ORGANIC COTTON CLOTHING: IS IT HELPING TO RAISE THE BOTTOM?

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ORGANIC COTTON CLOTHING: IS IT HELPING TO RAISE THE BOTTOM?

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Thesis

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ABSTRACT

Evidence is pointing to the re-emergence of sweatshop and/or exploitive working conditions within the textile and apparel industries, possible today because of the concentration of players and the move to off-shore production. Today, globally, cotton is the primary fiber of choice for apparel. The globalization of the cotton industry has had detrimental effects on small-scale farmers. Environmental and social activists are documenting evidence of the disparities of cotton production due to globalization. Small-scale cotton farmers, in today’s arena, have to compete with large cotton agribusinesses that are highly subsidized. Fair trade and/or organic cotton have met standards demonstrating environmental and social responsibility. Large retail companies are now making clothing from organic cotton for the eco-conscious consumer. Does organic cotton apparel equate to better working conditions for the farmer-to-garment supply chain? One of the goals of this research paper has been to compile a literature review from disparate points of view in order to establish the relationship of organic cotton to the working conditions within the textile and apparel industry. These topics include the social history of the textile and apparel industry in the United States, the development of trade agreements, and the expansion of the textile and apparel industry globally and the various standards and organizations
establishing criteria for cotton. In addition, through investigative studies of five retail companies known for their organic cotton apparel, this paper analyzes whether organic cotton clothing is helping to raise the bottom line in the “race to the bottom.”
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CHAPTER I
INTRODUCTION

With fingers weary and worn,
With eyelids heavy and red
A woman sat in unwomanly rags,
Plying her needles and thread -
Stitch! Stitch! Stitch!
In poverty, hunger, and dirt,
And still with a voice of dolorous pitch
She sang the “Song of the Shirt.”
Thomas Hood, 1799-1845

Evidence of human rights violations in the garment industry has concerned citizens throughout the world. Free trade laws, unfair labor laws, and corporate greed have hurt millions of small cotton-producing farmers and apparel workers. Some people are attempting to right these wrongs. One of the goals of this research paper has been to compile a literature review from disparate points of view in order to establish the relationship of organic cotton to the working conditions within the textile and apparel industry. This research study has three main objectives. The first is to examine the literature dealing with the development of sweatshops at the turn of the twentieth century in the United States, their demise, and why they reappeared in the latter part of the twentieth century. The second is to look at the role that cotton has
played in the textile and apparel industry by looking at the literature to provide a brief overview of cotton’s notorious past, and to study its role in today’s clothing market. The third is to look more closely at organic cotton clothing production in relation to sustainable and socially responsible apparel manufacturing. This thesis examines global issues in cotton production and evaluates whether organic cotton apparel results in a higher living wage for the farmer-to-garment supply chain.

This research focused on five retail companies chosen to represent the full spectrum; two of the largest companies using organic cotton in manufacturing clothing, one mid-sized company, and two smaller companies known for their organic cotton apparel. This research reveals the degree to which ethical labor standards for the farmer-to-garment supply chains intersect with the production of organic cotton apparel today.
CHAPTER II
A BRIEF HISTORY OF THE GARMENT INDUSTRY

Garment manufacturing is an industry that is prone to widespread abuse because it is so labor intensive. To control costs, the use of sweatshops is prevalent. A sweatshop may be defined as a business that violates safety, health, wage, and child labor laws. The original definition of “sweatshop” is related to the way in which the garment industry fostered exploitation of workers through the subcontracting system. Contracting is a system in which manufacturers give the work to the lowest bidder. The contractor then works to get the lowest labor costs in a piece-rate system. This piece-rate system means that sub-contract workers are paid for the work they produce, rather than by the hour. The sub-contracting system creates a situation in which legal accountability is absent. This is further enabled because the workers do not have a relationship with the retailers or manufacturers for whom they are making the garments. Today workers that are making our clothing are often working on a piece-rate system, not unlike the way sweatshops operated in the United States at the turn of the century. The clothing manufacturers today are contracting out their apparel production to contracting shops, which then contract out to subcontracting shops.

2
At the turn of the twentieth century the apparel industry in the United States used poor, desperate immigrant labor to make much of its clothing on a piece-rate system. In 1905, Annie Daniel spoke to the National Consumers League about the unhealthy and unsafe living and working conditions in New York’s tenement houses where a lot of clothing was being made. She noted:

Every garment worn by a woman is found being manufactured in tenement rooms...The adornment of women’s dress, the flowers and feathers for her hats, the hats themselves - these I have seen being made in the presence of small-pox, on the lounge with the patient. All clothing worn by infants and young children - dainty little dresses - I have seen on the same bed with children sick of contagious disease and into these little garments is sewed some of the contagion.³

Daniel presented the scathing truth about the women and children who finished clothing for the wealthier citizens of New York society. The National Consumers League, a women’s advocacy organization, grew in strength to affect public policy through boycotts. It was able to get legislation through that outlawed the putting-out system of home-based garment production, along with working toward housing regulations for the landlords of the tenement houses in New York.⁴

As manufacturing grew, larger factories were built, which in turn, employed more people. No longer did workers make complete garments; rather, they would sit on a sewing line, stitching only a portion of a garment. It was through the ability of workers to unite that better working conditions were established. Between 1905 and 1915 over 150,000 workers participated in strikes.⁵ One of the more famous strikes was known as the “Uprising of 20,000” in 1909 in New York City. This strike involved Italian
and Jewish female garment workers, along with middle-class female reformers who joined the women workers on the picket lines. Some of the positive changes that took place as a result of the strike were the signing of agreements over wages, union recognition, and a cessation of subcontracting.\(^6\)

In 1910 another strike took place with 60,000 male cloak workers. This second major strike ushered in a new era, with the manufacturers’ associations agreeing to recognize the union, to standardize piece rates, to institute an industry-wide Joint Grievance Procedure, and to establish the Joint Board of Sanitary Control to monitor health conditions.\(^7\) This policy, known as the Protocol of Peace, was one of the first policies to establish the concept of an ‘industrial democracy.’ Judge Louis Brandeis, who later served on the U. S. Supreme Court, said of the Protocol of Peace, “It was the purpose of the Protocol to introduce into the relations of the employers and the employee a whole new element; that is, the element of industrial democracy; that there should be a beginning, at least, of a joint control, and with joint control joint responsibility for the industry.”\(^8\)

The Peace Protocol was one of the first major steps forward for the garment worker’s voices to be heard, but there were still huge infractions within the industry. Only six months after the Protocol was signed, a fire at the Triangle Shirtwaist factory in New York City killed 146 workers who were locked inside and unable to get out. Abuses within the garment industry continued, but workers persevered in their efforts for safer working conditions and higher wages.\(^9\)
The International Ladies’ Garment Workers’ Union (ILGWU) was formed in 1900 with 2000 workers. Membership in the union grew after the Peace Protocol, and increased in numbers until 1920 and then declined for a period of time. It was not until 1933 that membership in the ILGWU grew rapidly, from 40,422 members in 1933 to 198,000 members the following year.\textsuperscript{10} During the Roosevelt years, union support grew and legal reforms were instituted. The New Deal supported unionization and provided a regulatory framework to enforce labor laws. The National Labor Relations Act of 1935, The National Labor Relations Board, and the Fair Labor Standards Act (FLSA) of 1938 were instrumental in enforcing labor standards.\textsuperscript{11} The set of standards concerned issues such as minimum wage, overtime pay, and child labor. A social contract between garment workers and manufacturers had finally arrived. The organizational strength and legal measures in place allowed the unions to establish a degree of joint liability. A joint liability indicates holding the manufacturers mutually liable with the contractor for wages and working conditions in the contracting factories, even though technically they are not the direct employers.\textsuperscript{12} The Consumer Protection Label provided consumers with the assurance that the clothing was sweatshop free, as shown from this jacket made in the 1940s.
The union remained strong, with government enforcement of labor laws, in the post-World War II period. Membership in the ILGWU numbered 400,000 in 1948 and remained high throughout the next twenty-five years. Lyndon B. Johnson’s War on Poverty in the 1960s continued to establish positions on which new labor laws were enacted and factory conditions improved for garment workers. This was a time when there was an economic boom in our country, and garment factories grew in size. The sweatshops of the late-nineteenth and early twentieth centuries were now the exception rather than the rule.
CHAPTER III
THE RETAIL INDUSTRY IN THE UNITED STATES

Due to globalization, and the accompanying increase in competition within the apparel retail industry, sweatshops reappeared in the latter part of the twentieth century. The retailing aspect of the story really began with the emergence of department stores in the early twentieth century. Individual merchant families owned the department stores. The first retail holding company was developed when Filenes of Boston, Abraham and Strauss of Brooklyn, and F and R Lazarus formed Federated Department Stores in 1918. Holding companies became the model for retail ownership. A holding company is defined as owning other companies’ outstanding stock, thus reducing the risk for retail companies. By 1977, four large holding retail companies controlled the majority of regionally based department store chains, with 807 retail outlets, and sales over $11.4 billion.

The 1980s was a period of intense competition among retailers. Smaller retailers could no longer compete with the larger ones. Between 1980 and 1990, 80 percent of the department store industry had changed hands, with discount department stores involved in these acquisitions and mergers. Through a variety of programs that targeted efficient use of labor, new technologies, and a more demanding relationship
with apparel suppliers, retailers created new ways to stay in the game. The race to the bottom was in full swing. The race to the bottom is a term that refers to competition among companies and countries, particularly as they try to compete with each other by cutting wages and living standards for workers. The production of goods is moved to locations where the wages are lowest and the workers have the fewest rights.

**The Quick Response Program**

The concentration of large retail firms gave them more leverage over clothing manufacturers. The powerful retailers could demand lower prices and a more rapid response to orders. The business strategy, known as the quick-response program was designed to reduce large and costly inventories; it was made possible by technological innovations. Retailers now began to place more pressure on the contractors to have a quicker turn-around; the contractors now began carrying more responsibility for unsold goods. Today the “quick-response” program is one of the reasons why apparel workers often work extremely long shifts, sometimes eighteen to twenty-four hours.

**Private Label Clothing**

The rise of private-label clothing and branding also significantly influenced the way retailers conducted business. Retailers, rather than the manufacturers commission brand-name merchandise. Retailers adopted the branding style of business, and developed their own private-labels. This allowed the retailers to contract directly from the producers instead of purchasing it from traditional brand-name manufacturers. Retailers began to do their own manufacturing, as well as sell brand-name
manufacturers clothing. The growth of the private-label clothing created a situation in which the different segments of the apparel industry were competing with each other. The retailers began competing with merchandisers, importers, and manufacturers. The Gap is an example of a highly integrated company. It sells the merchandise it designs and contracts the manufacturing to low-wage countries.

With the corporate model of retailing now the engine of the industry, more of the buying operations were taken over by corporate merchandisers. Corporate merchandisers, such as American Merchandising Corporation, now worked with retailers to plan orders. The Corporate Merchandisers did the contracting with both domestic and overseas producers for large volume brand-name and private-label merchandise. Today the retailers often contract directly with the manufacturers, cutting out the traditional manufacturers for much of their merchandise.

Repeal of Fair Trade Laws

During the 1970s local and state fair trade laws that had required retailers to sell national brand name products at prices determined by the manufacturers were eliminated. The discount stores could now compete directly with traditional retailers. As a consequence of repealing fair trade laws, there was a total restructuring of the retail sector. The Consumer Goods Pricing Act of 1975 further allowed for the expansion of off-price retailing. The discount stores could now price the brand-name merchandise at lower prices. As one analyst explained the quandary:

When their inter-state fair trade regulations were repealed, discounters were no longer bound by manufacturers’ pricing policies . . . As the discounters started to
discount more freely and grow faster, new types of discount formats were created. The newer ones are the warehouse stores, the off-price stores, limited assortment stores and discount specialty stores. The appearance of these new retailing formats has had serious impacts on the previously well-established National Chains and the traditional department stores.²⁵

With fierce competition between the discount retailers and traditional chain stores, along with a saturation of ‘stuff’ in the retail market, department stores had to find new ways to stay in the game. The most practical way to do this was to reduce manufacturing costs. The retail industry continued to lobby for less stringent quotas and tariffs on apparel. The Multifiber Arrangement (MFA) was instituted in 1974, with the purpose to limit the amount of imports coming into the United States, thus protecting the domestic apparel industry.²⁶ However, the attempts by the domestic garment industry to limit overseas imports were overrun by powerful retail lobbyists who were looking for the least expensive way to buy and manufacture apparel. The retail corporations, along with the neo-liberal direction that the United States was embracing, continued to reduce the legal barriers to trade.²⁷
CHAPTER IV

GLOBALIZATION AND A NEW MANUFACTURING CLIMATE

The World Trade Organization (WTO) replaced the General Agreement on Trade and Tariffs (GATT) in 1994. The WTO is comprised of 147 member countries with the mission of enforcing the rules of trade carried out by its trading partners. The WTO’s role has been to operate as the legal enforcer of the new rules of trade in apparel manufacturing and to supervise the operation of the Agreement on Textiles and Clothing (ATC), culminating with the phasing out of the Multifiber Arrangement in 2005.\(^{28}\) The purpose of the Agreement on Textiles and Clothing has been to eliminate the quota system, and allow retail apparel corporations to have access to low wage labor throughout the globe.\(^{29}\) The elimination of the quota system in 2005 enabled China, with its large, poor population, to become the manufacturing center of the world for textiles and apparel. Production of consumer goods, in the global economy, now shifted from “well-regulated, high-wage workplaces, often unionized in the developed world to unregulated, very low-wage, and no-union workplaces in the developing world.”\(^{30}\)

As companies moved their production overseas, human rights groups exposed the tremendous labor abuses within the industry. It now became the norm for overseas
sweatshops to make our clothing. The media exposed the awful living and working conditions of the workers making our jeans and T-shirts. Governmental organizations, non-governmental organizations, religious groups, and concerned social activists sought to address this world-wide problem. Stakeholders and shareholders began exerting pressure on corporations to behave responsibly. A voluntary monitoring system is the primary way that corporations are held accountable for the conditions of their contracting factories. The danger of hurting their brand identity through exposure to labor abuses in the garment industry is the primary motivation for companies to improve the labor conditions in their supply chain. Internal and external monitoring of the company’s contract factories is currently the way that corporations are addressing the sweatshop problem. Yet, sweatshops continue with all the large apparel manufacturers complicit in this dilemma.

