from independent groups. KEMA is somewhat different as they only test for safety.

The ECO-trademark for biological products is checked by SKAL. Companies that have this trademark, pay 1% of their turnover plus a standard fee, between 300 and 1250 guilders a year, depending on what sort of company it is. SKAL checks companies once a year, by visiting them. Apart from that, they make random checks if there is a reason to do so. For example when the price of a certain product is rising because of scarcity of certain raw materials. That makes it more attractive to evade the standards. These extra checks are also made by visiting the companies. The standards on which the companies are checked, are the EEC-standards for biological production. If SKAL discovers violations of the standards, they can take measures against the company. They can give official warnings, but they also can give the company a fine or take away the trademark, depending on the severeness of the violation.

6.2. Fair trademarks

The idea of a fair trademark came from alternative trading organisations. The aim of alternative trading is to provide support for new business partners and to offer equality in trade relations. The goal is two-fold: to offer small producers a 'survival guarantee', at the same time as strengthening their position so that in the long run they will be able to trade normally. The best known alternative trading organisations in the Netherlands are SOS-World Trade and the National Association of World Shops. The latter sells some products which do not meet 'ideal' standards, but the profit from these goes to projects in developing countries.

Coffee is the best known product of the alternative trading network. Since 1973, SOS-World Trade has been buying its coffee directly from farmers' co-operatives. At first, this coffee could only be bought in Third World shops and other outlets outside the normal shops. In 1985, the Max Havelaar Foundation was established and it started the Fair Trademark. Any company which complied with certain conditions could use this trademark. Now every supermarket sells Max Havelaar coffee. The following conditions apply: the coffee must be bought directly from small farmers' co-operatives; the co-operatives must receive a set minimum price for their coffee, a price that is above the world market price; the buyers must be prepared to make an advance payment and they must sign a binding contract with the co-operatives. In these contracts, the price and the amount to be bought are agreed. An independent accountant goes through the books of the coffee company to check compliance. Apart from this check, the Max Havelaar Foundation makes inspections on the basis of information from organisations in Third World countries. In the worst cases, permission to use the trademark can be withdrawn. The final decision is made by a committee of the Foundation. But a meeting will be held with the company in question. The rules for this kind of procedure are laid down in the contract between the companies using the trademark and the Foundation. This agreement also lays down regulations about the packaging and the fee for the use of the label; the coffee companies pay 25 Dutch cents to the Foundation for every kilo of coffee they sell. This pays for inspections, the running of the organisation and publicity. Max Havelaar coffee now has a market share of about two percent.

The VNTK (an association of Dutch tea and coffee processing companies) was afraid of the competition by this new label, so they launched their own label in 1989. They stated that they would do 3% of their buying directly from small farmers. Because their marketshare is so much larger, many more small farmers would benefit from their label, so they claimed. But a crucial difference is that this label does not meet the other Max Havelaar standards. Farmers get the worldmarket price for their product. Because the coffee and tea is bought directly from them, they get a little bit more than their colleagues who sell to middlemen. But they get a far lower price than farmers who produce for the Max Havelaar buyers. Because of the very low worldmarket price, the difference can be 100%. The farmers do not get any money in advance and the contracts are for one year maximum. The two largest coffee processing companies in the Netherlands are Douwe Egberts and Albert Heijn.

Alternative trade is being developed for other agricultural products. The Gabriela fair trademark is going to be used for chocolate made from cocoa beans for which the producers have been paid a fair price; and where as little pesticide as possible is used in growing them. Another example is the pure chocolate imported by SOS-World Trade from a Swiss alternative trading organisation called OS3. This chocolate is made from naturally grown cocoa from Bolivia and sugar from the Philippines (also grown without the use of chemicals). The farmers receive a fair price for their product.

SOS-World Trade also imports tea from India, Tanzania and Sri Lanka for which the farmers are paid a realistic price and where the crops are grown with the minimum damage to the environment. Tea from Sri Lanka is also naturally grown. (It has a EKO fair trademark.)

Coffee is a good example of how alternative trading works. However, there are some important differences between coffee and clothing. Firstly, there are hardly any small, independent manufacturers in the clothing industry. There are, of course, a few. SOS-World Trade buys their textiles and clothing direct from hand-weavers in India. But as far as market share is concerned, these have only a negligible amount. Almost all clothing is manufactured for large companies via a long chain of sub-contractors. Alternative trade on the coffee model cannot improve the conditions of the workers in this part of the industry. It can only help small, independent, manufacturers. What alternative trade can do is to heighten the awareness of consumers about the conditions under which clothes are produced.

Another problem arising from the long sub-contracting chains is the difficulty of inspection. In the case of the Max Havelaar fair trademark, this process is relatively simple and is done by an accountant checking the books. In the case of clothing, the process is much more complicated. To check the books of every company in the sub-contracting chain is not realistic.

