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## **Stitching Together**

How Workers are Hemming Down Transnational Capital in the Hyper-Global Apparel Industry

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Fatal disasters in Bangladesh garment factories demand we learn from recent anti-sweatshop breakthroughs. Beginning in 2007. workers at Fruit Of The Loom (FOTL) factories in Honduras built a uniquely successful global campaign. FOTL closed a factory and laid off 1,200 workers in response to workers' efforts to improve working conditions, a textbook move in the industry's "race to the bottom." But nine months later, after the largest collegiate boycott in history, FOTL reopened the factory and extended union neutrality to all its Honduran factories. We argue that the campaign, which resulted in a reversal of the transnational's decision to abandon the unionized factory and the direct negotiation between FOTL top executives and workers, provides an unprecedented model for labor to rein in the apparel industry's hyper-mobile capital. Since their negotiated agreement with FOTL, workers have won significant improvements in wages and working conditions, and inspired groundbreaking new campaigns to challenge the transnationals whose products they assemble.

**Keywords:** unions, garments, international solidarity, anti-sweatshop, Fruit Of The Loom, Honduras

A<sup>3</sup> May 4, 2013, the New York Times editorial board wrote:

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Hundreds of women and men have been burned, suffocated and crushed to death in recent years as [Bangladesh]'s garment industry has boomed, with Western clothing brands and retailers making a big shift to Bangladesh from China, where labor costs are rising. ... What is needed is direct action by international companies to improve working conditions for the more than 3.5 million Bangladeshi workers — 80 percent of them women — who toil in clothing factories. ... Big garment buyers like Walmart, H&M and Gap have tremendous power to improve conditions in that market.

For the first time since the 1990s, a devastating tragedy has brought the conditions of garment workers back to mainstream media spotlight. Rana Plaza, an eight-story building in the Savar District of Dhaka, Bangladesh, was one of the world's 300,000 sites of outsourced garment production for major transnational brands (Miller 2008). At 9am on the 24<sup>th</sup> of April, as over 3,000 workers worked, Rana Plaza collapsed, guickly becoming the deadliest garment factory disaster in history. By the time the rubble had cleared the death count stood at 1,129. After two decades of varied efforts intended to root out rampant violations of workers' rights in the industry – by companies, labor, governments and advocacy groups – Rana Plaza has come to symbolize the utter failure to restrain an endless downward spiral of garment workers' power and welfare globally known as the "race to the bottom." In fact, while the garment sector remains "essentially unchanged" after twenty years of anti-sweatshop efforts (Anner, Bair, and Blasi 2012, 2), garment worker wages in real terms fell between 2001 and 2011 in most producing countries (WRC 2013). As Ballinger (2009) states, it is as if "nearly twenty years of antisweatshop activism has come to naught."

The Rana disaster followed a series of deadly tragedies at export-processing factories that epitomize the severe shortcomings of the existing regime of labor rights compliance. At least 262 garment workers died and another 600 were seriously injured when Pakistan's Ali Enterprises caught ablaze in September 2012, just a month after an inspection by a for-hire auditor earned the factory a widely-respected but corporate-backed Social Accountability International accreditation (AFL-CIO 2013; Walsh and Greenhouse 2012). Between 2010 and 2012, inhumane working conditions drove workers at Apple suppliers Foxconn and Foxlink to commit suicide, even after the iconic iPhone brand began funding controversial Fair Labor Association to investigate its contract suppliers (Nova and Shapiro 2012). In a morbid metaphor for the failure to deal with root causes, Foxconn addressed the mass worker suicides by installing nets to catch workers who, in desperation, attempted to jump to their death.

Today the apparel industry's dominant approach to labor compliance centers on "social auditing" inspections conducted by transnational brands and forhire monitoring groups, evaluating working conditions against "codes of conduct" often written by the same Transnational Corporations (TNCs)<sup>4</sup>. As early as 1992, when the *Washington Post* documented the case of Chinese prison labor in the production of Levi jeans, Levi Strauss responded by

<sup>&</sup>lt;sup>4</sup> There is a vast and growing body of literature that has identified governance measures under different labels, among them "soft law" (Cini 2001), "outsourced regulation" (O'Rourke 2003), "self-regulation" (Blackett 2000), "privatized regulation" (AFL-CIO 2013), "governance" (Hassel 2008; Levy and Prakash 2003) as well as an "auditing regime" (Locke et al. 2012). We see "auditing" as predicated on self-regulation by TNCs, and a subset of global governance.

becoming one of the first brands to introduce codes of conduct for all their suppliers (Hale and Shaw 2001), and other brands quickly followed suit.

From the beginning, there was skepticism towards the auditing regime underpinned by codes of conduct. Robert Reich, US Labor Secretary at the time said, "codes are not a panacea, no code is worth the paper it's printed on without strict enforcement of its requirements." Michael Hansenne, ILO Director General, stated that, "while these initiatives may be well-meaning, there remains no system to ensure that corporations which are fuelling the integration of the global economy respect international labor rights" (Collymore 1997). Despite these lucid early criticisms, Hansenne's statement still rings true nearly two decades later.

The auditing regime relies on the dubious commitment of TNCs to police their own production networks, a core tenet of so-called "corporate social responsibility", or CSR (Devinney 2009). Wary of this conflict of interest, advocates created parallel structures that gave institutions like US universities a role in the policing, but left the auditing regime itself intact. Universities adopted their own codes of conduct, seeking the disclosure of supplier factories from brands, and requiring independent monitoring as a requisite part of the tendering process for apparel purchasing or licensing contracts. At best the system is reactive: workers and advocates used the codes of conduct in the public sphere to embarrass TNCs into remedying specific labor violations that had already taken place (Anner et al 2012). But a recent study refuses to concede even that ground, claiming the "CSR industry has been bad for working people" (see AFL-CIO 2013). The report found that twenty years of codes, audits, and other CSR initiatives in the garment sector are a facade, and have succeeded largely in providing public relations cover for depressed wages and deteriorating factory conditions that have cost hundreds of lives in the sector.