During the 1990s, the U. S. Department of Labor (DOL) tackled some of the sweatshop abuses that were rampant in the Los Angeles garment industry. The DOL was able to enforce policies that would require manufacturers to monitor their contractors for labor law violations. In 1996, through successful efforts by the DOL’s policies in monitoring contractors in the garment industry in Los Angeles, the Clinton Administration initiated a task force to replicate their monitoring practices in over-seas production. This task force, from which the Fair Labor Association (FLA) developed, has as its mission, the monitoring of international regulations for workers around the world, in order to bring about positive change in working conditions. Today many of
the large retail brands are members of the FLA. Corporate self-monitoring gets a lot of criticism from labor activists because much of the funding for the FLA comes from the corporate companies it is monitoring. This model of monitoring is “hampered by conflicts of interest and fails to curb labor abuses adequately.”34

The International Labor Organization Addresses Human Rights

The International Labor Organization (ILO) is an arm of the United Nations, established in 1945, and has as its purpose the overseeing of labor standards throughout the world. It has developed seven core labor standards and has initiated a campaign to get universal ratification of these core standards by all countries. These standards relate to workers’ rights of freedom of association, collective bargaining, protection against child labor, establishment of employment policies, and protection against forced labor.35 The ILO is made up of delegates from business, labor, and governments. Thus far the adoption of these international labor standards has had little discernible effect on the business practices around the world. The attempts from international labor organizations to get effective laws governing human rights on an international level have been squashed by the WTO. The decision to comply is left up to the countries where the contracting shops are operating. Country representatives often do not endorse labor laws as they interfere with the business activities of their country. Labor and environmental standards are generally not enforced in many of the developing countries. The present policies of the World Bank (WB) and the International Monetary Fund (IMF) do not deal with the issue of lending to countries
that have tremendous labor law abuses. In April 2011, Dominique Strauss-Kahn, the Managing Director of the IMF, said the lender’s adjustment programs are unlikely to include issues such as income distribution of wages. He said, “I don’t believe I’m going to turn the IMF into an institution with a lot of expertise on this question.”

The Ethical Trading Initiative

Private monitoring and independent monitoring bodies are the primary ways corporations are working towards implementing their Codes of Conduct for corporate social responsibility. The Ethical Trading Initiative (ETI) is an example of a monitoring agency, which collaborates with non-governmental organizations (NGOs), global companies, international trade union bodies, and specialized labor rights organizations in order to promote social and ethical working conditions for the many exploited garment workers. The ETI has based its core labor practices on the International Labor Organization’s Core Labor Standards. The ETI Base Code addresses issues surrounding the following ideal practices:

1) Employment is freely chosen.

2) Freedom of association and the right to collective bargaining are respected.

3) Working conditions are safe and hygienic.

4) Child labor shall not be used.

5) Living wages are paid.

6) Working hours are not excessive.

7) No discrimination is practiced.
8) Regular employment is provided.

9) No harsh or inhumane treatment is allowed.\textsuperscript{37}

An example of a multinational corporation that is working toward improving its manufacturing facilities is Gap, Inc., a member of ETI. The Director of Global Partnerships for Gap, Inc. is Lakshmi Bhatia. She is also on the board of directors for ETI. She has worked with Gap, Inc. for over ten years, and has helped develop its social responsibility program.\textsuperscript{38} She said that one of the ways Gap, Inc. is improving its facilities is through an integrated approach that includes working with the designers and advising with “just-in-time” production orders. Placing contractors on tight deadlines causes employees to work excessive hours. Contractors are often desperate for the contract, and make promises at any cost. The documentary \textit{China Blue}, by Micha Peled, exposes the pressure put on contracting shops and their workers under just-in-time orders, also known as the quick-response program.\textsuperscript{39}

Lakshmi believes that corporations and governments in sourcing countries need to work at enforcing labor laws. Lakshmi pointedly stated:

\begin{quote}
It’s not just companies who, of course, have huge power – and as Nelson Mandela once said, ‘with great power comes great responsibility.’ It’s also governments in sourcing countries that need to make and enforce laws that protect worker’s rights. And it’s consumers too, who can put pressure on companies and ask the right questions.\textsuperscript{40}
\end{quote}

\textbf{The Global Compact}

The Global Compact is the United Nation’s initiative to bring the world’s largest multinational corporations together to adopt standards on human rights, labor, and the
environment, thus providing a framework for corporate social responsibility worldwide. More than 5,000 corporations have subscribed to the Global Compact’s code.41 There are major flaws in the Global Compact Initiative due in large part to the fact that it lacks any regulatory body. It does not enforce or measure the behavior and actions of companies. The Global Compact relies on public accountability, transparency, and the self-interest of companies to make changes. The compact only asks that each company that participates in the Global Compact shows improvement in one case study annually and explains how the company resolved the issue.42

There is controversy regarding The Global Compact’s lack of accountability. In March, 2011, the Joint Inspection Unit (JIU), an independent external body of the United Nations, asserted the concerns expressed by many people about some of Global Compact’s policies, which have been criticized since its inception in 1999. The report said that The Global Compact presents ‘reputational risk’ for the United Nations and that it pursues a ‘self-expanded’ mandate. The report confirmed the existence of the ‘blue wash’ phenomenon, that is to say, a company is ‘wrapped in the UN flag.’43 The report strongly suggested that corporations may have too much influence on its policies. The Joint Inspection Unit report said, “General Assembly direction is needed in order to prevent a situation whereby any external group or actor(s) may divert attention from the strategic goals agreed to promote interest which may damage the reputation of the United Nations.”44
Is There a Market for Virtue?

Corporate Social Responsibility (CSR) does not mean higher profits for stockholders. David Vogel, a renowned professor at the Haas School of Business and the Department of Political Science at the University of California, Berkeley, has written extensively on CSR, including the book, *The Market for Virtue: The Potential and Limits of Corporate Social Responsibility*. He said in *Forbes Business Magazine*, The belief that corporate responsibility ‘pays’ is a seductive one: Who would not want to live in a world in which corporate virtue is rewarded and corporate irresponsibility punished?

Unfortunately, the evidence for these rewards and punishment is rather weak. There is a ‘market for virtue,’ but it is a very limited one. Nor is it growing.”

Vogel reported that firms that have endorsed corporate social responsibility in their core values do not fare any better than those that have not. He noted, “Part of the reason why CSR does not necessarily pay is that only a handful of consumers know or care about the environmental or social records of more than a handful of firms. ‘Ethical’ products are a niche market. Virtually all goods and services continue to be purchased on the basis of price, convenience and quality.”

The Decent Working Conditions and Fair Competition Act

The Decent Working Conditions and Fair Competition Act is the title of several bills that have been introduced to Congress in 2007 as S 367 in the Senate and as HR 1992 in the House. These bills would prohibit the import, export, and sale of goods made with sweatshop labor. Unfortunately, as of 2009, they have all died in committee.
The bills were written as a collaborative effort on the part of different groups, including The United Steelworkers of America, the National Labor Committee, and Senator Dorgan of North Dakota. According to a Harris Poll, 75 percent of Americans agreed with the statement, “I want my member of Congress to support legislation to protect human rights in the global economy by prohibiting the import or sale of sweatshop goods in the U. S. which were made under conditions violating internationally recognized worker rights standards.” The bills are intended to uphold the ILO standards. The bills would treat all goods equally and hold all countries, including the United States, accountable for the conditions under which the good are made. House Representative Sherrod Brown (D), OH, described the bills in these terms:

The bill is simple. It bars the importation or the sale of goods is made by child labor or slave labor or prison labor, you can’t import it into the United States. China is the world’s sweatshop leader, with repressive labor policies resulting in wage suppression of as much as 85 percent. We all know that American workers can compete in a global economy on a level playing field, but no one can compete with prison labor, child labor or sweatshop labor. The result, a U. S. trade deficit with China that breaks records year after year, an increasing loss of U. S. manufacturing jobs to China. In my state alone, in Ohio, 42,000 jobs have been lost to China since the year 2001. Much of the job loss has been as a result of China’s unfair trade practices. Yet America’s agreements are actually encouraging the development of new sweatshops.

The current free-trade laws in the global economy actually promote sweatshop labor and lower environmental protections. The “bill of goods” that has been sold to global citizens is that free-trade; unrestricted trade is good for the world. The truth is that it is hurting American workers. For the workers in the developing world, their
standard of living is going down at well. As Charles Kernaghan, director at the Institute of Global Labor and Human Rights, has succinctly said, “The only way we will be able to break the sweatshop cycle is to enact laws to protect the fundamental, internationally recognized rights of the workers.” Senator Brown makes the point that a strong middle-class has been at the heart of the American economy. Just as Henry Ford paid his workers a wage so that they could afford to buy the cars they made, so must companies pay workers a living wage. By driving down U. S. wages, we weaken the American consumer market, and lose jobs. This argument is strengthened if we consider that it takes a Bangladeshi apparel worker an entire month’s wages to buy one pair of $30 denim jeans. 

**The North American Free Trade Agreement**

The North American Free Trade Agreement (NAFTA), enacted in 1994, was the first free trade treaty and it opened markets between the United States, Mexico, and Canada. NAFTA improved the flexibility of multinationals to expand their production without impediment. In 2006 Sherrod Brown, now a democratic Senator from Ohio, exposed some of the abuses of the free trade rules in his book, *Myths of Free Trade*. He pointed out how free trade laws are in favor of corporations, and are not concerned with the social and environmental aspects of manufacturing. For example, cheaper labor costs and lax environmental standards resulted in more U. S. factories moving operations to Mexico. Over a million jobs have been lost in the United States since NAFTA’s inception. The economic situation in Mexico has deteriorated as well. Since
NAFTA’s policies of free trade have gone into effect, the Mexican standard of living has dropped by 50 percent. 51 Richard Gephardt wrote to the Democratic members of Congress in 1996, “The single biggest flaw in the North American Free Trade Agreement was its failure to adequately address industrial relations – the right to strike, the right to organize, and the right to freely associate.” 52

The world’s largest corporations are the beneficiaries of unrestricted global commerce, which is known as free trade. Today, of the 100 largest economies in the world, fifty-one are corporations. These 100 multinational corporations control about one third of all foreign direct investment. 53

The result of corporate-led globalization is an increase in both poverty and migrations of people throughout the globe. Today there is yet another massive migration of displaced migrant workers around the world who are manufacturing the developed world’s ‘stuff.’ Due to the undemocratic and unjust rules of the global economy in favor of the rich multinational corporations, there are now over three billion people who live on less than two dollars a day. The richest 1 percent of the world’s population has more wealth than the bottom 57 percent. Between 1979 and 2000, the number of countries with a per capital income of less than seventy-five dollars a month has doubled from twenty-five to forty-nine countries. 54 In many parts of the world farmers have been unable to continue farming because of free-trade policies that allow huge government subsidized commodities to be dumped on the market. Smaller
farmers in the developing world and in our own country cannot compete with big agribusiness and their massive government subsidies.\textsuperscript{55}

**China’s Contribution to Globalization**

China has become the largest manufacturing center for textile and apparel production in the last ten years. Pietra Rivoli, author of *Travels of a T-Shirt in a Global Economy*, explains one of the reasons why China has become the manufacturing center for textiles and apparel.\textsuperscript{56} In the 1950s China developed the hukou system to support economic development. A hukou is a place of household registration; the system specifies where you were born, no matter where you actually are. In the late 1980s China began to liberalize the hukou system, allowing rural residents to migrate to the cities to work as laborers in China’s burgeoning manufacturing factories. This provided cheap labor for the factories. The hukou system is believed to be the leading cause of inequality in China.\textsuperscript{57}

The majority of the textile and apparel workers in China come from the countryside; they migrate to the cities to work in the factories. Today China has 130 to 200 million migrant workers.\textsuperscript{58} This ‘floating population’ leaves the villages to earn money to send back home. The people are also seeking freedom that comes with economic independence. Leslie Chang, author of *Factory Girls*, lived in China for several years observing and studying this migrant, vulnerable population. She exposed the bravery and fear that these young Chinese girls live with daily. The majority of these
‘floaters’ live at work dormitories. The typical dormitory room is eight by twelve foot and is shared by twelve workers.\textsuperscript{59}

**Monitoring Factories**

The intense pricing pressure from Western companies and a lack of transparency within the companies has created a situation that encourages factories to lie to their producers in order to get the orders. Alexandra Harney, author of *The China Price*, says that in the last ten years, monitoring factories has not really changed, except that the Chinese manufacturers are constantly finding ways to get around the monitoring regulations. One of the ways of doing this is by having a model factory, as their ‘stand-up’ model, while conducting a large percentage of their business through sub-contracting shops, off the books. Auditors estimate that 50 to 90 percent of Chinese plants have fraudulent books.\textsuperscript{60} The forgery of records in Chinese factories has become big business. There are “falsification engineers” who teach companies how to outsmart the auditors. Obviously, these falsification engineers keep a low profile, but their presence has allowed China to be the power-house of global manufacturing, where monitoring is the primary tool to combat sweatshop labor. As one factory auditor said, “The companies claim to be appalled by the falsification of records, but at the same time know that that is the way they can manufacture cheaply while still claiming they are compliant with the laws.”\textsuperscript{61} The bottom line is price. As one top manager of a major garment manufacturer said:
These big-brand companies have corporate social responsibility departments, but the people who make the orders don’t talk to them. The CSR people come in and stipulate basic standards. Then the next day the buyers come in and drive down prices and bring forward deadlines. These two things are usually incompatible. While the buyers are in charge, all this talk from the CSR people is just corporate window-dressing, however well-meaning the people involved might be.  