There are also more variations in the type of product. People buy coffee according to taste. There is a strong loyalty to particular brands. But when a consumer is convinced that fair trade coffee tastes equally good and it is for sale in the supermarkets, it is only a small step to change brands. In clothing, the process is again more complicated. People buy clothes because of the way they look. Fashion, trends and lifestyle dictate their choice. The range of clothing on offer through the alternative trading organisations is far too small to offer a real choice. We have to take on the other clothing retailers rather than simply trying to expand the market share of alternative trade organisations.

The National Association of Third World Shops is developing a fair trademark for its importers. They are working towards the goal of only buying from good importers, that is to say that want the companies they deal with to understand their methods and aims, including sound policies in relation to both people and the environment; a fair price paid to trading partners in the Third World; support to them for marketing, organisation, technology of production and finance; supplying information to the shops and general public about their trading partners. This is a long-term plan. In the meantime, the association is accumulating information about its importers so that the individual Third World shops have a basis for making a choice about what they import. The information collected is only for internal use at this stage.

At a European level, EFTA (European Fair Trade Association) is in the process of developing a general fair trademark for alternative trade. This will cover all imports that come through alternative trading and uses the Max Havelaar label as a model. This plan

focuses only on alternative trade and works on the basis of: working with groups in underdeveloped countries on an equal footing; supplying the public with information about where the product comes from; organising campaigns for equal trade relations in general; and a structure that reflects these ideals i.e. democratic and non-discriminatory trading and an openness about working methods. EFTA is also involved with clothing, and together with other fair trade organisations such as SOS-World Trade in the Netherlands, has started a campaign around the clothing industry in several countries. The aim is that the fair trademark would eventually be used for clothing.

The British consumer organisation, 'New Consumer', is also developing a fair trademark. Alongside the guide 'Shopping For a Better World', research has been started. Criteria have to be drawn up to assess all products for the trademark, with the aim of operating it on a Europe-wide basis.

Another form of product trademark is the so-called union label. In the USA and Canada, unions establish standards for production and when these are met, a union label is sewn into the clothes.

The union label method can only be applied where a factory is organised, and is particularly difficult to use in the South, where unions are often in a weak position and not officially recognised. Another problem is cheating. Who is responsible for inspection? The obvious answer to this is the international trade union movement. But they have neither the resources nor the people to carry this out.

In the clothing industry, there is the danger that a fair trademark applied to a particular garment or range of clothing will mean that the large clothing companies introduce a rack of 'clean clothes' into their shops to respond to consumer demand but make no improvement in the terms and conditions of employment under which the rest of the stock is produced. The alternative of a company trademark seems better as it involves the company taking direct responsibility. It is also harder to achieve, since it calls for a company to make far-reaching changes. There is a problem as to how to treat a 'clean' subsidiary of a parent company which has unacceptable practices. Monitoring is also a problem because of the long chains of production stretching around the world which makes it difficult to set up a method of monitoring conditions which is realistic in terms of cost and reliability. Another argument for the company trademark is the fact that companies are more and more aware of their image, which is used to attract customers.

7. FAIR TRADE CHARTER

The Fair Trade Charter is an initiative of the Clean Clothes Campaign. The aim of the Clean Clothes Campaign is to improve working conditions in the clothing industry making a permanent link between rich and poor countries. The campaign is supported by a committee on which several different Dutch non-governmental organisations are represented.¹²

7.1. Purpose of the Fair Trade Charter

The Clean Clothes Campaign has developed a Code of Conduct based on international agreements on terms and conditions of employment. This Code of Conduct is to be presented to retailers. If a company signs the code, it implies giving a guarantee that all the clothing sold by the particular company, meets the standards of the Fair Trade Charter (FTC). It also means that the company is open to inspection; is in a position to supply all the necessary information and that a certain percentage of the company turnover goes towards the financing of an independent, regulatory body. In return, the company receives a Fair Trademark, which can be withdrawn if the company is shown to be no longer in compliance with the Charter.

The standards laid down in the Charter are based on various Conventions of the International Labour Organisation (ILO). Most of them are similar to those adopted by the MNCs and Maquila Code of Conduct. They are concerned with the right to organise and engage in collective bargaining; wages; health and safety; working hours and the right to not be discriminated against. (For full text, see appendix 3.)

The Charter combines conditions drawn from these different bodies. It is a Code of Conduct based on international standards. The advantage of this is that it only uses norms which have wide international recognition and cannot be said to be making 'unreasonable' demands. The greatest problem is how to ensure that it is effective and how to monitor what is actually happening and impose sanctions when there are infringements. The Charter attempts to overcome this problem by combining the idea of a Code of Conduct with that of a good practice trademark. The next section will look at the Charter in the context of the preceding sections and make a few additional conditions with which the Charter must comply for it to be effective.