Decades earlier, labor unions in the US had power to enforce agreements with both employers and apparel brands, as we will discuss shortly.Today workers and their unions have no formal power of enforcement in the auditing regime (Wright 1993). Despite the search for a viable solution to boost garment workers' structural power, the wages, conditions, and strength of workers in the sector has greatly diminished with accelerated global mobility and subcontracting (Greven 2008; ILO 2000; AFL-CIO 2013).

Although the Rana disaster has sparked a new concern about the dark side of globalized capital, many are unfamiliar with the recent trajectory of the everevolving anti-sweatshop efforts by workers and advocates, the lessons learned, and the small but groundbreaking victories that illuminate new ways forward. While there is broad recognition of a failure of the industry's auditing regime, there is little clarity on the crucial question of where the antisweatshop movement must go from here<sup>5</sup>. The most commonly proposed solutions regarding worker safety in Bangladesh simply create new auditing regimes, potentially doubling down on the errors of the past without directly addressing the overwhelming imbalance of structural power between workers and TNCs. The most recent incarnation of the auditing regime is the Accord on Factory and Building Safety in Bangladesh ("Accord"), which is undergirded by a system of independent inspections (see AFBSB 2013).

One of the proposed solutions is the International Framework Agreements (IFA). Within the garment sector the only IFA is with apparelt TNC Inditex, IFAs have been critiqued for being non-binding, largely unenforceable, and lacking a democratic mandate (see Croucher and Cotton 2009; Miller 2004; Papadakis 2011)

We argue that the Accord, while narrow in its scope, is a historic step towards returning legally-binding responsibility to outsourcing apparel TNCs for working conditions at contract factories, with some unions even in a position to litigate to enforce the TNCs responsibility. However, insofar as such an approach conforms to the existing auditing regime, it will fall short without successes by workers in strategically important TNCs production networks to form union organizations that reclaim workers' position in directly negotiating and enforcing their labor conditions with the TNCs. Historically, non-union workers are far less likely to blow the whistle on violations due to a very real fear of reprisals (Barnett 1992), union members are more likely to identify problems with safety and demand solutions (*see* Weil 1992), and as a result unionized factories are proven safer (Grunberg 1983).

Lance Compa (2013) argues that the Rana disaster "should be a pivot point for the global apparel industry," but cautions against repeating the consumerdependent strategies of the past. Instead, he urges for "demands for change [to] start to focus on workers' right to form trade unions." After arguing for strengthening Bangladeshi workers' unions, Compa points to a union victory in Honduras by workers of Fruit of the Loom:

The Kentucky-based company reopened the factory where the union dispute arose, rehired all employees, recognized the union and entered into good-faith bargaining. Now the renamed "New Day" facility has a collective bargaining agreement with higher wages, better conditions, and a strong health and safety committee. Workers have maintained high productivity levels, and the company has added employees.

On November 14<sup>th</sup>, 2009, Fruit of the Loom (FOTL), the largest exporter of tshirts to the US market in the world and the largest private sector employer in Honduras (Doh and Dahan 2010; Anner 2013), announced it would reopen its garment factory Jerzees de Honduras (JDH), under the name Jerzees Nuevo Dia (JND), or "New Day". The final deal, negotiated between FOTL workers and executives, included the rehiring of 1,200 employees, a multi-million dollar payout to workers, and a commitment to extend union neutrality and access across its Honduran supply chain. This paper tells the unique story of a garment factory that a TNC shut down in retaliation to workers forming a union – as so often happens<sup>6</sup> – only to reverse that decision and fundamentally change its approach to labor relations. Workers' successful unionizing campaign overcame firings, death threats and nine months of unemployment, all whilst maintaining a highly participatory union structure to win impressive wage and benefit improvements, creating political space for a wave of worker organizing in Honduras and beyond.

During the campaign, workers' allies in the US, UK, and Canada persuaded as many as 132 universities<sup>7</sup> to boycott FOTL's subsidiary Russell Athletic, valued at over \$50 million (Davis 2010). The campaign became the largest collegiate boycott since the movement against South African apartheid, and the largest of an apparel brand in history<sup>8</sup>. The culmination of a long-term

<sup>6</sup> \_ For more detailed history and case studies of such closings in Latin America see Armbruster-Sandoval (2004).

<sup>&</sup>lt;sup>7</sup> This includes all the universities that participated in the boycott by either cutting, suspending, or, in cases where the university currently had no business relationship with FOTL, publicly agreeing to withhold orders until remediation.

Comparison by value of contracts lost, based on interviews with former and current leaders of various antisweatshop and labor union organizations including USAS, the former UNITE! and the WRC.

strategy on US campuses, it was heralded as the student anti-sweatshop movement's "biggest victory so far" by *The New York Times'* Stephen Greenhouse (2009). Organizers later declared that it was the first time in the modern anti-sweatshop movement that "a factory that was shut down to eliminate a union was later re-opened after a worker-activist campaign" and the "first company-wide neutrality agreement in the history of the Central America apparel export industry" (Doh and Dahan 2010).

The victory came despite challenges. A military coup ousted labor-friendly Honduran President Jose Manuel Zelaya shortly after FOTL shut down the JDH factory. The 2008 financial crisis gave FOTL a plausible justification to close a factory; despite repeat findings by labor watchdogs that the closure was intended to jettison trade union activity. The factory had recently changed hands with the 2006 purchase of Russell Athletic by FOTL; itself owned by Berkshire Hathaway, the holding company led by Warren Buffett, then the world's wealthiest person.

A critical examination of the precedent-setting advances at FOTL – and related breakthroughs that followed – will assist in developing ideas around power building, international campaigning, and the establishment of workers' rights in the clothing commodity chain. We begin by situating the FOTL campaign within the history of anti-sweatshop efforts in the garment sector. We then explore the theoretical and strategic implications of the FOTL campaign, two other campaigns that followed shortly, and a new organizing initiative by workers from a dozen countries in Asia and the Americas to directly confront apparel TNCs.