The competition for an ever cheaper T-Shirt is driving down wages. We in the West need to pay a fair price for our clothing. As one of the garment workers said, “We just want the customers in the West to know that we would like them to pay more for their clothes so that maybe we will get paid more too.” The factories are put under so much pressure to compete on price, and just-in-time orders, that the women workers are compromised.

The race to the bottom is happening globally, with manufacturing in labor intensive products moving where people are most desperate. Although China’s hourly rate for garment production is only fifty to seventy-five cents an hour, labor costs in Bangladesh are even lower, with the minimum wage at one dollar per day. Fred Pierce, author of *Confessions of an Eco-Sinner*, presents some of the quandaries of producing apparel in the globalized economy. Today Bangladesh has evolved to be a major apparel manufacturing center, with over four thousand garment factories in the capital city of Dhaka alone. The workers in the factories are women who come from the surrounding villages. Many of the major brands have production sites in Bangladesh, with its hourly rate of ten cents. Today Bangladesh is the second largest exporter in the world to the United States.
Factory fires are commonplace in Bangladesh. In February 2010 there was a garment factory fire in Dhaka that killed twenty-one workers and injured 100 others. They were making clothes for the retail giant H & M. The spokesman for H & M said, “As far as we know this terrible accident was not caused by poor working conditions or safety measures. When it comes to general working conditions in Bangladesh, we believe that being present in the country is the way we can make a change long term.”

Another fire broke out at another garment factory on the outskirts of Dhaka in 2011, killing twenty-nine people and injuring 100 others. This fire, at the Hameem factory, was making clothing for GAP’s toddler line. As with other factory fires in Bangladesh, the exit doors were locked. The workers jumped to their deaths. At this factory fire, 400,000 pair of Gap pants was burned. Other brands having garments made in this factory were Phillips-Van Heusen, JC Penny, Abercrombie & Fitch, and Target. The recent factory fire outside of Dhaka in April 2013, killing 1,134 people, has brought to the world’s attention the unsafe working conditions of many of the garment factory workers.

There are three and a half million garment workers in Bangladesh; 80 percent of them are young women. They have been trying to get an increase in pay to thirty-five cents an hour. They are striking and fighting back, with over 50,000 strikers hitting the streets in 2010. The corporations who employ these people, indirectly, do not do anything. Rather, they continue to purchase clothing from the cheapest possible locations. Why can’t the retailers pay the women more for their labor? The contracting
and sub-contracting shops are working on slim profit margins. The big retailers are there for one reason and that reason is cheap labor.

The issue of having our clothing made in substandard working conditions is one in which consumers need to have an active voice. Thanks to the internet, raising the consciousness of the public, an important first step in redefining the bottom has become easier. The Decent Working Conditions and Fair Competition Act is one step in the right direction toward fairer competition for American workers and workers in the international community. The present rules of trade, with fewer quotas and tariffs on clothing coming into our country, make conditions ripe for our clothing and other goods to be made by the world’s poorest people. This has shut down our home apparel industry and created huge deficits in our economy.\(^69\)

Until there is legislation in the U. S. that does not permit products that are made under sweatshop conditions to come into the country, America will continue to lose its manufacturing sector and the race to the bottom will continue. The jeans and T-shirts, the comfortable clothing produced in the poorer countries, will be made at the expense of American jobs and by the labor of malnourished women. Charles Kernaghan, the director of the Institute for Global Labour and Human Rights sums up this all-pervasive problem: “Nothing is going to really change until we get a law that keeps goods produced under these conditions out of U. S. consumers’ shopping carts...That’s when the companies will start to really care. Right now, we leave it all up to Wal-Mart, which is absurd.”\(^70\)
CHAPTER IV

COTTON

Cotton clothing is the fiber of choice for many people throughout the world. The current prominence of cotton clothing is due in part to the adoption of denim jeans as the universal dress code, symbolizing the democratization of clothing. Jeans are worn throughout the world, from the working class to those who live like they think they are the elite. Today cotton outsells all synthetic fibers combined. World cotton production is now at twenty-five million tons a year and more than a trillion dollars a year is spent on buying clothes globally, with cotton as the main fiber. Every American spends about $800 a year on clothes. The largest cotton producing countries are Australia, the United States, Brazil, China, India, Pakistan, and Uzbekistan. China, India, and Pakistan use their cotton internally for their home industry. The largest exporters of cotton are the United States, Uzbekistan, and Australia. This cotton is shipped to low-wage countries to be made into the clothes Americans wear.

The Historical Role of Cotton

The cotton industry has been known for its human rights abuses since the time of the British East India Company’s oppressive policies in India. The development of the cotton textile industry provided the foundation for the Industrial Revolution in Britain.
The British East India Company made cotton processing and manufacturing workshops in India uncompetitive during the eighteenth and nineteenth centuries. As one of the first corporations of the world, the British East India Company created a condition that forced India to supply only raw cotton. Also, British laws forced the Indians, as well as the British, to purchase manufactured textiles from Britain alone. The system that prevented the Indians from manufacturing their own textiles continued until they were able to expel the British government in 1947. The famous Indian leader, Mahatma Gandhi, described the process:

1) English people buy Indian cotton in the field, picked by Indian labor at seven cents a day, through an optimal monopoly.
2) This cotton is shipped on British ships, a three-week journey across the Indian Ocean down the Red Sea, across the Mediterranean, through Gibraltar, across the Bay of Biscay and the Atlantic Ocean to London. One hundred percent profit on this freight is regarded as small.
3) The cotton is turned into cloth in Lancashire. You pay shilling wages instead of Indian pennies to your workers. The English worker not only has the advantage of better wages, but the steel companies of England get the profit of building the factories and machines. Wages, profits; all these are spent in England.
4) The finished product is sent back to India at European shipping rates, once again on British ships. The captains, officers, sailors of these ships, whose wages must be paid, are English. The only Indians who profit are a few lascars who do the dirty work on the boats for a few cents a day.
5) The cloth is finally sold back to the kings and landlords of India who got the money to buy this expensive cloth out of the poor peasants of India who worked at seven cents a day.

In the 1920s Gandhi launched the Khadi Movement, a large-scale boycott of British-made cotton fabric. He went from village to village with his spinning wheel, encouraging the Indian people to return to spinning and weaving their own cotton cloth,
noting, “The music of the spinning wheel will be as balm to your soul . . . Khadi is more than a cloth . . . it is a symbol of national emancipation.” By 1940 there were 15,000 villages making khadi cloth. During World War II, these villages produced sixteen million yards of cloth, enough to clothe 3.5 million people. This Khadi Movement was instrumental in freeing India from British rule.

The Industrial Revolution in Great Britain was built upon trading with those that were under the economic and political control of Britain. This form of monopoly is not unlike the policies that the industrialized countries of today have enacted and that prevent the poorer countries from growing their own sustainable economies. The present rules of the World Trade Organization (WTO), the World Bank (WB) and the International Monetary Fund (IMF) are a continuation of colonial rule, in which the poorer countries’ primary income is based on selling basic commodities, such as cotton, lumber, minerals, and other raw materials.

A Look at Cotton Subsidies in the Global Marketplace

The promotion of sustainable cotton production and socially responsible apparel manufacturing is of great importance for scholars, researchers, and educators in the field of Clothing and Textiles because it concerns the economic, environmental, and humanitarian principles currently governing trade in textiles and apparel. The production of cotton is the first step in the supply chain, which eventually is made into the very jeans and T-shirts that people wear.
Under the current rules of trade, the richest countries of the North are subsidizing their own cotton production, and have thus created a situation in which the poorer countries cannot even compete by selling their raw cotton. How is this situation possible? What would Gandhi have said about a situation in which the colonial power usurped the ability of the poorer countries to sell even their raw materials?

Today the United States is subsidizing their cotton farmers in excess of two billion dollars a year. Big agribusinesses, with big money, have lobbyists who push their agendas through, at the expense of small-scale farmers and the environment. Crop subsidies are a type of insurance program that pays for a large portion of the production. Subsidized cotton production has encouraged farmers to plant cotton every year, year in and year out. This practice is detrimental to the environment because it depletes the soil of nutrients, and the chemical fertilizers and pesticides further poison the soil and ground water.\(^{80}\)

According to the International Cotton Advisory Council (ICAC) the United States is the country with the highest cost for cotton production. The cost of production is eighty cents per pound in the U. S., while the cost of production is thirty-five cents per pound in the African country of Benin.\(^{81}\)

The subsidy system, which helps promote over-production, was created during the Nixon years under the Secretary of Agriculture, Earl Butz. The Butz-Nixon scheme intended to encourage surplus production to counterbalance fluctuating production and the world-wide demand for commodity crops. This system created a taxpayer funded
loan and subsidy program. At the inception of the Butz-Nixon subsidy program there were approximately three million farmers in America; thirty years later a million farmers had gone out of business.  

Today there are only 22,000 cotton farmers, with most of the subsidies going to the biggest farms. For U. S. cotton, the biggest cotton factory farms received the biggest subsidies; less than 10 percent of the farmers received almost 80 percent of the subsidies from 1995 until 2001. These factory farmers used about 80 percent of the chemicals and almost all the genetically manipulated cotton grown in the U.S. They are then dumping the surplus cotton grown in the U. S. on the world market for about half of the cost of production.

**The DOHA Development Round**

While the effects of subsidized cotton on smaller farmers in our country have put many of them out of business, the effect on farmers in the developing countries have been catastrophic. The frustrations of emerging economies, like Brazil, and developing countries, as in continental Africa, have stalled negotiations within the World Trade Organization. In 2001, 143 member countries of the World Trade Organization launched a process called the Doha Development Round (DDR), aimed at creating new global trade rules with emphasis on stimulating growth and economic advancement in the developing countries. The establishment of the DDR had the support of the international community. One of the key issues of the DDR was the level of cotton subsidies that the United States and the European Union gave to their cotton growers.
The establishment of the DDR was the first time that developing countries united their voices to stall negotiations. Four African countries, Benin, Burkina Faso, Chad, and Mali, joined forces and represented the plight of the poor cotton-producing countries, also known as the Cotton 4 or the C-4.\textsuperscript{86} However, the plight of the farmers in the developing world was not enough to enable negotiations or changes to the subsidies that the United States and the European Union give their cotton farmers.

The DDR again convened in Geneva in 2006. The Group of 20 (G-20) nations, emerging economies and least developed countries, had their voices heard, and again negotiations were stalled. The developed nations could no longer dictate the terms of trade. The African Group, comprised of forty-one nations, presented to the WTO its own vision on how to grow the economies of their continent, proposing actions that would bolster the economies of commodity-dependent nations. Their proposal, however, landed on deaf ears. The DDR negotiations were stalled, with the United States refusing to negotiate its current policies on cotton subsidies.\textsuperscript{87}

It now became clear that the World Trade Organization did not benefit the developing and least-developed nations. At this time, a World Bank report revealed that the $500 billion in economic gains the nations of the world would receive from liberalized trade in 2003, was actually only $96 billion; of the $96 billion, $16 billion went to the upper-tier developing countries (Brazil and China), and the remaining $80 billion went to developed nations.\textsuperscript{88}
Cotton as a Commodity Today

The Fairtrade Foundation Report, *The Great Cotton Stitch-Up*, November 2010, explains the complexities of cotton trade in the African countries, where cotton is at the heart of agricultural and economic development. For example, Mali is an African country that produced 620,000 tons of cotton with three million people working on 160,000 farms in 2003/2004. This amounted to 3 percent of the country’s Gross Domestic Product and 38 percent of their export revenues. Due to competition with subsidized cotton producers, however, the Mali farmers are losing their livelihoods.

World cotton production was at 25 million tons in 2010, up from 10 million tons in 1960. The increase in global production has negatively affected the price of cotton. The decline in real terms of cotton prices has disproportionately affected African farmers because they are so heavily reliant on cotton exports for their livelihoods.

China is the world’s largest cotton producer, accounting for 32.5 percent of global supply. China utilizes the majority of its cotton because of its dominance in textile and apparel manufacturing. India, the second largest producer, uses its cotton in its own domestic industry as well. The United States, the world’s largest exporter of cotton, supplies 34 percent of global exports.