¹² The following organisations are represented in the Clean Clothes Foundation: Consumer Contact, SOMO, Philippine Support Group (Netherlands), India Working Group (Netherlands), Bangladesh People's Solidarity Centre, X-Y, Inzet and Women's Group Amsterdam.

7.2. Problems and Pre-Conditions

Any good practice or fair trademark has to include some method of monitoring in order to give a guarantee to both the manufacturer and the consumer. It has already been noted, in the section on fair trademarks, that in clothing this is difficult because for the most part the retailer determines the conditions under which production takes place. To improve these working conditions, the retailers themselves must demand change. This is part of the idea of a company trademark.

The same problem arises as with the ethical consumers' guides. How do you treat a 'clean' company which is a subsidiary of a 'dirty' parent company? Is it possible for the subsidiary to use the trademark and what conditions are then applied to the parent? i.e. how independently does the subsidiary operate? where do the profits from the subsidiary go? etc. In some cases, we might be dealing with a single high street chain, where, for example, a subsidiary wanted to sign the Charter but the parent company did not. Or we might be dealing with more complex business structures, where, for example, there is an officially independent subsidiary company which, nevertheless, has joint PR and purchasing with the parent company, although they do not use the same name. How do we deal with franchises, and shops within shops? For example, a 'clean' shop within a 'dirty' department store? It is worth also noting that nearly all clothing chains operate internationally although they are not always officially called multinational companies.

Another major problem is monitoring and inspection. By signing the Charter, a company opens itself to inspection and must provide information on what is produced and where. But a company is bound to say that all production is carried out under the required conditions. Since production will take place in different parts of the world, to verify the company statement, on the basis of spot checks and following-up of complaints, a large organisation is needed. Companies will have to pay for the use of the trademark and it is this money that will have to finance verification. When the Charter is signed by a number of different companies, this becomes realistic. However, if only one company signs, the financing of the regulatory body will be a problem. But a start can be made and plans developed over the longer term.

Even when finance is generated from a number of companies signing up, some problems remain. The regulatory body must be independent and its independence has in turn to be subject to checks. This will entail a supervisory board of some sort, possibly made up of representatives of all concerned parties, responsible for the independence of the regulatory body. The supervisory board would not be able to determine the validity of the regulatory body's findings, only its independence. There must be a guarantee of the quality of the work of the regulatory body in order that their findings are seen to be based on thorough, reliable research.

The regulatory body has to check that the way that clothing is produced complies with the standards laid down in the Charter. This can be done through spot checks on manufacturers listed by the company and by following up specific complaints. The regulatory body must check the accuracy of the information supplied by a company. For example, is the list of manufacturers given by a company comprehensive? Or are there some who do not appear on the list? Are the clothes actually being produced by these manufacturers or are they in turn sub-contracting work out?

If a company is found to be contravening the conditions of the Charter, there has to be a procedure to follow. The company concerned must have a limited time within which matters can be put straight through pressure on the manufacturer. If no improvements are made, the company has to stop buying from this particular firm. If the company does not comply, the trademark has to be withdrawn. One possibility is that a company will continue to buy clothing from a manufacturer until this is found out by the regulatory body and a time limit has to be put on this. There must also be an appeal procedure for companies wishing to challenge a decision made by the regulatory body. An appeal tribunal could be set up although as this could not have legal standing, the matter could go to the courts.

Solutions can be found to all these problems. Other fair trade groups have managed to find solutions and have a regulatory system that offers certain guarantees. In the case of the clothing industry, the process is more complicated but essentially the same.

The Charter is also part of the growth of ethical consumerism. In the final analysis, it is the consumer who will determine the success of this initiative. The fact that consumers will demand clean clothes, is the most important pressure on retailers. As the number of companies signing the Charter grows, the pressure on retailers to join in will become greater. Until a considerable number have signed, we are asking a lot from companies.

The demand for clean clothes has therefore to be researched so that the Charter has more to offer a company. The demand is probably already there. Ethical consumerism is a definite trend and companies are already taking account of it in their planning. However, the immediate response from companies is not much more than window-dressing. If we are going to demand that they respond with more conviction, it has to be demonstrated that this is really in the company's interests.

Although not all companies have been thoroughly researched, it seems likely that no single company could claim that all its clothing is manufactured in conditions which fully comply with the Charter. Manufacture of clothing complying fully with the Charter is more expensive, particularly in relation to the cost of decent wages. But this does not necessarily mean that shop prices would rise. Retailer's profit margins could be cut. Or alternatively, this may not be necessary if one step in the chain of production is cut out. Hence, the demand for clean clothes may change the way the industry functions.