**Historical Context** | For a century, outsourcing has remained the main structural dilemma for garment workers. A 1936 New York's dressmakers' union pamphlet urged its members to strike, declaring: "The union announces simply and straightforwardly that the insanity of the unrestrained jobbercontractor system cannot be permitted to continue unchecked." In those days, outsourcing apparel companies were called "jobbers," as they decided which factories would get the job of making their products. A 1951 report commissioned by the International Ladies Garment Workers Union (ILGWU) (Schlesinger 1951) argues that outsourcing drives down wages and causes chaotic instability for workers. In an anecdote that rings true today, the pamphlet explains how brands drive the race to the bottom:

A certain large jobber ... had 55 contractors working for him. Twelve of these were regularly employed and produced 85% of his production. The other 43 received 15% of his production and the signal honor of being used as a club to beat down price for all. Lest this seem an extreme example, a group of 81 jobbers was studied. Here it was found that 37% of the contractors handled 78% of the work, while the other 63% handled 22%.

To rein in the chaos, the dressmakers demanded a "limitation of contractors," later called "designation of contractors" by the ILGWU. Following a number of mass strikes, the unions successfully forced many brands to exclusively do business with designated suppliers – unionized factories where brands agreed to pay a price high enough to guarantee fair wages to workers and reasonable profit to owners (Anner et al 2012). This was enshrined in "jobber agreements" negotiated between workers' unions and the brands, despite having no direct employment relationship. The necessity for direct

engagement between brands and unions was so evident that in 1959 the US Congress passed a labor law amendment allowing garment workers to picket and boycott the brands despite having no direct employment relationship<sup>9</sup> (Previant 1959).

However, global trade deregulation of the 1990s exacerbated the garment workers' structural disadvantage rooted in global outsourcing that had begun in the 1960s. The profound changes in spatial relations exacerbated the power imbalance: When a brand pulled out of a union factory in New York City and gave the work to a non-union factory in Jersey City, the unionists would drive through the Holland Tunnel to go picket the factory and recruit its workers<sup>10</sup>. But when brands started sending the work to Santo Domingo and Jakarta, unionists could not keep up. While corporate executives had the resources to travel and communicate fluidly across borders, workers faced major obstacles in globalizing their movement, not least of which was the lack of functioning global union alliances (Stevis and Boswell 2008). The benefits and enforcement structures that US unionists had built over many decades were designed to fit within US borders, and a nationalistic protectionist instinct among some union leaders precluded an aggressive plan to overcome the geographical, legal, linguistic and cultural divisions among the industry's new global workforce (Hensman 2011). Rather than a deepening of class consciousness and proletarian internationalism due to homogenized conditions, US workers often reacted with xenophobia, such as "anti-China" campaigns, tailored to maintain the US' global hegemony (Silver and Arrighi 2009). Garment workers' structural power was effectively wound backwards one hundred years, setting the stage for a severe backslide in working conditions.

United Students Against Sweatshops (USAS) was born out of the labor movement's search for a foothold as the floor fell out from under them. USAS was conceived in 1997 by student activists working with the Union of Needletrades, Industrial and Textile Employees (UNITE!), a successor to the ILGWU. The aim of USAS was to leverage the \$4bn university apparel market – in which brands get licenses from universities who collect royalties for the sale of apparel bearing their names and logos, totaling between one and two percent of total US clothing sales overall (Krupat 2002). USAS claimed 150 chapters across the US with students supporting far-away labor struggles by leveraging universities' licensing agreements with transnational apparel brands and the codes of conduct therein (USAS 2013).

Around the time of USAS' birth, the Clinton administration's Secretary of Labor Robert Reich formed the Apparel Industry Partnership (AIP). Reich had been campaigning domestically against sweatshops, and the establishment of AIP set into motion the creation of the Fair Labor Association (FLA) to monitor apparel manufacturing. TNCs were quick to fund the FLA and publicize their own codes of conduct, while union partners such as UNITE and the Retail, Wholesale, and Department Store Union left the FLA shortly after its formation (Chatteri and Levine 2005). Student activists soon realized that codes were hollow without a truly independent third party monitoring of factory conditions. The FLA became, what Ross (2006, 52) calls, "the exemplar of an approach to fighting labor abuse known as Corporate Social Responsibility," asserting

Then- Massachusetts Senator John F Kennedy spoke in favor of the amendment, known as the Garment Industry Proviso, an exception to the "hot cargo" prohibition that prohibits picketing or boycotting secondary targets, a legacy that continues today.

Based on interview with former ILGWU organizing director Jeff Hermanson – August 23, 2013

that such initiatives along with the FLA itself are "almost useless." Ross continues: "workers rarely know the codes exist, contractors evade the standards with relative impunity and lie to auditors, remediation of violations is slow, and violations are not public knowledge except as generalizations." A global industry of for-hire auditors and accounting firms sprung up responding to a burgeoning market in factory investigations, each with varying methodology and credibility.

Critical of the FLA and rejecting CSR, USAS activists called for the formation of an independent monitoring organization, and in 2000 formed the Workers' Rights Consortium (WRC), pressuring their universities to join and fund it. By 2005, student campaigns had ensured that over 170 universities had affiliated to the WRC, funding full-time factory investigators around the world. While major apparel transnationals were funders and board members of the FLA, the governing body of the WRC was university administrators, labor experts, and USAS activists. The WRC conducted independent unannounced investigations, publishing entire reports working in conjunction with workers on the shop floor; while the FLA contracted external monitors publishing only report summaries with little transparency as to whether workers were contacted at all (Chatteri and Levine 2005).

Soon it was apparent that the WRC auditing regime, too, was insufficient (Bartley 2009). When workers overcame the considerable challenges to organizing a union or remedying a major labor violation, they would either be fired, brands would "cut and run," the factory would close, or some combination of these outcomes. With precious few exceptions, campaigns ended with unionists losing their jobs and TNCs denying responsibility, regardless of how scathing the report or how thorough the investigation. Two major campaigns illustrated this point. Since 1998, US unions and other antisweatshop organizations like USAS and WRC repeatedly intervened in support of workers organizing at the BJ&B factory in the Dominican Republic, successfully pressuring brands Nike and Reebok to reverse illegal firings of unionists. In a historic victory, the BJ&B union became the first in its country's free trade zones to win a collective bargaining agreement (Esbenshade 2008). But as workers finally won concrete improvements, the factory gradually laid off workers due to the brands shifting productions to cheaper alternatives. The brands washed their hands of the affair even as their production shifts eventually forced the factory to close. Meanwhile, the unionized Hermosa Manufacturing factory in El Salvador abruptly closed in 2005, stealing an estimated \$825,000 it owed to workers, and those who organized and demanded their compensation were blacklisted at other factories, while the brands Adidas, Nike and Russell Athletic insisted they could do nothing to remedy the situation. University of Wisconsin student Jan Van Tol (Sexauer 2007) told the university newspaper, "If Adidas' system requires this long to resolve even such an obvious case of labor rights violations as Hermosa, that system is obviously broken." The system was indeed broken, and activists were already proposing an overhaul.