There is a general agreement on the need to revise the current levels of cotton subsides in the U. S.; however, there are powerful lobbyists in Washington who are continuing to promote subsidies at high levels. The Senate Committee on Agriculture is responsible for the American cotton subsidy program. The Senators from the cotton-
producing states of Georgia, Mississippi, Texas, and Arkansas are on the Senate Committee and agricultural subsidies provide a source of income for their constituents. Cotton has a long supply chain. The National Cotton Council of America (NCC) represents the interests of farmers, ginners, warehouses, cotton-seed sellers, and manufacturers. Each cotton growing state has a regional cotton association to advocate for its interests as well. The size of cotton subsidies is influenced by the political funding and lobbying because it generates large returns for cotton producers and the ancillary industries.

In 2002, Brazil filed a complaint against the U. S. with the World Trade Organization because of the high level of cotton subsides that U. S. farmers were receiving. Cotton subsides were estimated to be close to $4 billion and they were supposed to be capped at $2 billion according to the agreement. Over the next seven years Brazil won a series of rulings against the United States, yet the U. S. ignored the WTO’s ruling and continued to subsidize cotton beyond the set cap. Finally, on April 6, 2010 the United States and Brazil announced a trade agreement to end their long-standing dispute. The deal was reached one day before Brazil was to impose up to $830 million in sanctions authorized by the WTO. The deal agreed upon is that the U. S. pays $147 million a year in assistance to Brazil’s cotton producers. According to the Washington Post, the cotton dispute between the United States and Brazil “has laid bare the truth about the U. S. cotton; not only is it a wasteful crop sop special interests,
but it’s an obstacle to free and fair trade that needlessly complicate U. S. relations with the rest of the world. Reform - or better, repeal - is long overdue.”

The case with Brazil is a welcome victory for the cotton-producing nations, who have the same legal case as Brazil, but do not have the ability to retaliate against the U. S. because they do not import much from the U. S. and do not have the political or economic clout to challenge the U. S. Rather than aid, the C-4 countries want a fairer playing field.

The WTO and the Need for Governance

The present rules of the World Trade Organization (WTO), The World Bank (WB), and the International Monetary Fund (IMF) are another form of colonial rule, in which the poorer countries’ primary income is based on selling basic commodities, such as cotton, lumber, minerals, and other raw materials. Under the current rules of trade, however, the rich countries of the North are subsidizing their own cotton production, and have created a situation in which the poorer countries cannot even compete by selling their raw cotton. Today, the United States and Europe are subsidizing their cotton production through big agribusiness, putting the smaller farmers in the U. S. and in the developing world out of business. Because of the developing and emerging countries’ frustration with the present policies governing trade, the viability of the WTO is at stake.

The situation over cotton reveals the need to review the governance system of the WTO. New coalitions that are based on similar interests need to be created. The
need for structural reform is essential if there is to be a fairer multilateral trading system, and to establish a true balance of power. Oxfam, a confederation of Non-Governmental Organizations, has been working in 100 developing countries to help in their fight against poverty. Oxfam’s report dated 2012, *How to Improve the Function of the WTO in the Short to Medium Term*, explains why there is a critical need for radical reform within the current trade rules. As the report says, “Why such a result for an organization, which has the mandate among its core objectives to help provide developing countries with trade opportunities commensurate with their development needs? For two reasons which are closely interlinked: short-sightedness of trade policies and secret diplomacy.”

The short-sightedness of trade policies revolve around the current rules set down by the WTO that sees trade liberalization as the only answer, even when there is market failure, imperfect competition, or public goods which warrant state interventions. Development of a country’s domestic industry is crucial before it is able to compete in the global marketplace. The United States had protectionist policies to grow its home industries before competing in the international market. The present policies of the WTO are a ‘one size fits all mentality’ and ignores the diversity of a country’s situation in terms of development, natural resources, and political constraints. Natalie Goldstein’s book, *Globalization and Free Trade*, is an excellent resource on the history and function of the WTO in today’s global marketplace.
The interests of specific industries are what characterize the policies of many developed countries. The stated goal of negotiations is to increase one’s country’s exports, even if that means great economic pain and political unrest to other WTO members. In order for sustainable development, there needs to be ethical trading agreements between nations. As the Oxfam reports says, “Keeping two-thirds of the WTO membership and an equal share of the world’s population in extreme poverty amounts to shooting yourself in the foot. It also completely ignores the links between growth, reduced inequalities and international security.”

**The Potential for Change**

The international community, non-governmental organizations, civic leaders, religious groups, and countries are joining hands in an effort to change the rules of trade that the WTO endorses. The Fair Trade Movement is a grassroots effort that has as its mission improving the trading relations of the economically disadvantaged and marginalized people through conventional trading strategies. The suggestion by the National Cotton Council of America to the C-4 countries was that they needed to diversify out of cotton. The Fair Trade Federation, however, has another alternative. It is now working with the C-4 countries and other developing cotton-producing countries to produce and market fair trade and organic cotton.

The National Cotton Council of America represents the cotton producers in the United States. Its response to cotton subsidies is that subsidies have helped them to establish a stable income for 340,000 people employed in some of the poorer Southern
According to the National Cotton Council, ancillary industries benefit by creating jobs in the areas of crop-protection chemicals and machinery. It appears that the chemical and seed company, Monsanto, is also reaping the financial benefits of cotton production.

**Genetically Modified Cotton and its Dangers**

The chemical company Monsanto is making millions on the herbicide Roundup, which is sprayed on the cotton fields. Thirty percent of Roundup sales went towards cotton production is 2007. Monsanto developed genetically modified (GM) cotton, and it was first planted in the United States in 1996. Genetically modified cottonseeds are seeds that are able to withstand “over the top” applications of Roundup herbicide. Thus, Monsanto has made huge profits from both their seeds and their herbicide. Monsanto stock increased in value from $11 to $125 a share between May 2003 and May 2008. Clearly, Monsanto is one of the largest profiteers and promoters of domestic cotton production.

Genetically modified seeds continue to be developed by Monsanto with worldwide controversy about the potential dangers to the ecological balance from using genetically modified seeds. GM cotton seeds are injected with the natural bacteria, Bacillus thuringiensis (Bt). Bt cotton is advantageous in that it is resistant to the bollworm and other pests; however, there are problems of other hardier pests developing resistance to Bt cotton, as the ecosystem finds new ways to counterbalance this strain.
In 1998 the World Bank’s structural adjustment policies forced India to open up its seed sector to global corporations.\textsuperscript{111} This changed the way cotton was grown in India overnight. Many of India’s small cotton farmers bought the expensive GM seeds, which needed fertilizers and insecticides. These seeds cost the Indian farmer six times as much as traditional seeds, and they did not have the irrigation facilities necessary to increase crop yields. As a consequence over 250,000 Indian cotton farmers have committed suicide from 1997 to the present day.\textsuperscript{112} The reason cited for the massive number of cotton farmer suicides is the high debt they incurred, and were unable to pay, often losing their farms. According to Vandana Shiva, physicist and human rights activist, the suicides are a symptom of corporate globalization and its lack of respect for the planet and the people who live on it.\textsuperscript{113}

In October 2011 a report published by Navdanya International, the International Commission on the Future of Food, with the participation of the Center for Food Safety, released \textit{The Global Citizen’s Report on the State of GMO’s: Failed Promises, Failed Technologies}. This report has the support of twenty Indian, South-East Asian, African, and Latin American food and conservation groups, representing millions of people.\textsuperscript{114} The report presents the facts about GM crops and how they are faring throughout the globe. For example, in China where insect-resistant Bt cotton is widely planted, the populations of secondary pests has increased twelve fold since its introduction.\textsuperscript{115} \textit{The International Journal of Biotechnology} found that the increased use of pesticides needed to combat these new pests has canceled out any of the benefits.\textsuperscript{116} These
“super weeds” have now evolved resistance to glyphosate, the main ingredient in Round Up.\textsuperscript{117} This is known as the pesticide treadmill; while plants and weeds are developing genetic traits of pesticide resistance, there is a tendency to gradually lead to a more resistant population. More and more chemicals are needed to control the pest population that continues to develop resistance to each new type or class of pesticides.\textsuperscript{118}

The report presents the experience of the farmers on the ground, indicating that farmers are becoming increasingly indebted due to the high costs of seeds, chemicals, and other farm inputs. This is happening to small farmers throughout the world. Many environmentalists, scientists, and food and agriculture activists are fighting for ecological farming, promoting a natural balance with the earth, representing farming cultures throughout the world.

Monsanto has spent millions on lobbying and promoting GM crops, with the real intention of controlling the seed market through patents and spreading genetic contamination of GM crops with traditional, non-GM seeds.\textsuperscript{119} After spreading genetic contamination, Monsanto then sues farmers as “intellectual property thieves.”\textsuperscript{120}

The seed market in India is an example of seed monopolies over which Monsanto has gained control in just ten years. Through mergers, patents, and cross-licensing agreements, Monsanto now controls 95 percent of the cotton seed market in India.\textsuperscript{121} The 250,000 cotton farmers who have committed suicide have done so because of the corporate infiltration on small-scale farmers’ livelihoods. Monsanto now
controls the world’s biggest seed company, Seminis, and also has cross-licensing arrangements with BASF, BAYER, DuPont, Sygentia, and Dow. They have agreements to share patented genetically engineered seed traits with each other. As Vandana Shiva says in the report, “The giant seed corporations are not competing with each other. They are competing with peasants and farmers over the control of the seed supply.”

Why Organic Cotton

Why organic cotton? Cotton that is conventionally grown has the largest carbon footprint of any single agricultural product. This amounts to 10 percent of the world’s pesticides and 25 percent of the world’s insecticides. It takes one-third of a pound of chemicals to make one T-shirt and three-fourths of a pound of chemicals for the cotton in one pair of jeans. Cotton uses approximately $2.5 billion worth of pesticides yearly. Cotton farmers use some of the most hazardous pesticides on the market, pesticides originally developed as toxic nerve agents during World War II. Even when pesticides are used according to instructions, they can poison farm workers, contaminate ground and surface water, and kill beneficial insects and soil micro-organisms.

Farmers in developing countries are at the greatest risk of pesticide poisoning. They often use pesticide application equipment that is outdated, resulting in spills and poisoning. Cotton farmers in industrialized countries are also at risk for pesticide illnesses. The reasons some farmers are now farming organically is because of the high incidence of cancer among cotton farmers. Le Rhea and Terry Pepper are founders of
the Texas Organic Cotton Co-Op, which produces 13 percent of the organic cotton grown in the United States. In the late 1980s La Rhea’s father encouraged them to begin growing organic because of the high incidence of Texas cotton farmers dying prematurely. They did so, and today they are at the forefront of the organic cotton movement in the United States.

Organic farming is an alternative to growing monoculture crops that use genetically modified seeds with its continual dependence on insecticides and pesticides. Organic farming is based on using traditional methods of agriculture, where crops are grown with low-impact to the environment. It is better for the environment and for the farmers.

An example of conventional cotton farmers switching to organic cotton farming is the company Agrocel of India, an offshoot of a larger Indian company known for its pesticide manufacturing. The reason that the parent company, Excel Crop Care, is now helping farmers switch to organic methods is largely due to its philanthropic founder G. C. Shroff. He initially thought that, after India’s independence from Britain in 1947, the way to help farmers was through the introduction of pesticides to increase yields. He later realized that growing organic cotton was the preferred method of farming, and thus Agrocel is growing organic cotton. Agrocel has established one of the world’s largest farmers’ associations for producing organic cotton. It is now certified with the Fairtrade Foundation. There are over 560 small scale farmers who are growing organic cotton, and receiving a premium price from Agrocel. According to the farmers,
after going to Agrocel classes, they decided to return to composting farm waste, recycling cattle dung onto the fields, and using natural plants to ward off pests. The positive environmental benefits to growing organic cotton cannot be disputed. Sustainable cotton production is essential for the health of the environment.

Presently, the demand for organic cotton outstrips the supply. Big retail giants like the British company Marks & Spencer’s (M&S) want to buy all of Agrocel’s fair trade organic cotton. Agrocel, however, is remaining faithful to its long-time buyers. The big brands have to wait in line.

Another effort, The Sustainable Cotton Project (SCP), focuses on the production and use of organic cotton in the U. S. The philosophy of SCP is “cooperation for change” through information-sharing among farmers, manufacturers, and consumers. SCP, founded by organic farmer and activist, Will Allen, arranges bus tours to California’s San Joaquin Valley so that consumers and representatives from corporate cotton retailers are able to get a first-hand look at how conventional cotton is grown. Representatives from Ikea, Levis, Gap, and Nike have all been on this tour. On the tour, they see how crop dusters pour insecticides on the cotton fields. They also visit a dairy farm, and are confronted with the cotton trash, discarded during the ginning process. The dairy owners buy gin trash for the cows to sleep on, and they use the hulled meal for its high protein content for feed. The dairy cows eat the pesticide-laden cotton trash that they sleep on. Chemically treated cotton indirectly ends up in our milk and our meat.
has developed the Cleaner Cotton Campaign with the intention of helping manufacturers incorporate organic cotton fibers into their existing products.

Organic cotton production grew over 20 percent from 2007 to 2008 to 175,113 metric tons, grown on 625,000 acres. Organic cotton accounts for 0.76 percent of global cotton production. Organic cotton is grown in twenty-two countries. The top producers are India, Turkey, Syria, Tanzania, China, the United States, Uganda, Peru, Egypt and Burkina Faso. There were about 220,000 farmers who grew the cotton in 2008.\(^\text{135}\)

**Organic Cotton as an Alternative for Small - Scale Farmers**

Cotton farmers throughout the world have been adversely affected by global competition. One alternative to the free trade model of business is the fair trade one. The fair trade movement has as its mission to improve the lives of the disadvantaged farmers and workers in the world. This goal advocates the production of organic cotton as an alternative fiber because the fair trade clothing that is made from fibers grown by farmers who are growing organic cotton and also receiving better wages for their cotton crops. Certified Organic Cotton, Fair Trade Cotton, and Cotton Made in Africa (CmiA) are organic all cotton certifications enabling small-scale cotton farmers in the developing world to stay in business.