At present, there are often four or five sub-contractors in a chain of production. The reason for this is that big profit margins are made by ensuring that each stage of production takes place as fast and as cheaply as possible. Another reason is fierce competition. Because of the competition for orders, a manufacturer may take on an order which it knows it does not have the capacity to fulfil itself and send out part of the work to a sub-contractor (preferably at a cost that is lower than in-house production). The retailer has no direct involvement in the chain. It simply sub-contracts the work out and demands that garments are produced according to its specifications: price, quality, delivery times, etc. Who actually does the manufacturing is not important. The chains of production have developed partly as a result of the low prices offered by retailers.

A company which signs the Charter, will have to change its methods of management of production and take an active interest in all stages. The retailers use this argument to deny their own responsibility: they argue that they have no involvement in the production process. But this is a false argument as they do make demands in relation to quality or delivery times etc. Therefore it is quite possible for them to make other demands relating to methods and

conditions of production. It is quite likely that the argument is valid applied to present methods of production. But there is no reason why this should not be changed. However, it is clear that companies will only change if there are clear benefits to them arising from the change. The costs of signing the Charter are not only the direct charge for the trademark but also the costs of changes in management. It is unlikely that any company will sign without the prospects of a return on this investment.

The promise of a return on this investment can only be made when market research has demonstrated the demand for clean clothes. Consumers and other organisations also have to take action to call on companies to demonstrate a responsible policy towards the manufacture of clothing.

Another weakness of the Charter is that it is particularly appropriate for the big chain stores who have the power over the manufacturers and who can influence demand. A small boutique, even with the best intentions, buys its clothing from wholesalers and buyers' associations over whom they have little influence.

Finally, there is a danger that any regulatory body may become unintentionally a protectionist measure. The involvement of workers' organisations in the process of inspection (for example, through bringing forward complaints) and through other similar campaigns, is crucial.

The following conditions can then be laid out:

*** Standards must be laid down under which a subsidiary company can be considered for the Fair Trademark.

*** A method must be found to carry out inspection and monitoring of companies who sign the Charter before enough have signed to set up the regulatory body.

*** A step by step plan must be made for the setting up of the regulatory body.

*** The regulatory body must be supervised by a supervisory board responsible for its independence.

*** The regulatory body must be able to give a guarantee of the quality of its information.

*** The regulatory body has to check on the accuracy of the information given by a company as well as whether the information is comprehensive.

*** A limit must be set on the number of infringements of the Charter by a particular company, even if these are eventually corrected.

*** An appeal procedure has to be laid down whereby a company can appeal a decision of the regulatory body.

*** Market research needs to be carried out on the demand for clean clothes.

*** Other ways have to be found to put pressure on companies to adopt a clean clothes policy, for example, publicity and awareness campaigns.

8. CONCLUSION

Retailers have a dominant position in the clothing industry. Competition in the high street is fierce, and the market is becoming increasingly fragmented. Shops are targeting specific groups of consumers and trying to develop a distinctive style of their own. This development is linked to the concept of different life-styles, promoted through advertising and the image of particular shops, more than by the clothing itself.

Major manufacturers penetrate retailing through the use of franchises or by acquiring retail outlets themselves, in the case of brand names like Levi's. In some cases, the distinction between distributor and manufacturer is blurred. In the past, work was sub-contracted to low-wage countries in order to lower the cost. Now timing is becoming equally important as cost and this makes sub-contracting in the local informal sector more attractive, because of its fast and flexible working methods.

Terms and conditions of employment are poor. Workers complain about the monotony of the work; the intense pressure to produce fast; overtime working; health and safety; discrimination and sexual harassment; low wages, usually for piece work and lack of opportunity to organise. To some extent, these conditions are linked to mass production in low-wage countries but also to the fact that most of the workers are women. Technological developments take place in the stage of production concerned with design, cutting and finishing. Other parts of the production process - machining - require only a minimum of capital investment. Those who work in this part of the production process are those with a weak position in the labour market in the North, particularly black and migrant workers or women who have to care for young children. Because they are working in the informal sector, they have almost no social security protection. There is also little investment in the improvement of working conditions in the informal sector. The stress of flexibility and sub-contracting make it even more difficult for workers to organise.

The International Labour Organisation has drawn up many Conventions on terms and conditions of labour, ratified by many different countries. Most countries have signed the Conventions on the right to organise; non-discrimination and working hours (including overtime). The more difficult Conventions are those concerned with wages and safety at work. These Conventions lay down that governments, employers and workers have to come to an agreement about acceptable levels, with the pre-condition that workers are organised. The Conventions lay down generally recognised standards but the ILO does practically no investigation into their implementation. A complaints procedure exists. But it is complicated and drawn out. No sanctions can be taken in the case of contraventions apart from the loss of face.