In 2005, USAS, the WRC and several universities launched an ambitious new campaign for the Designated Suppliers Program (DSP). The DSP echoed UNITE!'s jobber agreements and the 1936 dressmakers' demand for "limitation of contractors," but would make universities the enforcer instead of unions themselves. The program would have universities require apparel brands to produce at least 75% of clothing bearing the university's logo in factories where workers had a democratic trade union and earned a living

wage. USAS representatives fanned out around the world to meet with garment unionists to develop the strategy.

Given the near-complete absence of qualified factories, universities' DSP would have to rely on the logic of "if you build it, they will come." By the 2007 closure of BJ&B, the Dominican factory was one of only five on the list of potential DSP-qualified factories<sup>11</sup>. Prospects for DSP were looking grim. Besides the basic logistical obstacle of an ever-shrinking list of worthy factories in which to implement the DSP, the program's opponents alleged antitrust violations, halting the process while activists awaited a review by the US Department of Justice (DOJ)<sup>12</sup>. TNCs continued fleeing from union factories, the race to the bottom continued downward unabated, and so far workers had failed to stop it. The era of jobber agreements, where workers were central to negotiating and enforcing contracts with both employers and brands, had virtually disappeared. The new regime of auditing and codes of conduct left workers without a direct relationship with apparel TNCs, and prospects to repair the divide looked dim.

In 2007, precisely in this moment of the movement's nadir, a group of women in Choloma, Honduras, frustrated with their working conditions, decided to form a union despite being aware that the odds were stacked against them. Together with their coworkers, they would reanimate the tradition of direct negotiations between garment workers and TNC executives, revealing the capacity for workers to reverse global capital flows away from union factories, thereby striking a historic blow to labor's key obstacles in confronting globalized capital.

Despite this impact, only two academic articles have addressed the FOTL campaign. The first is a working paper by Doh and Dahan (2010) that gives a general overview of students' role in the FOTL campaign and compares it with the student campaign to divest from Sudan to protest human rights violations in Darfur. The second is a book chapter from Mark Anner (2013). Building on this work, we assess the campaign itself, its meaning for the structural power of workers to negotiate better terms and conditions, and its implications for the next chapter of the anti-sweatshop movement.

Our methods are founded on standpoint theory to establish a researchers' viewpoint to circumvent the social construction and neoliberal consensus while remaining robust. Popularized by feminist researchers, *standpoint* accepts the normative reality of the researcher but does not see the normative and explanatory facets as mutually exclusive. Within the feminist context it is a means of circumventing the gendered conceptions of knowledge, subject, inquiry and justification (see Smith 1999, Jagger 2004, Wylie 2004). Standpoint theory has since been incorporated into research into race (Chang 1993), LGBT studies (Demo and Allen 1996) and social work research (Swigonski 1994). Our standpoint is as activists enmeshed within the movement of the FOTL campaign<sup>13</sup>. We write as both researcher and activist and such a position does not undermine supposed objective criterion, beginning with the assumption that when writing within and about a social movement, conducting detached "objective" research is impossible.

<sup>11</sup> Taken from a September 2006 memo by the DSP Working Group.

The DOJ eventually approved DSP in 2011 (USJD 2011)

Mahoney was a fulltime organizer for the campaigns at USAS and Kumar assisted the campaign in Europe.

Methods include semi-structured interviews with workers and organizers in Honduras and the United States, as well as primary source data extracted from union notes, campaign emails, internal documents, collective bargaining agreements, and labor contracts. Union organizing efforts in the global garment industry have few, if any, real successes, which is one explanation for the dearth of research in the area. Thus, to use a spatial metaphor, we are scouting territory with little previous exploration, even groping our way around in the dark.

**Victory at Fruit of the Loom and Beyond**<sup>14</sup> | Reyna Dominguez worked at Jerzees de Honduras (JDH), in Choloma, the heart of the country's exportprocessing region. She sewed hooded sweatshirts that were trucked an hour north to the Caribbean port of Cortés, where they were shipped to the US, often to universities, logos emblazoned. Production of exports for the US, especially apparel, was on the rise in Choloma following the 2004 signing of the Dominican Republic-Central America-United States Free Trade Agreement (DR-CAFTA).

One afternoon in the summer of 2007, Dominguez and four other JDH workers walked into the Choloma office of a union confederation called the *Central General de Trabajadores* (CGT). They described their situation to Evangelina Argueta, coordinator of the CGT's union organizing in the *maquilas* – export-oriented assembly plants. Together the women made plans to build a strong union of JDH workers, despite the well-known threat of harassment, retaliatory dismissals, and blacklisting.

Dominguez and her coworkers were not the only FOTL workers organizing. At nearby Jerzees de Choloma (JDC), workers began forming a union in March 2007 and soon affiliated with the CGT. And in May 2007, workers at Petralex, a contract factory producing for FOTL, had organized their own union and joined the CGT.

By July of 2007, managers at all three factories unlawfully dismissed union leaders and members. JDC fired almost all seventy-two founding union members (WRC 2007), Petralex fired all six union officers, and JDH fired twenty-five unionists. By October, 145 workers had been unlawfully dismissed for union activity at JDC and JDH (WRC 2008). The union filed a complaint with the local labor ministry and alerted international organizations<sup>15</sup>. The WRC investigated and published reports. In turn, students put pressure on universities to leverage their multimillion-dollar contracts to pressure FOTL to rehire the workers. Though many unionists were re-hired, FOTL soon announced plans to close JDC in July 2008. In talks with the unions and WRC, the company agreed to transfer the fired JDC unionists to JDH, offering priority hiring at JDH for JDC workers after the latter closed.