Certified Organic cotton uses the principles of agro ecology instead of agrichemicals. It uses natural farming methods to build soil fertility, water quality, and uses natural means for controlling pests. Organic cotton is the only agricultural method covered by international regulations and guidelines. It may take up to three years for
conventional cotton farmers to transition to organic standards. Certified organic cotton growers must abide by the International Labor Organization’s labor standards. Certified organic cotton is traced from the farmer through the supply chain to ensure the organic status.\textsuperscript{136}

Fairtrade cotton is based on connecting consumers with producer cooperatives in the developing world, offering a better price to producers for their cotton. Fair trade certification is intended to ensure socioeconomic and environmental standards. It addresses environmental sustainability, banning GMOs and dangerous chemicals which adversely affect the environment. Fairtrade cotton integrates improved social and labor standards throughout the manufacturing stages.\textsuperscript{137}

Cotton made in Africa (CmiA) is cotton produced by smallholder farmers and cotton companies that comply with CmiA standards. CmiA cotton bans the use of GMOs and restricts the use of certain agrichemicals. CmiA is verified every two years by independent organizations.\textsuperscript{138} CmiA cotton is giving African cotton farmers the opportunity to have a niche market, allowing them to continue growing their cotton to make a living.

As organic cotton apparel has become more desirable, some of the big companies have jumped on the opportunity to have a specialized market with organic cotton apparel. The question that begs to be asked therefore, is whether organic cotton apparel is helping to raise the bottom in the race to the bottom? What effects do the big retailers have on the social and environmental standards for organic cotton? Does
the switch to organic cotton that benefits small farmers also benefit the people who
sew the organic cotton apparel?
CHAPTER VI

COMPANY RESEARCH

Compiling historic and current accounts of labor issues in the textile and apparel industry and how they intersect with organic cotton clothing in today’s marketplace brings one to question whether environmentally sustainable cotton clothing means better social standards for the farmer-to-garment supply chain. In seeking to answer this question, I researched five retail companies known for their organic cotton apparel. I focused my research on two of the largest companies manufacturing organic cotton clothing, one mid-sized company, and two smaller companies, thus giving a broad spectrum of organic cotton manufacturing. Does manufacture of organic cotton apparel mean better wages for the farmer-to-garment supply chain? Using published data; I researched and evaluated the following information and issues; while trying to address the associated questions:

1) What is the Company’s mission statement?

2) What are the primary locations the Company is contracting with for the manufacturing of organic cotton apparel?

3) How does the Company address Corporate Social Responsibility within the supply chain?
4) Does the Company use internal or external monitors to monitor its contractors?

5) Is the Company’s supply chain transparent?

6) With which trade associations is each Company involved?

7) Does the Company allow freedom of association?

8) What is the Company’s motivation for using organic cotton?

The two biggest buyers of organic cotton for clothing manufacturing are H & M and Nike. Patagonia is a mid-sized company that was one of the first users of organic cotton for its clothing production. The two smaller companies that I researched are Maggie’s Organics and Earth Creations.

The information, obtained from these companies was sourced from their websites, which include the Sustainability Reports. I have also read numerous news reports from business news, international labor news, and cotton and agricultural market reports. The internet provides access to the most immediate information about the actual doings of the companies, and supplements information on the companies’ own websites, which may be skewed in their favor.

**Hennes & Muritz (H & M)**

H & M Hennes & Muritz (operating as H & M), is a Swedish multinational retail company that is the number one buyer of organic cotton in the world. H & M sells clothes under the brand names H & M, COS, Monki, Weekday, Cheap Monday, and Interior Textiles for H & M Home. This fast fashion company is the second largest global
clothing retailer in the world. Interbrand, the leading global marketing brand firm, has ranked H & M in the top twenty most valuable brands, valued at eleven billion dollars in 2009. H & M’s headquarters are in Stockholm, Sweden. The home office controls the steps of production from merchandise planning to establish specifications. H & M has about 104,000 employees, working in various operations in its 2,800 stores that are located in forty-eight countries.

H & M’s business concept is to offer fashion and quality at the best price. CEO Karl-Johan Persson considers sustainability as the core concept of quality and a key part of H & M’s corporate values. He says that customers are at the heart of its business and they are interested in sustainability. Persson notes, “We want them to feel confident that everything they buy from us is produced with respect for people and the environment. Adding sustainability value to our products is therefore an important way of strengthening our customer offering.”

Location of Manufacturing for Organic Cotton Apparel

The manufacture of H & M’s apparel production is outsourced to approximately 750 suppliers that are owned or subcontracted to 1650 factories. There are over one million workers who work in supplier factories, located primarily in Bangladesh, China, and Vietnam. It also has contract suppliers in Europe, the Middle East, and Africa.

H & M started buying from Bangladesh in 1982 and continues to source a large percentage of its apparel production from that country. The company sources more apparel from Bangladesh than any other retailer. Bangladesh has the lowest labor
costs for apparel production in the world, with a minimum wage of ten cents an
hour. 146 Bangladesh with 4,500 garment factories has become the world’s second
largest exporter of clothing after China. Garment manufacturing makes up 80 percent
its 24 billion in annual exports. 147 As Arvind Singhal, chairman of India-based retail
consultancy Technopak Advisors concisely put it, “The reason Bangladesh went from
zero to hero in the garment sector is because there is no country with such low labor
and other costs...Currently, there is no substitute for Bangladesh, where manufacturers
even risk operating from rickety structures to cap costs.” 148 H & M spokeswoman Elin
Hallerby said since the latest factory fire accident in Bangladesh, “We are not reducing
our purchases from Bangladesh. We aspire to have long-term relations with our
suppliers.” 149

**Factory Monitoring for Corporate Social Responsibility**

H & M uses internal monitors to monitor its contracting factories. The reason
the company has its own monitors is so that it can get a clearer picture of how well its
suppliers comply with H & M’s social and environmental requirements. 150 Factories that
manufacture for H & M must sign an agreement that they will comply with H & M’s
Code of Conduct, which is accessed by the Full Audit Programme (FAP). There are
seventy auditors, based in production offices in Europe and Asia who audit 1650
factories. 151

The Full Audit Programme takes into account management system analysis,
capacity building, and training measures. The auditing process involves inspection of
the factory site, management investigations, workers’ interviews, and an examination of a variety of company files and records, such as time-sheets, to determine compliance.\textsuperscript{152}

The minimum requirements that supplier factories must meet are the following:

1) Absence of forced labor.

2) A ban on child labor.

3) No detectable breach of freedom of association.

4) Payment of at least the relevant minimum wage.

5) Fundamental safety provisions.

6) No use of banned chemicals in accordance with H & M’s Chemical Restrictions.

7) Wastewater treatment (for factories with wet processes).

8) Full transparency.

9) Access to all relevant factory areas.\textsuperscript{153}

H & M measures its supplier factories’ sustainability performance with a grading system called the Index Code of Conduct.\textsuperscript{154} A score of one hundred percent means that the supplier meets all of the requirements and the expected quality of its management systems. The index is the primary tool the auditors use for follow-up and reporting in the supply chain’s sustainability performance. H & M allows some of its suppliers to hire home-workers, which allows some workers to do such things as beading or embroidery at home. These suppliers are required to inform H & M when homeworking is being used.
One of the ways that H & M is encouraging workers to learn about their rights is through a series of films that cover some of the issues that constitute the Full Audit Programme reviews. The films cover issues such as maternity leave, leave and documentation, abuse and grievances, health and safety, and overtime. There have been over 440,000 Bangladeshi workers who have been educated on their rights through these films since 2008.

H & M is working toward better fire safety in its supplier factories. Together with eighteen other large multinationals, the company is training suppliers and workers on good fire prevention and safety. H & M has developed two training films, which will be shown in all of the members’ factories within the next two years. Bangladeshi garment factories have negligible safety standards, with overcrowding and locked doors commonplace. The recent factory fire at the Rana Plaza factory complex outside of Dhaka in April, 2013 in which 1,132 people died brought to the world’s attention, at least for a short while, the unsafe factory conditions in Bangladesh’s garment factories.

President Obama has responded to the latest apparel factory fire by suspending Bangladesh from a trade program that grants preferential access to the American market, known as the Generalized System of Preferences. The intention is to exert pressure on the government of Prime Minister Sheikh Hasina. Her government has proposed changes to the country’s labor laws that have prevented workers from unionizing in export-processing zones where many of the factories are located.
Transparency

In 2013 H & M finally listed the location of the factories it contracts with. The website gives the supplier name, the factory name, and the factory address. The website does not give the size of the company nor the number of employees.

Trade Affiliations

In 2011 H & M joined the Fair Wage Network (FWN). The FWN is an initiative of Daniel Vaughan-Whitehead and Auret Van Heerden, the CEO of the Fair Labor Association. This initiative is seeking to ensure coherence in the wage area at both international and national levels. The initiative involves NGO’s managers, workers’ representatives and researchers. This is a step in the right direction for the company. H & M is also a member of the Fair Labor Association.

Freedom of Association

H & M is operating in countries with the lowest labor costs. Generally, poor countries do not enforce labor laws. Freedom of association is considered a basic right for workers by the International Labor Association. Export processing zones, where many of the garment factories are located, have their own set of rules. One of them is the “no union” rule.

Organic Cotton Initiatives

The Conscious Actions Sustainability Report 2011, is an eighty-nine page summary of the company’s progress in sustainability. ‘People, planet and profit’ are the
three key elements that give direction to the business decisions. There are seven long
term commitments to achieve these goals. They are:

1) Provide fashion for conscious customers.
2) Choose and reward responsible partners.
3) Be ethical.
4) Be climate smart.
5) Reduce, reuse, recycle.
6) Use natural resources responsibly.
7) Strengthen communities.162

H & M is collaborating with its business partners, stakeholders, and with
communities where they operate in attempting to meet their Conscious Actions goals.
This includes cotton farmers, workers in supplier factories, employees, and
customers.163 The Head of Sustainability reports directly to the CEO. The twenty-nine
person Sustainability Team is responsible for developing global targets, reviewing
progress, and advising departments of the development and implementation of
Conscious Actions progress. The focus of the Sustainability team is to work toward the
seven core commitments, which are reviewed twice a year.164 H & M says that it is
committed to transparent reporting practices. Its involvement in multi-stakeholder
initiatives adds value and credibility to their reporting, and helps address key issues.

H & M uses the Global Reporting Initiative (GRI) Sustainability Guidelines.165 The
Global Reporting Initiative is one of the world’s most prevalent standards for
sustainability reporting. It is a multi-stakeholder, non-profit, international organization that is concerned with environmental sustainability. It is a collaborating center for the United Nations Environmental Programme. GRI’s format is similar to a financial report. Through systematic reporting the data is studied that gives information about economic, environmental, social and governance performance. Organization stakeholders provide the funding for the organization. Sustainability reporting is monitored on an ongoing basis, and this information can then provide data for senior management and how this will affect the company’s strategies and policies. The GRI goal is to help companies manage change towards a more sustainable global economy.

Both Nike and H & M use GRI reporting for tracking their sustainability issues.

H & M is the world’s biggest buyer of certified organic cotton in the world. They began incorporating organic cotton into their cotton clothing in 2004. A few years later H & M launched its first one hundred percent organic clothing line in 2011, The Conscious Collection. Currently 7.6 percent of their cotton is produced organically. Their long term goal is to source 100 percent of its cotton from sustainable cotton sources.

H & M is working with the Better Cotton Initiative (BCI) to buy more sustainable cotton. BCI is cotton that is grown with less environmental damage; however, it is not considered organic cotton by the Global Organic Textile Standards (GOTS), which is the industry’s gold standard, because genetically modified seeds may be used. Also, GOTS
cotton includes strong labor standards for the farmers, whereas BCI cotton does not have the stricter labor standards within its accreditation program.\textsuperscript{170}

**Nike, Inc.**

Nike, Inc. is the second largest buyer of organic cotton in the world according to the 2011 Textile Exchange’s Organic Cotton Market Report.\textsuperscript{171} Nike, Inc. is an American Multinational corporation headquartered in Beaverton, Oregon. Nike, Inc. designs, develops, and markets footwear, apparel, equipment, and accessories. It is the world’s leading supplier of athletic shoes and apparel, with revenues over $24.1 billion in fiscal year 2012.\textsuperscript{172} The Nike brand is valued at $10.7 billion, making it the most valuable brand in the sports business.\textsuperscript{173} Does the distinction of being one of the world’s biggest buyers of organic cotton indicate that the farmers who grow the organic cotton and the apparel workers who make the clothing are getting a fair wage, a living wage?

Nike’s website is full of passionate verbiage, “Athletes push themselves toward higher and higher levels of performance. They want to achieve that breakthrough moment, their personal best. That’s how Nike approaches corporate responsibility - addressing impacts throughout our supply chain - it’s about striving for the best, creating value for the business and innovating for a better world.”\textsuperscript{174}

**Location of Manufacturing for Organic Cotton Apparel**

As of May 2012, Nike had manufacturing contract facilities in forty-seven countries and worked with 1034 factories. The Nike website stated, “Our greatest responsibility as a global company is to play a role in bringing about positive, systemic
change for workers within our supply chain and in the industry. When we look at our overall impact on the world, the needs of nearly one million workers in Nike’s contract supply chain overshadows any other group.”