Since the 1970's, various attempts have been made to use Codes of Conduct as a way of addressing the business world. The ILO, OECD and the UN, have all tried to develop general agreements concerning multi-national companies. Most of these took the ILO norms as their starting point, with a strong emphasis on the right to organise. It was considered that a strong union was the best way to guarantee other rights. The business world has always protested that multi-national companies receive less favourable treatment than other companies. The OECD and ILO Codes have been drawn up but are completely voluntary. There is no compulsion on companies to comply.

Because of the sub-contracting chains involved in the clothing industry, there are many companies in low-wage countries who are dependent on Western companies but not technically subsidiaries of those companies. For example, large retailers often work through middlemen and operate on an international basis. If the UN Code is every finally drawn up, this problem could partly be solved since it covers all companies with activities in two more more countries. As far as working conditions are concerned, the ILO Code is applied to multi-national companies. The declaration on human rights and non-discrimination are separate.

The UN Code, similar to the OECD and ILO Codes, contains some points particularly relevant to the clothing industry. But it will have little practical effect, if it ever sees the light of day, because there is no question of effective inspection or sanctions.

A few Codes exist for specific products. Again, means for effective inspection and sanctions are lacking, except where there is a lot of attention from the media. This can be done when a single product is concerned. Media attention is a powerful tool for consumers and campaign groups. But it also takes much hard work. The Maquila Code offers a different perspective through involving many different organisations concerned with workers' rights, the community and the environment. They would be the first to know when standards are being broken (assuming companies adopt the Code), and have a clear procedure for bringing a complaint. However, the problem of sanctions remains.

One possible way of dealing with infringements is negative publicity. This demands energy and staying power from the groups concerned, as with the specific product codes. A second possible sanction is withdrawal of investment. It has to be asked how effective this would be and how many investors would actually withdraw funds?

Two further problems come to light from discussions of the social clause (using the same ILO standards) in trade agreements, which also apply to the Codes. The first is the problem of inequality. Governments in the South claim that they are forced to compete on the basis of cheap labour. The answer to this problem seems to be the involvement of workers' organisations in the South, as is done in the Maquila Code. The standards can be set by people in the South who are directly involved and usually have more to lose than governments. They are the people who must eventually decide which terms and conditions of employment are acceptable.

The second, more difficult, problem is that of protectionism. The North can abuse the social clause and related demands (which remove competitive advantages) to protect the market for their own products. The North does protect its own markets and makes no moves to share knowledge or technology. The Codes of Conduct for Multi-National Enterprises try to make the enterprises themselves responsible for working conditions and not the manufacturers of the South. In the case of the clothing industry, as we have seen, the companies concerned are rarely direct subsidiaries. Care will have to be taken to ensure that the costs of improvements do not fall on the last links in the chain.

The fact that most clothing production takes place in the informal sector, through sub-contracting chains, also makes it a difficult area for regulation through international standards. In general, universal codes do not seem to be the most effective method of regulation. Given the political disagreements that surface when the codes are drawn up and

the lack of effective means to ensure implementation, it is clear that a code by itself is not enough. More must be done. In the present political situation, such codes are being seen by developing countries as unjust and protectionist. If the aim of the codes is to regulate working conditions for those in the South, then their involvement in the enforcement of the codes is essential, through, for example, using complaints from workers as a basis for inspection. It is also important that the demands are based on internationally-recognised standards such as the ILO Conventions so that the discussion can move on to issues of enforcement.

The improvement of terms and conditions of employment can not only be achieved with the support of labour organisations and international standards but also through using the power of consumers. This approach also fits in with the power of retailers. In short, the consumer is asked to buy from (or invest in) one company and not from another (boycott). We have to be able to distinguish between the different companies. The problem of setting the criteria by which companies can be judged can be overcome in two ways: either by strictly limiting the products that are being looked at and using generally accepted criteria; or by limiting the issue to one issue (such as investment in South Africa) or a particular company, probably the largest.

Retailers are already trying to develop their own distinctive image and ethical considerations are playing an increasingly larger part in this. At present, these are usually concerned with the environment rather than social issues. From the discussion of The Body Shop and Esprit, it is clear that the consumer is expected to be concerned about ecological or social standards but without being too critical or demanding strict standards, control mechanisms or sanctions. Both companies claim to be in the process of establishing social and ecological standards for production. But they also say that this takes time and that it does not fit in with the business culture to do this in a way that can be quantified or measured by the consumer.

The fair trademark is one way to satisfy the demands of ethical consumers. The trademark can be given to a company who bears the costs of inspections and receives the trademark in return. Some 'alternative' trademarks already exist which take into account social considerations. The idea behind the fair trademark is that its effect will be to stimulate equal trade and gradually spread to the regular market as well as the alternative sector.

The demand for clothes is already determined by fashion and style, dominated by the regular retailers. In this case, alternative trading cannot really offer an alternative because of its small scale. It can, though, stimulate the demand for clean clothes. The immediate result of this will be the rack of clean clothes, mentioned before. There is a risk that clean clothes will not go beyond this one rack of clothing. A fair trademark awarded to a whole company seems to be the answer in the case of clothing because all the products in a particular shop have to be made under specified conditions. The responsibility then lies with that retailer, who has the power to determine what is made and under what conditions.