Meanwhile, Dominguez and her fellow unionists at JDH pressed forward with organizing. On July 11, 2008, the union began negotiations with local management over a collective bargaining agreement. Negotiations reached an impasse on October 3, 2008, after management had been unwilling to budge on crucial issues like wage raises. Under Honduran law, this meant FOTL would be obliged to submit to a mediation process at the local Labor

<sup>&</sup>lt;sup>14</sup> Sources here include author's interview Aug. 31, 2013 with Reyna Dominguez supplemented by information sourced from WRC (2007), Nova (2008), and AFL-CIO (2012)

Honduran labor law is rarely enforced, a common practice in export-oriented countries. For more detailed analysis on labor law, state and international capital see Hensman (2011).

Ministry. Instead, on Wednesday, October 8, 2008, FOTL announced it would close JDH, then its only unionized factory.

The factory closed on January 31, 2009. The following day, union leaders Moises Montoya and Norma Chavarria were at the University of Maryland, kicking off the first of various tours coordinated with USAS. The workers stated their clear objective: to leverage economic power over FOTL via universities, retailers, shareholders and other business partners, until the company re-opened the factory and finish negotiating with the union over working conditions<sup>16</sup>.

The "Rein in Russell" campaign that followed<sup>17</sup> lasted from January to October of 2009. The college boycott began to snowball as the union leaders spoke at public events organized by USAS activists, meeting with university administrators to convince them to terminate licensing contracts. Combining an "air" and "ground" strategy<sup>18</sup>, workers met with members of the US Congress<sup>19</sup>, traveled to the Omaha headquarters of Berkshire Hathaway, and joined USAS activists to distribute leaflets at retail stores selling FOTL products. While activists expanded the leafleting activities across the country, JC Penney immediately informed the campaigners they would no longer sell FOTL products. Doug Morton, CEO of the retail chain Sports Authority, met with activists in Colorado in April 2008, and soon after announced they would no longer stock FOTL. The Honduran workers' local union struggle had now become a comprehensive strategy focused on university licensing contracts, retail outlets, and even the NBA's relationship with FOTL subsidiary Spalding. The campaign was an all-out assault on company's profits.

Notwithstanding the crucial strategic role played by USAS and other organizations, the Honduran union leaders remained the protagonists of the campaign, not limited to the role of a mere messenger to advance another organization's agenda, as is so often the case in transnational anti-sweatshop campaigns (see Brooks 2007). In February 2009, two union leaders travelled to Omaha, Nebraska, to personally knock on the door of the home of Berkshire Hathaway Chair Warren Buffett – later that year, one union leader spoke at Buffett's Berkshire Hathaway shareholder meeting (popularly called "Woodstock for capitalists"), directly confronting FOTL's then-CEO John Holland with stories of death threats and other labor abuse at JDH (Stop Sweatshops 2009). But most importantly, when FOTL was ready to discuss a settlement in the face of significant harm the company's bottom line, it was the Honduran workers themselves who negotiated face-to-face with top executives.

FOTL and workers' union reached the agreement at a meeting in Washington in November 2009. The consumer campaign ended and JND opened its doors, but workers' union efforts were just getting started. In May 2011, after 9 months of negotiations, JND and the union signed an impressive first collective bargaining agreement. It stipulated an immediate wage increase of 19.5%, with another increase of 7% in January 2012 (USAS 2011; 2012).

<sup>16</sup> Informed by interview with Dominguez who went on a separate 2009 campaign tour in the UK.

See Anner (2013) for a detailed account of the campaign.

Derived from military terminology, union campaigns often distinguish "air war" tactics like pressuring an employer via its clients to the "ground war" that centers on mobilizing workers

<sup>&</sup>lt;sup>1</sup> On May 13, 2009, sixty-five members of the US Congress sent a letter to Russell Athletic CEO John Holland expressing grave concern over labor violations (US Congress 2009).

Wage negotiations in the summer of 2013 added another 9.5% raise for most workers (Fig. 1).



Figure 1. A union sign attached to a sewing machine at Jerzees Nuevo Dia reads, "We demand fair wages." April 2, 2013.

In October 2013, the legal minimum wage for factories in Honduras' free trade zones was 4,982.13 Lempiras (\$245 USD) per month. The JND unionists estimate the majority of JND workers earn over 8,000 Lempiras (\$395 USD) per month. Workers also enjoyed rare benefits such as free lunch and free transportation to and from work – both major expenses for garment workers in the region, whom typically may spend upwards of 20% of their salary on bus fare and their factory's cafeteria<sup>20</sup>. Down time resulting from sewing machines in need of repair were no longer counted against a worker's pay calculation, incentivizing management to keep equipment working safely and efficiently.

In September 2013, Reyna Dominguez reported that JND's production quotas are more reasonable than at factories of FOTL's main competitors, Hanesbrands and Gildan Activewear – she estimates workers in those factories earn wages approximately 25% lower, and work longer hours. Gildan, which competes fiercely with FOTL for shelf space at Walmart and other retailers, has bragged that its "low-cost manufacturing" is "giving the retailers better margins" than FOTL (Altstedter 2012). It is no coincidence that Gildan's production network has been so riddled with labor violations, from refusing to pay minimum wage in Haiti to death threats against unionists in Honduras, that workers making Gildan products in four countries held an international protest in July 2012 (IULBR 2013a).

Beyond opening JND, the November 2009 settlement agreement included a unique provision whereby FOTL agreed to remain neutral to unionization at all its Honduran facilities, as well as phasing out "collective pacts" – a particular Honduran form of employer-dominated representation (WRC 2009). The

<sup>20</sup> Based on a number of worker interviews in August 2013.

WRC had advocated forcefully for such a proactive measure, given the repeated violations of workers' freedom of association over the preceding two years. Asked why her negotiating commission decided to make this a priority in its talks with FOTL, Dominguez replied:

We took the initiative to protect other workers, because obviously when they saw the successes of Jerzees Nuevo Dia, the rest of the workers would want to organize. So, to avoid the problems of firing and fear, this was important. ... It has gone well. There are now three unionized Fruit factories.