The majority of Nike’s contract factories are in Vietnam, China and Indonesia. As of February 2013, Vietnam is the country with the most Nike contract workers. There are 268,445 workers in sixty-one factories. The female labor constitutes 80.9 percent of the workers, with an average age of thirty-one.

The minimum wage in Vietnam is currently at $67-96 per month. In January 2013; however, a 33 percent increase in the minimum wage was approved by the Vietnamese government, increasing workers’ pay to $89-125 per month in 2013. The reason the Vietnamese government raised the rate is because the minimum wage only covered 60 percent of the cost of living.

China is the second country with the most contract workers making Nike products. There are 251,539 workers in 157 factories. This comprises twenty-six percent of Nike’s manufacturing bases. The workforce, including management, is comprised of 71.9 percent female, with the average age of thirty-five. The external migration rate is 3.1 percent. The average wage for garment workers in China is ninety-three cents an hour.

The third country making Nike products is Indonesia with 165,913 workers in thirty-one factories. The female workforce in Indonesian factories is 79.3 percent, with an average age of thirty years. There is very little external migration in Indonesia.
Nike has been accused of abuses in its contracting shops since the 1970s when it was having shoes made in Taiwan and South Korea. As wages rose in those countries, Nike moved its operations to where labor was cheaper and labor unions were prohibited. Nike has stated that it is making concerted efforts to improve the working conditions in its contract factories. It must be noted, however, that countries where its products are made are countries with some of the lowest paid workers in the world.

Jim Keady is the director of Educating for Justice, a nonprofit company based in New Jersey. For the past twelve years, he has been an anti-sweatshop activist, working to promote worker rights for workers in Nike factories in Indonesia. In 2000, he was the assistant coach of St. John’s University’s national championship soccer team. At that time this New York Catholic University accepted a $3.5 million Nike sponsorship. Because of the sweatshop abuses in Nike factories, he refused to wear the Nike logo. His coaching contract was not renewed, but he found his calling in helping Nike contract workers win ground in their plight for a living wage. In 2000 he went to Indonesia to find out first-hand about how the workers who made Nike products lived. He lived for one month in Jakarta’s industrial satellite city with Nike production workers. He found out how difficult it is to live on less than one hundred dollars a month, living in squalid conditions. He lost twenty-five pounds, and has since become Nike’s greatest critic. Jim Keady’s ongoing campaign, TEAM SWEAT, can be found on the website teamsweat.org.
Factory Monitoring for Corporate Social Responsibility

Nike hires internal monitors and third-party monitors to monitor its contracting factories. The Sustainability Business Report says that Nike is working toward establishing long-term relationships with fewer factories, rather than having short-term transactional contracts. From 2009 to 2011 Nike reduced the number of contract factories it sourced with by 10 percent, while increasing revenues by almost 9 percent over the same period.\(^{183}\)

According to the Sustainability Report, auditing factories is now a higher priority for the company. In 2009 less than 50 percent of its factories were audited. In 2011, 80 percent of the factories were audited.\(^{184}\) Nike’s team of auditors consists of seventy Nike employees for 900 factories, which employ over a million workers. Nike also hires third-party auditors who monitor factories every twelve to eighteen months.\(^{185}\)

GLOBAL NUMBER OF FACTORY AUDITS FOR NIKE

<table>
<thead>
<tr>
<th>FY</th>
<th>AUDITS</th>
<th>THIRD PARTY</th>
</tr>
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<tbody>
<tr>
<td>FY09</td>
<td>515</td>
<td>60%</td>
</tr>
<tr>
<td>FY10</td>
<td>1,030</td>
<td>60%</td>
</tr>
<tr>
<td>FY11</td>
<td>1,161</td>
<td>59%</td>
</tr>
</tbody>
</table>

Figure 6.1. Factory auditing includes annual assessment, compliance visits, ERA, ESH Audit, Licensee, M Audit, MAV, NSAP and Third party Audits.\(^{186}\)

Factory auditing is the way Nike accesses which factories with which to source and create longer-term relationships going forward. In 2012 Nike implemented a new
Manufacturing Index (MI) that is based on a scorecard of key performance areas. Quality, Cost, Delivery, and Sustainability performances are now graded, and this gives Nike a better indicator of which factories are better for manufacturing its products.

**Transparency**

In 2005, Nike became one of the first companies in the industry to disclose its factory list. Its website provides a list of all the contracting factories for the NIKE brand, as well that those factories that manufacture for NIKE, Inc. Those brands include the NIKE brand, Cole Haan, Converse, Hurley, Jordan Brand, Nike Golf, and Umbro products. The lists provide the factory name, address, email contact, and phone number.

The Worker’s Rights Consortium (WRC) put a lot of pressure on Nike to disclose the factory list and locations. The WRC is an independent labor rights monitoring organization. The consortium investigates working conditions in garment factories around the globe. The mission of WRC is to “combat sweatshops and protect the rights of workers who make apparel and other products.” The WRC focuses primarily on schools and university apparel. It is funded by hundreds of colleges and universities that are its contributors.

The Nike website makes you want to join the team. The company’s CEO, Mark Parker, says that there are three specific lessons that will help Nike make meaningful progress in making a better world. Those three lessons are:
1) Collaboration with other global players. Nike is a member of the United Nations Global Compact Initiative, and supports its principles. It also reports its carbon data to the Carbon Disclosure Project.  

2) Transparency is another goal that the Nike Company is working towards, as it connects with governments, NGOs and other companies. An example of Nike’s transparency improvements is disclosing its factory lists.

3) Nike is working at sharing innovation with its competitors in ways that will improve their environmental sustainability.

Sustainability is no longer an addendum to Nike’s core operations, but is central to growth potential for Nike. Nike’s Sustainable Business Report of 2012 is an overview of its performance in manufacturing and sustainability. It gives stakeholders and stockholders an understanding of past performance and ways that Nike is moving forward in its business practices. This new vision for Nike manufacturing is based on a new roadmap, “one that is lean, green, equitable and empowered.”

**Trade Affiliations**

Nike is a member of the Fair Labor Association. It is also a member of the United Nations Global Compact Initiative.

**Freedom of Association**

In 2012 Keady helped coach the National Workers Union in Indonesia through the ground-breaking eleven-month Nikomas campaign. The supplier company for Nike, Pt Nikomas Genmilang, had to repay 4437 production workers $869,000 for almost
600,000 hours of forced, unpaid overtime. Bambang Wirahyosa, chairman of the National Workers Union, said of the victory that it is a “potential shock treatment for Indonesia’s labor movement.” Indonesian workers have the freedom to organize. Keady said, “If I tried to do in China or Vietnam what I do here, I would be deported - at best.”

On January 1, 2013 the Jakarta city government and some provinces in Indonesia raised the minimum wage by 44 percent, to $228 per month. This victory came after millions of workers went on strike in 2012 over low pay and cost of living increases. Indonesian suppliers for Nike are seeking exemption to the minimum wage, which companies can apply for if they cannot afford to raise wages. Even though minimum wage exemptions are legal, trade unionists said it was wrong to apply for them because the minimum wages were insufficient to cover the costs of a decent life. According to Keady, only one of the seven Nike supplier factories he investigated has agreed to pay the new minimum wage. Nike’s response was that it “takes these claims seriously” and is investigating them. It confirmed that some contractors were in discussion with local governments and that it expects that such conversation “to take place within the provision of the legal framework in Indonesia.”

Organic Cotton Initiatives

In 1996 Nike began its study of cotton usage, and because of this study Nike began incorporating organic cotton into its cotton clothing the following year. Nike’s goal was to increase the amount of organic cotton to a minimum of 3 percent in its
cotton clothing. In 1997, Nike launched its organic blending program with 250,000 pounds of organic cotton. Nike quickly realized that there was not enough organic cotton supply to meet the demand. Nike then helped launch Organic Exchange, an organization whose purpose it is to facilitate the growth of the global organic cotton industry by bringing together the players in the organic cotton value chain. This non-profit organization is committed to building a robust organic cotton industry by growing organic fibers and expanding training and recruitment in every cotton-growing country.

Nike continued to increase its usage of organic cotton and, by 2011, 5 percent of its cotton was organic. The 5 percent blend has now become an industry standard, since the yarn suppliers that it uses also supply a wide variety of other smaller brands. Nike now has a goal of having a minimum blend of 10 percent organic cotton in all cotton-containing apparel by 2015. Nike sees that its greatest impact will be the change that it will drive within the industry; because of the size of the company, a 10 percent organic cotton yarn will likely become an industry standard.

Nike is working with the Better Cotton Initiative (BCI) which helps farmers transition from conventional cotton to organic cotton in less time. It generally takes three years of growing organic cotton before it can be certified organic. Adidas, Gap Inc., H&M, ICCO, IFAP, IKEA, Organic Exchange, Oxfam, PAN UK, and WWF founded BCI in 2005. It establishes standards for management of inputs, including pesticides, fertilizers, and water.
Why Better Cotton? The biggest buyers of cotton are aware of conventional cotton’s unsustainable production methods. The case for returning to sustainable cotton production is central for lowering the production costs of cotton. BCI seeks to reduce the amount of water and chemicals used to grow cotton. This will hopefully improve social and economic benefits for cotton farmers worldwide. The Better Cotton Initiative does not provide a labeling system for standards, such as Fair Trade Cotton or Certified Organic Cotton.

The World Wildlife Fund (WWF) is a member of the BCI. Studies conducted by the WWF have shown a reduction in pesticide use of 32 to 81 percent, water savings of 32 to 49 percent, and profits of participating farmers increasing by 20 to 50 percent. Better Cotton may come from genetically modified seeds, setting a lower bar than Certified Organic cotton standards. The following chart (Figure 3) details the difference in the standards for BCI cotton (OE 100 and OE Blended) and the Global Organic Textile Standard (GOTS). GOTS standards set a higher bar for certification of organic cotton. GOTS not only covers the fiber, but includes worker safety, consumer safety and social criteria. BCI is lowering the environmental and labor standards under its brand.
<table>
<thead>
<tr>
<th>OE 100 and OE Blended</th>
<th>Global Organic Textile Standard</th>
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</thead>
<tbody>
<tr>
<td>Requires organic certification to an appropriate government standard at the farm level.</td>
<td>Requires organic certification to an appropriate government standard at the farm level all the way to the finished goods and has additional requirements for worker safety, consumer safety, social criteria, and RSL/Chemical residues.</td>
</tr>
<tr>
<td>OE 100 only allows a minimum of 95% organic fiber (exclusive of threads or non-textile accessories). The remaining 5% cannot be cotton.</td>
<td>To be labeled “organic” requires fiber to be at least 95% organic. (The remaining 5% can be conventional fiber, but not of the same fiber as the organic portion).</td>
</tr>
<tr>
<td>OE Blended requires at least 5% organic cotton content for the blended standard allowing the remaining fiber to be any fiber, including conventional cotton.</td>
<td>To be labeled “made with organic” requires between 70% and 95% organic fiber content, and has restrictions on what the remaining fiber can be. Blending with conventional cotton is not allowed.</td>
</tr>
<tr>
<td>Currently only applies to cotton.</td>
<td>Applies to all natural fibers.</td>
</tr>
<tr>
<td>Allows for in-conversion cotton (must be marked on tag).</td>
<td>Allows for in-conversion cotton (must be marked on tag).</td>
</tr>
<tr>
<td>Tracks the fiber through the different processes.</td>
<td>Tracks the fiber and also performs chemical residue testing.</td>
</tr>
<tr>
<td>More cost effective to obtain certification, but only covers fiber content.</td>
<td>Requires increased commitment and cost, but is an all-encompassing standard.</td>
</tr>
<tr>
<td>Can apply to yarns, fabrics, garments and other fiber products.</td>
<td>Can apply to yarns, fabrics, garments and other fiber products.</td>
</tr>
</tbody>
</table>

Figure 6.2. OE 100 and OE Blended and GOTS Standards: A Quick Reference Guide.212

**Patagonia**

Patagonia is a privately owned company based in Ventura, California. Patagonia develops and markets clothing and gear for a variety of outdoor sports, travel and everyday wear. Patagonia is best known for its innovative designs, high quality products and environmental consciousness. Its mission statement is to “Build the best products, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis.”213 Respect and appreciation for the environment is at the heart of Patagonia’s business philosophy. “A love for the wild and beautiful places demands
participation in the fight to save them, and to help reverse the steep decline in the overall environmental health of our planet.” It is for this reason that Patagonia donates time, services, and at least 1 percent of its sales to hundreds of grassroots environmental groups all over the world who are working toward environmental sustainability.

**Location of Manufacturing for Organic Cotton Apparel**

Patagonia has contracting factories throughout the globe. The highest concentration of factories is in China, Vietnam, and Thailand. The company publishes its factory lists on the Footprint Chronicles. The Footprint Chronicles allow you to locate factories on an interactive map and find out about each company. The site gives information about the manufacturer’s primary function, the number of employees and their gender, as well as how long they have been manufacturing for Patagonia. The interactive map is highly informative, giving pictures of the factory, noting issues that they are dealing with and how they are resolving problems.