In the end, change will only come about when the wider public takes up the demand for clean clothes. It is already clear that the clothing industry is extremely sensitive to its consumers and therefore vulnerable to consumer pressure. The campaign should concentrate only on clothing as it is clear that specific campaigns are more effective. For example, campaigning on one product (baby foods, for example,) or one company (Shell out of South Africa) or one region (as in the Maquila Code) clarifies the issue for consumers and thus is more effective. The clothing industry has to be prepared to co-operate. Being sensitive to consumer demand

is not the same as being prepared to change their policies in a way that is accountable to consumers. The need to check complex chains of production also requires company co-operation in order that all the information is available.

The Fair Trade Charter adopts ILO standards. The problem of regulation and sanctions is solved by using a shop or company trademark. It remains to be seen how effective and far-reaching such a method can be in such a complex sector of production. Much will depend on the way the regulatory body is organised and the quality of information made available, from both ends of the chain, the retailers and the women workers making the clothes. A working system of regulation remains a big problem. We have to ask if all our attention should be directed to this problem. It is probably unrealistic to think that we can reach the situation where every single piece of clothing in different stores complies with our conditions. But the signing of a Fair Trade Charter would be a good start alongside a good complaints procedure in the case of breaches of the conditions, so that women workers know that they can make complaints and that their grievances will be made public.

The feasibility of the Fair Trade Charter depends mainly on being able to build enough consumer power to put pressure on companies to sign. As we have seen, in this sector companies are sensitive to consumer pressure and Esprit has already responded to this pressure on ethical grounds. Of course, it is easier to respond without being tied to all the conditions of the Charter. But refusal to sign the Charter could be a blow against a company's good image. But that too demands that considerable pressure is put on companies to accept responsibility for the way in which clothes are produced.

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Wietske Boersma, PR officer, Eastwick Trading BV (de Bodyshop), Bussum.

Appendix 1: The Clean Clothes Campaign

The "Clean Clothes Campaign" was launched in October 1990 and aims to focus attention on the way clothing is produced, and moreover intends to press for changes. We want to improve labour conditions in the clothing industry, both here and in the so-called third world. Our campaign slogan is "Clean the World of Clothing".

In the campaign participate circa 10 Dutch NGO's: among others Consumer Contact, the Philippine Support Group, the Bangla Desh People Solidarity Centre and SOMO (Centre for Research on Transnational Corporations).

What do we do

1. Firstly we appeal to the consumers to be more conscious when buying clothes, and to support the demands we are making to the retail companies.

We do this by supplying information (info-packs, a newsletter, video's), by giving lectures and participating in discussions and by holding pickets and other street-actions. We ask people to be critical consumers, eg. to ask for every garment they intend to buy where it has been made and under what conditions. For the first year and a half of the campaign we have focused on one multinational company: C&A. This company can be seen as a trendsetter in the world of retailers: especially in the Netherlands where it has the largest market share (circa 20 %). We wanted to visualize the mechanism we described very shortly in the above. As a first alternative to the present situation, we also support the sale of "clean clothes" through third world shops and other alternative channels.

2. Secondly we stress that the **retailers** are responsible and should be made to account for the conditions under which garments are produced at their orders. This holds true for the entire subcontracting chain. They can check quality, colour and delivery speed. So they can check as well on wage and working conditions and pay extra for it, if necessary. If we know of a case where workers rights are violated we will take this to the retailer they supply to in order to put pressure on the retailer to take action to better the situation.

One step further goes our "Charter of Fair Trade", which we want to present to all (big) retailers around the beginning of '93. The charter is in fact a code of conduct, in combination with a controlling mechanism and a sanction. Several conditions for production are stated, based mainly on the ILO norms. They are, in short summary, the following:

All workers, outworkers and homeworkers:

- * have the right to freely organize and join independent trade unions and workers organisations
- * have the right to be represented by organisations of their own choice and have the right to collective bargaining
- * make a living wage, a wage that satisfies at least the basic needs for (as stipulated by the UN) for themselves and direct dependants and which is not less than the national minimum wage.

Employers comply with the ILO norms:

- * concerning maximum hours of work and overwork
- * health and safety of the workplace
- * minimum-wage
- * non-discrimination

Retailers, upon signing, get the right to a trademark - they can advertise themselves as sellers of clean clothes. Signing also means that retailers will allow an independent organisation to control their company. This is to be set up by a coalition of representatives of workers- and sector-organisations. The institution will investigate complaints and check on the information supplied by the retailer. The retailer can be addressed, and eventually lose the trade-mark, if the clothing they sell is produced in violation of the code. Retailers are also obliged to support the controlling institution financially by donating a certain percentage of their annual turnover.