Indeed, the success at JND inspired other FOTL workers to organize. Workers at Jerzees Buena Vista (JBV) signed a landmark agreement with FOTL winning benefits similar to those at JND. In addition, workers have formed unions at the FOTL facilities VFI<sup>21</sup>, formerly Vanity Fair International, facility in Honduras and Joya De Ceren factory in El Salvador. As of January 2014, the VFI workers are in the midst of collective bargaining, expecting to win benefits similar to what workers have won at JND and JBV, while the Joya De Ceren workers just this month have begun direct meetings between their union and local Fruit management.

The FOTL campaign illustrates a model that was developed throughout a series of labor struggles over the past two decades. A union-driven campaign, coupled with independent investigation, leveraging economic power against the relevant TNCs, in order to ensure face-to-face negotiations between executives and workers. What remained fundamentally a worker struggle skillfully made the most of the existing auditing regime.

But can this example of direct engagement be replicated with other TNCs? In theory, there is reason to be pessimistic due to a number of exceptional circumstances. While FOTL does outsource much of its production, the four union factories in Honduras and El Salvador are vertically integrated – they are subsidiaries of FOTL itself. More importantly, the factories are a planned "industrial cluster", part of an "location agglomeration" spatial logic, in which the dense concentration of capital and labor reduces the spatially dependent cost of their joint interactions (Sassen 1998; Scott 2009). FOTL has invested massive amounts of capital in Honduras and neighboring El Salvador since the 1990s, employing over 20,000 workers in the two countries alone. Its Central American facilities include textile mills, much less mobile than typical assembly plants due to the large and expensive machinery involved in producing fabric. Its local management team has been developed through years of experience in Central America along with training in the US. This all adds up to a significant incentive to keep work in Honduras and El Salvador regardless of the union efforts. Generally, apparel TNCs rarely perform any production in factories they own, relying almost exclusively on subcontracting, removing this particular incentive to tolerate a union campaign. The direct relationships involved in the industrial cluster also made it impossible for FOTL to deny responsibility for labor relations at its plants, whereas a key stumbling block to countless garment union efforts has been TNCs stubborn denial of their responsibility to outsourced labor. While workers proved they could collapse the layers of bureaucracy between a CEO and workers at a subsidiary of the same TNC, it is not self-evident that a similar strategy could unravel the web of contracting and subcontracting between workers and the brands at a typical garment export factory.

<sup>21</sup> FOTL purchased the Vanity Fair Lingerie division from VF Corporation in 2007.

Fortunately, a pair of campaigns followed that showed similar strategies could in fact bring TNCs to negotiate with subcontract workers and take direct responsibility for labor violations at outsourced facilities. In January of 2009, two separate Nike subcontracted factories closed in Honduras, Hugger de Honduras and Vision Tex (for simplicity, "H&VT"), and denied workers \$2.2m in severance and other legally-mandated benefits. The CGT, representing the former workers of H&VT, replicated its JDH strategy to demand workers received their due. Nike, the largest brand for both factories (Nike 2010), released an early public statement that echoed two decades of denying responsibility for subcontracted factories, claiming the "factories which directly employ workers are responsible" rather than the transnational brands (Nike 2010). However, after workers' trips to universities with USAS resulted in several universities canceling their contracts, on July 23, 2010, Nike signed a deal with the CGT to pay the severance and health benefits owed to workers.

Similarly in January 2011, the PT Kizone factory in Indonesia closed and its owner fled, leaving 2,700 workers owed more than \$3.3m in legally required unpaid severance. Some of the TNCs appeared to have learned their lesson: Nike guickly chipped in \$500.000. Dallas Cowboys paid \$55.000. and brands' intermediary Green Textile paid another \$1m. But \$1.8m remained. The final brand – Adidas – clung to the argument that it was not responsible for violations at contract factories. In addition to working with USAS to sever Adidas' university licenses, the PT Kizone workers' union received advice on organizing and negotiating from the CGT as well as Sitrasacosi, the union that formerly represented workers at the aforementioned abandoned Adidas contractor Hermosa<sup>22</sup>. By then, those two unions had joined others to form a new global union coalition, what would become the International Union League for Brand Responsibility ("League"). The former Kizone workers also joined the League, which provided the workers negotiating advisors before and during their meeting with Adidas executives. In April 2013, Adidas and the ex-workers' union signed a settlement agreement, in which Adidas paid the outstanding debt to Kizone workers – a first for the brand, and a sea change after their stubborn refusal to pay severance to the former Hermosa workers.

Even as these brands directly compensated workers at outsourced production sites, both Nike and Adidas were careful not to admit direct liability, respectively calling the payouts a "workers' relief fund" and "humanitarian aid" (Greenhouse 2010; Adidas Group 2013). Semantic acrobatics aside, what happened in both cases is unmistakable: TNCs negotiated directly with workers from subcontract factories and paid money owed to workers for time spent sewing the TNCs products. In particular, Nike's speedy response to the Kizone case after paying the H&VT workers shows an unambiguous shift in the structural relationship between apparel transnationals and outsourced labor.

**A New Day |** The cases described above offer potent lessons for the garment workers and anti-sweatshop activists. As Compa writes, "The CGT's success in Fruit of the Loom plants has led to a coordinating group of unions throughout Central America aiming to persuade more firms to respect their organizing rights."

<sup>&</sup>lt;sup>22</sup> The 250 workers at the Hermosa Factory were left without jobs after its closure in 2005. Workers never fully received their legally mandated severance from Adidas or the factory.

Since 2011, this ad-hoc regional group of unions has transformed into a global union coalition dedicated to bottom-up organizing campaigns in the production networks of the biggest transnational brands. By 2013, the League formally launched, made up of national union federations of garment, textile and footwear factory workers in ten countries, from El Salvador to Bangladesh to Cambodia. At several union meetings, from 2011 through the League's public launch in February 2013, various leaders from the CGT and FOTL workers' union made presentations about their victory, explained how it was achieved, and urged the unionists from other countries to take up similar strategies<sup>23</sup>.