**Factory Monitoring for Corporate Social Responsibility**

In 2007, Patagonia hired Verite, an international nonprofit social auditing, training and capacity building organization, to train the seventy-five employees who visit the supplier factories to ensure that Patagonia’s Workplace Code of Conduct was being followed. One of the important points of Patagonia’s in-house production planning is to be aware and cut down on “just-in-time” orders that adversely affect factory workers. Patagonia’s design, development and production staff is in constant email contact with
the factories and visit them frequently. The quality and sourcing team members have been trained to identify and report human rights, as well as health and safety concerns in the factories.217

**Transparency**

Patagonia is continuing to expand their brand collaboration efforts in factory auditing and information sharing. Currently three of its cut-and-sew suppliers (out of eight factories) are FLA members. Patagonia has identified all subcontractors within its supply chain. It is now auditing 100 percent of its cut and sew factories.218 Patagonia has reduced the number of these factories from 109 to 55. It is working towards an integrated approach to corporate responsibility in its sourcing operations. The Company states, “When considering new factories we take a fourfold vetting approach - one that includes social and environmental practices equally with quality standards and business requirements like financial stability, adequate capacity and fair pricing.”219

The California Transparency in Supply Chain Act (S.B. 657) was signed into law in September 2010 and became effective on January 1, 2012. The law requires retailers and manufacturers doing business in California with gross receipts exceeding $100 million to disclose their efforts in eradicating slavery and human trafficking from their direct supply chain for goods offered for sale.220 The disclosure must be posted on the company’s website with a conspicuous and easily understood link from the homepage.

The reason for the law is to educate the public about supply-chain abuses in human trafficking, sometimes referred to as modern-day slavery. Human trafficking is
considered the second most prevalent illegal trade in the world, after the drug trade.\textsuperscript{221} According to the International Labor Organization’s estimates, there are over 12.3 million victims of forced labor worldwide.\textsuperscript{222} Textile and apparel workers who are making the developed world’s clothing are vulnerable to this type of abuse because they are the most desperate. Poverty is the common denominator when it comes to human trafficking; labor-intensive industries hire and abuse poor vulnerable women and children.\textsuperscript{223}

The ILO is taking a strong stance on the eradication of human trafficking and slavery. S. B. 657 is one step that California has taken to make sure that the retailers and manufacturers are making efforts at eradicating human trafficking in their supply chains. In section H of the bill it says, “Consumers and businesses are inadvertently promoting and sanctioning these crimes through the purchase of goods and products that have been tainted in the supply chain.”\textsuperscript{224} The bill says that because of a lack of publicly available disclosures, consumers are “at a disadvantage in being able to distinguish companies on the merits of their efforts to supply products free from the taint of slavery and trafficking.”\textsuperscript{225} Other states are working to pass similar legislation.

**Trade Affiliations**

In 1996 Patagonia was a founding member of the Fair Labor Association (FLA), an independent multi-stakeholder verification and training organization that audits their factories. There was a period of time after that when Patagonia’s business grew and as it says on the website, the company lost sight of FLA standards. It even dropped
membership in the FLA. In 2002, Patagonia hired a social responsibility manager to
monitor social compliance throughout its supply chain, and they again became a
member of the FLA. 226

**Freedom of Association**

One of the primary countries Patagonia sources with is Vietnam. Vietnam is a
socialist republic and does not recognize the right to organize. Even though freedom of
association is listed as one of Patagonia’s guiding principles in its Workplace Code of
Conduct, it is not recognized as a right in the country of Vietnam.227 Vietnam does not
currently have legislation in place that would allow factory workers to join unions. This
is also the case in China, the number one global supplier for apparel.

**Organic Cotton Initiatives**

Patagonia’s switch to organic cotton came in 1994. Patagonia had commissioned
an independent research company to assess the environmental impact of four of the
major fibers used in their industry. The study found that the “natural” fiber, cotton was
more environmentally toxic than oil-based polyester and nylon. After visiting the San
Joaquin Valley cotton fields, Patagonia’s founder Yves Chouinard decided the company
could no longer use conventional cotton in its products saying, “The most damaging
fiber used to make our clothing may actually be conventionally grown, 100 percent
‘pure’ cotton.”228
Maggie’s Organics

Maggie’s Organics is an organic apparel and sock company with its home office in Yipsilanti, Michigan. In 1992 Bena Burda, the founder of Maggie’s Organics, first began working with a corn farmer in Texas to improve the quality of his corn crop. The farmer decided to plant organic cotton in his three-year crop rotation and expected Burda to buy the 200 acres of organic cotton. Burda began making socks and apparel with the organic cotton. Burda had been an advocate for organic food, and accidentally came into the organic cotton business. It came as a surprise to Burda to learn of the environmental hazards of conventional cotton production. She became an avid proponent for organic cotton farming practices. Today, Maggie’s Organics is regarded as a model company for environmental sustainability and social responsibility.

The mission statement at Maggie’s Organics is to “produce and provide comfortable, durable, affordable and beautiful articles of apparel and accessories made from materials that restore, sustain and enhance the resources, including human, from which they are made.” This ethical mission statement is realized by knowing the players in its supply chain. This is the vital link that continues through the entire manufacturing process beginning with getting a product made and ending by seeing that it gets to market, with the intention of serving the planet and promoting the greater good, in the local and global context. Maggie’s Organics website lists its product lines, stating where the cotton was sourced, ginned, spun, dyed and cut.
Location of Manufacturing for Organic Cotton Apparel

As Maggie’s Organics expanded its product line, it learned first-hand about the working conditions in the plants that were making the T-shirts. They went to the factories and saw who was actually sewing the clothes. The workers themselves were disenfranchised from the customers, as well as from the companies who they sewed for. Through concerted efforts Maggie’s Organics began working with a community development organization, Jubilee House, which had been working with victims of natural disaster in Nicaragua. Together, Jubilee House and Maggie’s Organics developed a facility that is a worker-owned cooperative, called the Fair Trade Zone Sewing Cooperative.231 There are sixty-five women and they earn 70 percent more than the average annual per capita income in Nicaragua. As of 2008, the cooperative is owned and operated by the women themselves. The members decide collectively how they will be paid, what holidays to take, and other issues. By contracting the sewing of their garments to the cooperative, Maggie’s has made it possible for the women to create community sustainability in a highly impoverished area of Nicaragua.232

The success of the partnership with the Fair Trade Zone cooperative, Maggie’s Organics is now partnering or supporting the development of additional cooperatives in Nicaragua, Costa Rica, and North Carolina. Maggie’s Organics is supporting the development of a spinning cooperative next to the Fair Trade Zone, which will spin all the cotton yarn for its sister cooperative. Another worker-owned cooperative has been developed in Costa Rica and another one in Rural North Carolina.
Maggie’s Organics has developed three separate supply chains that produce all of their socks, legwear, and apparel. The socks are made by five family-owned mills in North Carolina. All of Maggie’s Organics socks have been made in the United States for the past eighteen years. Their tights and legwear are produced by Global Organic Textile Standards (GOTS) certified in Peru. The cotton is grown by cooperative farmers in the Canete Valley of Peru. Maggie’s apparel line is comprised of hoodies, dresses, wraps, scarves, pants, tanks, camisoles, and T-shirts. They are made from the company’s Central American supply chain. This supply chain developed as a result of Nicaraguan farmers converting to organic cotton farming when their conventional cotton industry was devastated. Today, the organic farmers are earning twice what they would for conventional cotton. The grower groups and co-ops that Maggie’s Organics has partnered with provide livelihoods for 1,200 workers.

Jubilee House helps coordinate all the growers, and worker-owned cooperatives for the ginning of fiber and the spinning of yarn. The yarn is then sent to CIA Textiles where it is dyed and finished into different fabrics. CIA Textiles was founded sixty years ago by a Jewish immigrant from Poland who was sent to Costa Rica to escape Nazi persecution. His vision was a business that was fair and equitable for his workers. The workers have a democratic workers’ association, above average pay, and they have other special work programs.
Factory Monitoring for Corporate Social Responsibility

Early in the history of the company, Maggie’s Organics has worked with a third-party verification program to certify that the working conditions and labor conditions in its supply chain were certified to be fair trade. It worked with Scientific Certification Systems (SCS) whose purpose is to support environmental sustainability. Through SCS’s Fair Labor Certification and later through Fair Trade USA, Maggie’s Organics was one of the first companies licensed to sell Fair Trade Certified organic cotton apparel. One hundred percent of Maggie’s Organics cotton product lines are certified organic.

Fair Trade USA is a 501C nonprofit organization, and is a member of the twenty-one member Fairtrade Labeling Organizations International (FLO). Fair Trade USA audits transactions between U. S. companies and the international suppliers from which they source. The purpose of the certification is to guarantee that the farmers and workers behind the Fair Trade Certified Label are paid above-market prices and fair wages. The FLO annually inspects producer organizations to ensure transparency, socio-economic criteria, sustainable farm management practices, and democratic decision-making for investment of Fair Trade premiums.

Trade Affiliations

Maggie’s Organics had worked for two years with third-party monitoring processes and recently decided to end the certification for fair trade because it was too costly and labor intensive for the farmers and workers in its supply chain. They felt that
there was just too much red tape. They are shifting away from third party-auditing programs and seeking alternative methods for sharing and verifying its trade practices.\textsuperscript{240}

Currently Maggie’s has completed a report through free2work.org. Free2work is a project of NotforSale and is supported by the International Labor Rights Forum (ILRF).\textsuperscript{241} Free2work addresses modern-day slavery within global supply chains. Their online site provides consumers access to in-depth assessments about how different companies are addressing human trafficking in their supply chains. Free2Work publishes and grades many brands and gives them a grade that is based on publicly available information and data self-reported by the company. This data examines companies’ efforts on the raw material level, where human trafficking is greatest, to the finished products. The four categories of assessment are the following:

1) Policies. This includes how the brand’s code of conduct, sourcing and subcontracting policies, and involvement with other organizations is working to combat child and forced labor.

2) Transparency and Traceability. This includes how the brand understands its own supply chain, and where it discloses this information to the public.

3) Monitoring and Training. This refers to how the brand monitors specific issues related to child and forced labor.

4) Worker Rights. This refers to how the brand actively supports worker well-being by ensuring that workers have the right to organize.\textsuperscript{242}
Thus far, Maggie’s Organics has been happy with the free2work program. They have found the report to be comprehensive, and thorough. Under this program their suppliers do not have to contend with lengthy audits. The free2work program does not cost Maggie’s Organics anything, which makes it easier for them to balance fair wages along the production chain, and still offer competitive retail pricing. The company’s website gives a thorough account of its business practices. Ethical business for Maggie’s Organics encompasses environmental sustainability along with fair labor practices.

**Freedom of Association**

Maggie’s Organics encourages freedom of association by partnering and helping develop worker-owned cooperatives. The founder of Maggie’s Organics, Bena Burda, believes that the worker-owned cooperative model in the U. S. is a way to create empowering economic opportunities for low-income communities.

**Organic Cotton Initiatives**

Maggie’s Organic is based on using organic cotton in its clothing and sock lines. It is the first company to be exclusively eco-conscious and socially responsible. Maggie’s Organics is at the forefront of the organic apparel movement and continues to be a leader in the organic apparel industry. As a member of the Organic Trade Association’s Fiber Council, Bena Burda helped develop the American Organic Fiber Processing Standards, which are industry-led and apply both to the U. S. and Canada. Organic Trade Association’s organic fiber processing standards were approved in January 2004, and address all stages of textile processing. This includes post-harvest handling, wet
processing, fabrication, product assembly, storage, transportation, pest management, and labeling finished products.\textsuperscript{245}

**Earth Creations**

Earth Creations, founded by Joy Maples and Martin Ledvina, is a clothing company that was founded on ethical business practices with environmental and social sustainability within its core objectives. Its website states: “At Earth Creations it’s important to us that our company and our garments positively impact the lives of everyone involved with it – from the organic farmer planting cotton, to the textile workers sewing fabric, to the people wearing our clothing.”\textsuperscript{246} The company uses organic cotton and organic hemp for its apparel, and uses low-impact dyes, with clay colored dirt as the basis for its dyes.\textsuperscript{247} The story of Earth Creations began seventeen years ago when Joy went for a bike ride after a heavy rain. Her socks and shirt were covered with Alabama mud. To her dismay, she found that she could not get the mud stain out of her shirt. However, Martin her boyfriend, thought that the clay would be a great natural dye for fabric. Through research, they developed a natural clay dye for fabric, and today have a successful clothing company with clay-dyed garments being a key part of their business.\textsuperscript{248}

Earth Creations began using certified organic cotton in 1997. The choice for organic cotton is simple...it is good for the earth to use sustainable farming methods to grow cotton. Organic cotton is used in every product that Earth Creations make. The certified organic cotton is sourced from growers in the United States.\textsuperscript{249}
Hemp is the other fiber that is used for this clothing line. Hemp is one of the most environmentally friendly fibers because it does not need any insecticides and pesticides to grow. Hemp is such a vigorous plant that it grows without the use of fertilizers, and produces three times more fiber per acre than cotton. Hemp is a great fiber to make into clothing because it is breathable, allowing it to be a practical fiber both in the colder and warmer climates.

Earth Creations uses clay as the basis for the dying process for its apparel, as ancient peoples throughout the world have for centuries. The clay is sourced primarily from Alabama, Georgia, and the Carolinas. The dye process Earth Creations has developed uses only natural and bio-degradable material to improve the clay’s natural dyeing process. Low-impact, eco-friendly dyes are also used in their garments. These dyes are in agreement with organic standards.