Currently we are working on gaining as much public support as possible for the charter. We use it, in combination with a general leaflet, as petition. When we have enough support from other NGO's and signatures we open the discussion with the sector-organisations.

3. We demand from **politicians** to make decisions in favour of the actual producers of the clothes both at the national level (for example as to homeworker rights) and at the international level. Up till now we've been mainly working on the national level. Our biggest point of action at present is the legal situation of people in sweatshops and homeworkers, especially with regards to a new law which will be introduced in the Netherlands. The law complies with one of our demands (chain responsibility) but leaves out the other two. Firstly, a one-time provision of permits for residence and -employment for the approximately 8000 illegal sweatshopworkers currently working in the Netherlands and secondly to start working on the introduction of a system of fixed labour costs.

4. Those garment **workers** who, through trade union organisations and women's organisations are working on improving their conditions are supported by us through mobilizing public attention, writing supportive letters, getting large NGO's to sign supportive letters, financial assistance (we've set up a strike-fund) etc. We also want to launch an English/Spanish version of our newsletter since it has become clear that there is a great need for information especially about the developments in the North for example concerning the MVA but also concerning sweatshops and the newest trends in retailing. The newsletter can serve as a medium between various groups all over the world.

In fact we're trading information, we need to know under what circumstances the work is done and where the clothes they produce end up: eg. through the labels sewn in.

We have concentrated mainly on countries where we have established good contacts with local unions and women's organizations so far. Up till now these have been mainly the Philippines, Bangla Desh, India, Sri Lanka, Mexico and Jamaica. In Europe mainly the Netherlands and England. We work on expanding our contacts with garment workers internationally, especially in other countries in the South than the ones mentioned. We want to be able to react to and support their demands by concrete action in our country and, hopefully, in other European countries as well.

Clean Clothes Campaign

PO Box 40066

1009 BB Amsterdam

Tel: 31-20-6126172 (Mon-Fri 10.00-13.00).

Fax: 31-20-6168967

Appendix 2: The Multi Fibre Agreement

The Multi Fibre Agreement (MFA) governs the international trade in textiles and clothing. Basically it allows importing countries, mainly the US and European countries, to restrict the imports from low-wage countries in the South and former Eastern bloc countries.

The different countries set so-called 'quota', per type of product. So, for example, Bangladesh is only allowed to export a certain amount of T-shirts to the Netherlands.

The MFA forms a part of the GATT, the General Agreements on Tariffs and Trade, but has a special status. Within the GATT, countries negotiate about trade in all sectors, whereby the official aim is to have as much free trade as possible and not to discriminate against each other, in other words import-restricting measures have to apply to all countries. Since the restrictions of the MFA are largely applied by the industrialized countries on the exports of the developing countries and those of eastern Europe, and not on the trade between industrialized countries, the agreement in fact does not respect the general GATT rules.

The GATT negotiations take place in rounds, each round takes 4 years and they are usually named after the country in which they started. Currently we're in the Uruguay-round, which was supposed to finish in 1990. The MFA negotiations are separate but take place at the same time, and are supervised by the GATT Textile Committee. However, a country that's a member of the GATT is not automatically a member of the MFA. It is often in the interest of a country to become a member, because it's the only place to negotiate. In 1990 total exports of textiles and clothing of the MFA-countries (42) to all destinations amounted to an estimated 136 billion US\$, or about 80 % of the world exports in this sector.

The MFA was set up in 1974, when the industrialized countries were confronted with competition from the low-wage countries. This threatened the national industries and jobs, they said they needed a breathing space to adjust. It was extended in 1977, 1981 and 1986 (MFA-4, due to end at the same time as the Uruguay-round), despite protests of the governments of developing countries who said their access to the markets of the industrialized countries was unfairly restricted and that it hindered their possibilities for export-led development. Each agreement resulted in more and more restrictions on the exports of developing countries while the trade between industrialized countries flourished without any restrictions. It has been estimated that if the countries in the European Community would abolish the MFA, total employment in developing countries in clothing and textiles would increase by 20 to 40 %.

So, MFA-4 was supposed to end at the same time as the Uruguay-round, in december 1990. Because the countries couldn't reach an agreement on many points, the Uruguay-round hasn't been completed and MFA-4 was extended twice, once until the end of 1992 and once again until the end of 1993.

At the beginning of the Uruguay-round all countries said they wanted to research how the trade in textiles and clothing could be 'liberalized' and eventually completely re-introduced in the GATT. The draft text of the Uruguay-round says that the MFA will be phased out in a 10-year period. Until the Uruguay-round has been completed, it is unclear whether or not this will be the case, and if so in what way the 'phase-out' will take place.