These unionists have set their sights on an ambitious goal: global bargaining between workers and TNCs that would echo the jobber agreements won through workers' industrial action nearly a century ago. In their February 10, 2013, public statement, the unionists urged workers in their industry globally to "use our power to force [the TNCs] to sit down face to face with us to negotiate serious solutions to these matters of life or death, dignity or misery." They particularly call for direct dialogue with their first global campaign target, Germany-based Adidas Group (IULBR 2013b):

We demand a negotiation between our workplace unions and the industry's highest executives, the true owners of the production system and those who degrade our working conditions in order to increase their profits.

The FOTL story provides a practical example of the limitations of negotiations that do not involve the true decision-makers. Dominguez formed part of the union's negotiating commission both in 2009, with local JDH management. and in 2010, face-to-face with top FOTL executives including CEO Rick Medlin both in Honduras and in Washington. Reflecting on the experience, she says: "In negotiations here in Honduras with the local plant management, they didn't have the power to make decisions about whether to give ten [Lempiras] or more than ten when workers are asking for twenty. They didn't have the power to decide. ... With them, we didn't achieve anything." If this dynamic exists at a factory owned directly by the TNC, it is certainly even more pronounced at a contract factory where any increase in prices due to labor improvements can cause transnational brands to look elsewhere for cheaper production. Speaking favorably of her direct interactions with the CEO, Dominguez says, "If Rick Medlin says he can go five [Lempiras] higher, he means it, instead of stalling. The top executives honor their word and have the power to make decisions." Such mature dialogue was a relief after the union's futile exercise of negotiating with a party in no position to make decisions.

Dominguez went on to argue that the same can be achieved with other transnational brands: "This happened, and can happen with another brand, because of international pressure." The FOTL case upended accepted rules of the global race to the bottom, laying the groundwork for negotiations between CGT and Nike at H&VT and between PT Kizone ex-workers' union and Adidas, pushing the boundaries of TNCs self-proclaimed "responsibility."

The Honduran workers' gains may contradict the expectations of scholars of labor union politics in the region. While the CGT is considered politically

<sup>&</sup>lt;sup>23</sup> Based on physical interviews with a number of union leaders across Central America including leaders CGT leaders and FOTL workers.

moderate compared to its explicitly left-aligned national union counterparts, the CGT garment unionists have taken a militant approach that includes strikes and mass participation of workers<sup>24</sup>. Also, together with the CUTH and CTH union centers, the CGT led mass industrial action against the 2009 military coup that ousted center-left and Chavez-friendly President Manuel Zelaya (CGT 2009), and many CGT garment worker activists joined anti-coup protests under the banner of "Feminists in Resistance." This militant response might surprise some theorists of "labor imperialism" because the CGT was receiving funds that originated from the US Department of State<sup>25</sup> for a labor rights education program in the garment sector, while the US government tacitly supported the coup by refraining in calling it a "coup" and in recognizing the new government (McLean, Shane, and Tse 2014). In this case, the evidence is clear that CGT leaders exercised independent agency and their political behavior was not simply determined by participating in a program funded by the US government<sup>26</sup>.

Indeed the series of events in Honduras that occurred concurrently with the FOTL campaign reveals larger questions around worker organization vis-à-vis the state and empire<sup>27</sup>. The FOTL case reveals a disjuncture between the pressures of state bent on attracting foreign investment, a US-led empire and its attempt to tame or dislodge worker agitation when expedient against the organic struggles of workers on the ground. The CGT's ability to succeed against employer intransigence and a repressive government without capitulating to larger geopolitical machinations, if indeed such pressure came to bear, remains notable. The Honduran state had no formal role in the CGT-FOTL agreement, which fundamentally changed labor relations at the country's largest private employer, revealing the state in a subordinate power relationship to a TNC – a dynamic the CGT has fully grasped, as has the League, informing their strategy of direct engagement with the TNC.

**Lessons for Bangladesh** | As shown above, before the FOTL campaign, the failure of social auditing and codes of conduct was clear, but the antisweatshop movement's alternative solution was not. But, if in 2007 hopes were fading for the implementation of a proactive solution like the DSP, unions' recent victories at FOTL and beyond hold the power to inspire ambitious new efforts forward. Here we explore why.

Anner (2011) describes the apparel export industry as embedded in what he calls a "triangle of power" of brand-name clothing companies, local suppliers,

<sup>&</sup>lt;sup>24</sup> In the FOTL case, Anner (2011) points out that the CGT began acting more like a radical union after the introduction of the collective pacts – an inversion of the "radical left flank".

The CGT had a program with the AFL-CIO Solidarity Center funded by a grant from the US Department of State's Bureau of Democracy, Human Rights, and Labor. The Solidarity Center is the successor of the American Institute for Free Labor Development (AIFLD), which received US State Department funding to encourage innocuous "business unionism" and in some cases worked to destabilize "unfriendly" governments, including left-wing governments in Latin America (Scipes 2011; 2005; 2000). Some scholars maintain that the Solidarity Center continues the legacy of labor imperialism established under AIFLD (Bass 2012)

In fact, on the contrary, the AFL-CIO Solidarity Center petitioned the post-coup government and Organization of American States to take measures to protect CGT leaders from death threats related to their opposition to the coup, as is mentioned in this leaked US State Department cable (*see* Wikileaks 2009).

The resurrection of the debate over US global power erupted with Hardt and Negri's (2001) contention over its decline in managing the *Empire* it had spawned. That globalization has led to a weakening of the regulatory power of the state is well founded, but recent scholarship suggests a hardening of the materiality of nations to manage capitalism's crisis tendencies (Desai 2013) with Panitch and Gindin (2013) contending that a number of states continue to uphold an imperial system at the direction of the US.

and the state. He argues that unions must target all three planks in order to ensure the rights of workers. The CGT certainly targeted all three entities – as described above, little progress was made dealing only with local management and local authorities, and results came once the union targeted brand itself as well.

Separately, Anner (2013) observes that the FOTL campaign's positive outcomes resulted in part from an "empowering frame" rather than a "victimization frame," arguing that while the latter may woo broader support with sensational tropes of a helpless oppressed worker, it also is more likely to lead to ineffective top-down solutions. As evidence, Anner cites the main photo used in much of the campaign's literature (Fig. 2) as a symbol of this insistence on maintaining Honduran workers as the protagonists:

Instead of depicting very young women in the campaign fliers, they used two older elected leaders of the factory union, one male and one female. And instead of depicting them as vulnerable victims, the image of the unionists was one of strength and determination. The solution suggested by the message and the image was one of worker organization through respect for internationally recognized freedom of association rights, not paternalism. This was a deliberate decision on the part of the Honduran unionists and their USAS allies. (p.33)



Figure 2. JDH union leaders Moises Montoya and Norma Chavarria at University of Minnesota, February 13, 2011. (Credit: Minnesota Daily)

During the campaign the union leaders developed the knowledge and skill necessary to convince university administrators to sever ties with FOTL and finally to negotiate directly with the company's CEO. Naturally, the activists did not shy away from more sensational details – one union leader was often brought to tears in public events as she describes death threats she had faced and her family's economic hardship since the factory closed. However, virtually every campaign document and press release makes clear that the campaign would continue until FOTL was back at the bargaining table with workers' union.

Besides being a clear anti-sweatshop victory, the FOTL campaign was unmistakably a success for unions. Greenhouse's article (2009), the first to announce the settlement, features the word "union" or "unionized" twelve times, even as it focused primarily on US students' role in the campaign. That the discourse today around the Rana Plaza tragedy tends towards the "victimization frame" ought to be cause for serious reflection. US unions and NGOs have rallied to end "deathtraps," and two global union federations have negotiated the Accord on Fire and Building Safety in Bangladesh ("Accord"), which centers on establishing a new auditing system, an inspection program funded by transnational brands (AFBSB 2013), and USAS launched its "end deathtraps" campaign to pressure universities to require brands that manufacture their apparel to sign the Accord. As Compa warns, "the one-day visits and checklist-style monitoring routine in such efforts have not worked."

In fact, despite its focus on auditing, the Accord takes a major step towards restoring brands' direct responsibility to workers for their conditions. Specifically around safety issues in contract factories in Bangladesh, not only are brands responsible for financing the costs of repairs and renovations necessary to make factories safe, but workers – via the signatory Bangladeshi unions – can take brands to binding arbitration to ensure enforcement of the agreement – a far cry from voluntary agreements that are the norm in the industry (AFBSB 2013). This is perhaps the most important difference between the Accord and a parallel effort by a number of US apparel companies calling themselves the Alliance for Bangladesh Worker Safety – while the latter insists on calling its program "binding," workers have no way to legally hold brands responsible for future safety problems.

However, the Accord's inspection system is not irreconcilable with union organizing; in fact, there is evidence to suggest that the Accord may compliment union organizing. The Accord stands apart from other auditing systems in that its steering committee includes two Geneva-based global unions and one representative from a Bangladeshi union. Plus, the Accord explicitly delineates Bangladesh unions role in the mandatory establishment of factory-level "health and safety committees", a well-documented first step to ensure safety (Reilly, Paci, and Holl 1995). The agreement stipulates that if brands do not hold their end of the deal, the Bangladesh unions that signed the Accord can enforce the agreement in the courts of the violating brands home country – establishing a precedent for the legally-binding brand responsibility to local unions. Notably, however, the vast majority of factories covered by the Accord have no union presence, which poses the prime obstacle to its implementation. Thus, while the Accord gives unions additional tools to enforce workers' rights from the factory floor, the tools are practically unusable if not in the hands of unionized workers.

Safety issues in Bangladesh are merely a symptom of the global industry's deeper structural problem – i.e. globalized outsourcing and the "race to the bottom." The Accord gives workers a tool to fend off the most extreme side effects, but has no intention of curing the disease itself. Accordingly, a bottom-up effort to organize and unite workers in the production network of a TNC, to struggle and bargain across borders, remains one of the only sustainable avenues to confront footloose capital. Efforts related to the Accord are at best a complement to ongoing local union organizing efforts. As a conjoiner to Compa's argument, while a reproduction of ineffective auditing methods is not entirely encouraging, efforts to defend workers' right

to unionize could operate reciprocally with a new inspection system to ensure safe factories. What the FOTL case illustrates is that an auditing regime from above is only as effective as worker organization from below actively weaponizing it.

Most importantly, Bangladesh unions themselves have shown they will not simply wait for top-down policy reforms – to the contrary, in recent years the country's garment workers have been organizing with increasing success. One sign is that as of August 2013 forty-five garment factory unions had been registered since the beginning of 2013, a sharp contrast to the two registered in total in the three preceding years (JDL 2013). By late September 2013, 200 thousand garment workers had taken to the street for days of mass protest, shutting down hundreds of factories, and demanding a 2.5-fold minimum wage increase, while factory owners claimed that as long as brands were unwilling to pay more their hands were tied (Burke and Hammadi 2013). By November of 2013 a government appointed in Bangladesh supported a 77% raise for garment workers, nonetheless the \$66.25 monthly min wage remained the lowest in the world. Workers rejected the proposal demanding \$100 instead, and followed through with days of rioting destroying a number of factories and shutting down 100 more (Alam 2014), in a what the late historian Erik Hobsbawm (1952) would aptly call "collective bargaining by riot."

After the catastrophe at Rana Plaza the global anti-sweatshop movement finds itself at a crossroads. History suggests that prioritizing a new auditing regime, no matter how comprehensive, will do little to attack the structural roots of the dangerous, miserable conditions of the global garment industry. The alternative is to prioritize aggressive organizing efforts that unite workers globally in a direct assault on the true shot-callers of the industry. For decades, apparel transnationals have comfortably harvested enormous profits behind the curtain of globalized outsourcing. Workers in Honduras and Indonesia have begun tearing holes, catching glimpses of a new order where genuine international labor solidarity forces those getting the richest must meet eye-to-eye with those creating the wealth on sewing machines and cutting tables every day. When the labor unions, activists and advocates of the global anti-sweatshop movement marshal all of their resources – financial, moral, political and human – to support smart, focused, bottom-up organizing in major TNCs production networks, workers on the factory floor will radically transform their industry.

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