The latest extension of the MFA was agreed to on the understanding that the agreements between the countries for 1993 would 'provide increased market access'. We will also have to wait and see if this really happens.

Appendix 3: The Fair Trade Charter

The Fair trade Charter for Garments is a code of conduct for all retailers selling clothing in the Netherlands. The Charter forms a part of the Clean Clothes Campaign.

The objective of the Charter is to improve working circumstances and -conditions in the garment industry. Garment production is understood to be all activities that take place after the production (dyeing included) of the cloth. The central idea is that the retailers, as subcontractors and buyers, are responsible and, through their policy, capable of realising better working circumstances and -conditions.

Stated in the Charter are seven conditions production has to comply with. These are based on the conventions of the ILO (International Labor Office). They concern the most elementary labour rights: the right to organize and to collective bargaining, the right to a living wage and to safe and healthy working circumstances as well as the conventions relating to maximum hours of work, minimum age and non-discrimination.

Retailers, upon signing, get the right to a trademark - they can advertize themselves as sellers of clean clothes. They also put themselves open to control by an independent institution. This is to be set up by a coalition of representatives of consumers- , workers- and branche-organisations. The institution will investigate complaints and check on the information supplied by the retailer. The retailer can be adressed, and eventually lose the trade-mark, if the clothing they sell is produced in violation of the code.

The Retailer:

1. Takes full responsibility for the way in which the garments they sell are produced. All garments are produced in compliance with the conditions for production stated. It is stressed that this responsibility is extends to the entire chain of subcontracting. When in the following the term 'workers' is used this encompasses all female and male persons working in garment production, including home-based workers; temporary-, part-time and seasonal workers, illegal and sweatshop workers and migrant workers without residency.¹³

2. Puts itself open to control by an independent controlling institution to be set up for this purpose and cooperates wholeheartedly by giving any information asked for at any time. (Both with respect to general company policy and financial performance as with respect to production, subcontracting and buying). Retailers are also obliged to support the controlling institution financially by donating a certain percentage of their annual turnover.

Conditions for Production:

1. Workers have the right to freely organize an to establish and join independant trade unions and other organisations of their own choosing, without previous authorisation. ILO Convention no. 87: Freedom of Association and Protection of the Right to Organize Convention. Number of ratifications (per 1/1/91): 98.

¹³ Definition from 'Strategies For Integration of Marginalised Workers', Resolution of the 15th Congress of the ICFTU, Caracas, 1992. The ILO has done some preparatory work for a Convention on Homework, see, ILO Meeting of Experts on the Social Protection of Homeworkers, 1990, amongst others article 4: "Improvement in the conditions of homeworkers should be actively sought and considered in the framing of policies and programmes aimed at improving employment and working conditions of workers in general (...)".

2. Workers have the right to have representative organisations of their own choosing recognised for the purpose of collective bargaining. The collective bargaining takes place without any acts of interference by the employers. Convention no. 98: Right to Organize and Collective Bargaining Convention. Number of ratifications: 114.

3. The workers make a living wage, at least sufficient for the basic needs (food, clothing and shelter) of themselves and their direct family dependants. The amount equals at least the minimum wage of the respective country. Referring to convention no. 26, Convention concerning the Creation of Minimum Wage Fixing Machinery. This sets out the way in which a minimum wage can be implemented and how changes can be brought about. Number of ratifications: 98. Concerning the wage-level especially article 2 and 3 of convention 131, concerning Minimum Wage Fixing with Special Reference to Developing Countries, is referred to (number of ratifications: 34) as well as the UN calculations concerning the cost of basic needs are to be used as a starting point.

4. The number of hours worked per week and the arrangements concerning (the pay of) overwork are for all workers in compliance with the ILO standards. Convention no. 1. Convention Limiting the Hours of Work in Industrial Undertakings to Eight in the Day and Forty-eight in the week. Number of ratifications: 49. if national law sets a maximum which is lower, then national law should be followed.

5. The standards for safety and health as set by the ILO should be observed. Convention no. 155, concerning Occupational Safety and health and the Working Environment, (specifically part IV: Action at the level of the Undertaking). Number of ratifications: 12

6. Employers respect the minimum age requirements of the ILO. Convention no. 138, concerning Minimum Age for Admission to Employment. Number of ratifications: 40.

7. Employers pursue policies designed to promote equality of opportunity and treatment in employment. This means there will be no discrimination on race, colour, sex, religion, political opinion, national extraction or social origin. Convention no. 111, concerning Discrimination in Respect of Employment and Occupation. Number of ratifications: 110.

Lastly the Retailer is required to protest actively with the subcontractor/supplier in case of complaints concerning the violation of any ILO convention other than the abovementioned.

SOMO

KEIZERSGRACHT 132
1015 CW AMSTERDAM
THE NETHERLANDS

Tel: (+31) (0)20-6391291

Fax: (+31) (0)20-6391321