**Location of Manufacturing for Corporate Social Responsibility**

The social responsibility arm to Earth Creations is taken seriously. They support Fair Trade and Sweatshop Free practices. Workers are paid a fair wage, whether they are in the United States or in another country. Numerous apparel factories have shut down in the U. S. To avoid having to outsource their sewing operations overseas, Earth Creations was able to open their own sewing facility in 2004. Many of their employees once worked as sewers in the garment industry before their jobs were outsourced. Earth Creations is proud to offer jobs in the local community. The majority of Earth Creation’s clothing is made at its Moulton, Alabama facility. Joy stated:
Making the bulk of our clothes in Alabama is just one way our company tries to ‘Think Globally, Act Locally’. Not only does producing in our backyard help to revitalize the community, it’s kinder on the planet. And clothes made in the U.S.A., rather than some overseas location, ultimately lead to a smaller carbon footprint. We are fortunate to have customers who really appreciate this.  

**Factory Monitoring for Corporate Social Responsibility**

WRAP stands for Worldwide Responsible Apparel Production. During the mid-1990s when sweatshop-like conditions were being reported in apparel factories around the world, the American Apparel Manufacturers Association formed a task force to address this issue. This task force recommended the creation of an independent third-party organization, and WRAP was incorporated in 2000. WRAP does not take any funding from governments or corporations. Its mission is to reduce the prevalence of sweatshop conditions in factories around the world.

In order to offer better pricing on a few of its basic T-shirt, Earth Creations partnered with a plant in Nicaragua that is certified by WRAP. In order to be compliant with WRAP certification, a plant needs to provide a safe working environment, prohibit child labor, meet at least the minimum lawful requirements for wage, and allow the employees to form associations and unions.

**Trade Affiliations**

Earth Creations considers community involvement an important part of their business. The company donates irregular and overstock garments to organizations to those in need in both the United States and around the world. They have donated approximately $50,000 in clothing to many worthy causes. Earth Creations also donates
clothes to many organizations that are working to protect the Earth. Earth Creations has partnered with several organizations that are promoting earth sustainability. Some of these organizations are: The Audubon Society, The Dolores River Fund, Ogden Nature Center, Animal Acres, Georgia Organics, Organic Exchange, and the Organic Trade Association. The business model for Earth Creations “is to make a difference by bringing social consciousness and responsibility to the multi-billion dollar apparel industry.”

**Freedom of Association**

The majority of Earth Creations clothing is made in its Moulton, Alabama plant. Freedom of association is allowed in their Alabama plant. Some of their basic T-shirts are made in a WRAP certified plant in Nicaragua. WRAP certified plants must adhere to the ILO’s international labor laws, including the right for employees to freely associate and form unions.

**Organic Cotton Initiatives**

Earth Creations is at the forefront of the organic eco-friendly fashion business. The premise of the company is to provide environmentally sustainable and socially responsible apparel to the consumer

The five companies researched all have one thing in common – environmentally sustainable clothing production. Two of the largest global apparel companies that promote organic cotton production, H & M and Nike, are making a significant difference in the global purchasing of organic cotton. This is fantastic for the environment, and for
the fair trade organic cotton farmers; however, it has little impact on the organic cotton apparel workers, unless the apparel workers are connected to fair trade cooperatives. The organic clothing made by H & M and Nike is made in the same factories as the conventional cotton clothing.

Patagonia, the mid-sized company, has built its reputation around its image of being an ethical, environmentally friendly company. Organic cotton is used in all of its cotton apparel. As with H & M and Nike, Patagonia is having it clothing made in low-wage countries.

Maggie’s Organics and Earth Creations are the two smaller companies who use only organic cotton in its cotton clothing lines. Both companies share a similar philosophy – environmental sustainability and ethical social standards. Maggie’s Organics has made significant strides in contracting its production to worker-owned cooperatives and ensuring that both the farmers and the apparel workers are getting fair wages. Earth Creations is having the majority of its clothing made in its own apparel plant in Moulton, Alabama. This ensures that the apparel workers are getting a fair wage.
CHAPTER VII
SUMMARY

The challenges of manufacturing ethically sustainable clothing in the current system of apparel production are made difficult because of the extremely large, corporate led infrastructure that has profits as its central purpose. The human element of ethical business is missing from corporate led apparel production. The “race to the bottom” is tragically happening in apparel production, as well as with other labor intensive products. The world’s largest buyers of organic cotton, H & M and Nike, are making a difference in environmental production of cotton through their concerted efforts for more sustainable cotton production. It does not appear that these efforts to reduce cotton’s negative footprint have any affect for the apparel workers. The organic cotton clothing is made in the same “sweatshops” as the conventional cotton apparel. Patagonia, whom works toward ethical sustainability, is also having its clothing made in low-wage countries. The two smaller companies Maggie’s Organics and Earth Creations are making a difference for apparel workers because the philosophy of both companies includes ethical social standards along with environmental sustainability.

The following chart briefly summarizes how the five companies examined within this study fared regarding corporate social responsibility for organic cotton apparel. It
highlights the following six criteria for examination: The Location of the Manufacturing for Organic Cotton Apparel, Factory Monitoring for Corporate Social Responsibility, Transparency, Trade Affiliations, Freedom of Association, and Organic Cotton Initiatives.

<table>
<thead>
<tr>
<th>Company</th>
<th>Locations of Manufacturing for Organic Cotton Apparel</th>
<th>Factory Monitoring for CSR</th>
<th>Transparency</th>
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<th>Organic Cotton Initiatives</th>
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<tr>
<td>H &amp; M</td>
<td>Bangladesh, China, Vietnam, EMEA</td>
<td>Internal monitoring</td>
<td>Location of factories and countries on website</td>
<td>Fair Labor Association, Fair Wage Network</td>
<td>Limited, EPZ’s</td>
<td>#1 buyer of global organic cotton/ moving to BCI cotton</td>
</tr>
<tr>
<td>Nike, Inc.</td>
<td>China, Vietnam, Indonesia</td>
<td>Internal and third-party monitoring</td>
<td>Location of factories and countries on website</td>
<td>Fair Labor Association</td>
<td>Limited, EPZ’s</td>
<td>#2 buyer of global organic cotton/moving to BCI cotton</td>
</tr>
<tr>
<td>Patagonia</td>
<td>Vietnam, Thailand, China</td>
<td>Third-party monitoring by Vertite</td>
<td>Location of factories and countries on website</td>
<td>WRAP Fair Trade USA</td>
<td>Limited, EPZ’s</td>
<td>Purchases only organic cotton for cotton clothing</td>
</tr>
<tr>
<td>Maggie’s Organics</td>
<td>Central America, United States</td>
<td>Internal and third-party monitoring</td>
<td>Thorough review and list of manufacturers</td>
<td>WRAP Fair Trade Association Free2work</td>
<td>Yes, WRAP certified. USA plants worker owned cooperatives</td>
<td>Company philosophy based on organic apparel and ethical business</td>
</tr>
<tr>
<td>Earth Creations</td>
<td>Central America, United States</td>
<td>Internal monitoring</td>
<td>Apparel made in their own plant in Moulton, AL</td>
<td>WRAP</td>
<td>Yes, WRAP certified, USA plants</td>
<td>Company philosophy based on organic apparel and ethical business</td>
</tr>
</tbody>
</table>

Figure 7.1. A Summary of the Five Companies’ Performance in CRS for Organic Apparel.
Locations of Contractors for Organic Cotton Apparel

The most basic criteria for evaluating whether apparel is made with sweatshop labor are to consider where the apparel is manufactured. The minimum wage within the country is a good determinant as to whether the workers are receiving a living wage. It is clear that large multinational corporations in apparel and other labor-intensive industries are outsourcing to contract manufacturers with the lowest paid workers in the world. H & M works with 161 contract and sub-contract factories in China. The minimum was in China is ninety-three cents an hour. China is also the second biggest sourcing country for Nike. China is also one of Patagonia’s main sourcing countries for manufacturing.

Bangladesh is the second largest exporter of clothing, after China. It has the lowest labor costs in the world for garment manufacturing. In December 2013, the minimum wage in Bangladesh increased to sixty-eight dollars a month. This is a seventy-seven percent increase; this equates to about twenty cents an hour for garment workers. Ninety percent of workers in the garment factories are women. Tens of thousands of Bangladeshi garment workers hit the streets, demonstrating, rioting, and shutting down factories for four days in November, 2013. The Bangladeshi garment workers have forced the bosses into this increase, even though it is still the lowest minimum wage in the world.

H & M who sources with 164 factories in Bangladesh, has been proposing an increase in the minimum wage for some time. The poor working conditions in
Bangladesh have received international attention because of the many apparel factory fires.

The Southeast Asian country of Vietnam is another low wage country that is a major supplier of apparel for H & M, Nike, and Patagonia. The hourly rate for apparel workers is just fifty-two cents an hour.\textsuperscript{259}

Indonesia is another low-wage country that is making a lot of Nike products. The average wage for apparel workers in Indonesia is forty-seven cents an hour.\textsuperscript{260} This simply is not enough to cover the basic necessities for living. The Workers Rights Consortium, in conjunction with Cornell University, compiled a report on what is required to cover the basic necessities for living in Indonesia and found that a minimum of $1.31 is what is necessary for one person and two dependents to live minimally. The purpose of the study has been to determine a fair living wage for apparel workers for the purpose of implementing the living wage provision of the Designated Suppliers Program proposed by the United Students Against Sweatshops\textsuperscript{261} It gives an indication of the needed level of increase that is necessary in order to achieve a living wage within the Third World context for apparel production.\textsuperscript{262}

Patagonia sources its clothing primarily from China and Southeast Asia. This includes China, Vietnam, and Thailand. Again, all countries where H & M, Nike, and Patagonia source with are where the workers are working for extremely low wages.
Maggie’s Organics has its organic clothing made by 100 percent worker-owned co-operatives in Central America. The company has made strident efforts to ensure that its apparel suppliers are providing a fair wage to its workers.

Earth Creations has a small percentage of its organic cotton T-shirts made in a WRAP certified plant in Nicaragua. The average rate of pay for garment workers in Nicaragua is sixty-five cents an hour. The majority of its organic cotton clothing is manufactured at its plant in Moulton, Alabama.

**Factory Monitoring for Corporate Social Responsibility**

Factory monitoring has been another one of the central ways that large apparel companies are addressing corporate social responsibility. H & M and Nike are now working with fewer factories in an effort to have factories that adhere to their corporate codes of conduct. Nike hires internal and third party monitoring agencies to monitor its factories. Due to the tremendous size of the company, with over one million factory workers, Nike only audits 80 percent of their contract factories yearly. Nike is working with fewer factories that it has accessed are in compliance with its code of conduct in manufacturing. H & M hires internal monitors to access the factories that they source with. They have seventy full-time factory auditors to audit over 1650 factories, with over one million workers.

Patagonia has hired Verite to train seventy-five employees who visit their supplier factories to ensure that Patagonia’s Workplace Code of Conduct is being followed. Three of its eight cut-and-sew suppliers are now members of the FLA.
Patagonia is also reducing the number of factories it sources from. Patagonia says that its designers are in constant contact with the factories, so that ‘just-in-time’ orders are cut down, thus reducing employee fatigue. All of the above companies are making greater attempts to adhere to their codes of conduct for the sake of their shareholders and stakeholders.

The two smaller companies, Maggie’s Organics and Earth Creations, take corporate social responsibility very seriously; providing a living wage for the farmers-to-garment apparel workers in their supply chain is at the core of their business ethics. Maggie’s Organics has helped develop worker-owned cooperatives. An intimate knowledge of their supply chain is the way that Maggie’s Organics works to ensure its mission is accomplished. Maggie’s Organics has collaborated with a third-party verification programs, Scientific Certification Systems (SCS), and Fair Trade USA. Maggie’s is now working with the company free2work, a project supported by the International Labor Rights Forum (ILRF). Maggie’s and Earth Creations have cut-and-sew factories in the United States. This allows them to have a hands-on approach. They are actually in contact with the workers themselves. Earth Creations and Maggie’s Organics also use WRAP certified plants in Central America for some of their clothing. WRAP certification is a third-party certification that has a reputation of excellence.

Transparency

Another primary way that companies address Corporate Social Responsibility within their businesses is to know who the players within their supply chain are. This
may be very difficult because there are so many hands in the production process.

Because of the size of H & M and Nike, each with over one million contract workers making its products, this is hard to do. The five companies researched all list the supplier factories on their websites. Listing their supplier factories is a move in the right direction. Reputational risk it at stake for these companies. The purpose of the California Transparency in Supply Chain Act is to make the large retailers more responsible for the way their supply chains are managed. It is also to let consumers know that labor intensive products are heavily tainted with the problem of human trafficking.

Nike is addressing transparency within its business model by collaborating with other large companies in an effort to streamline the production process. It does not claim to have a grasp on all the players in its supply chain.

Patagonia has adequately addressed transparency within its supply chain through the Footprint Chronicles. The Footprint Chronicles allows one to see where the cotton is grown and other steps in the manufacturing process, all along to the finished product.

Maggie’s Organics and Earth Creations are transparent in the farmer-to-garment supply chain. Maggie’s has detailed accounts of the certification of its cotton and apparel at every level.
Trade Affiliations

Trade affiliations may have some relationship to the company’s corporate code of conduct. After researching these companies, I found that some affiliations may just be window dressing for the companies to appear to be socially responsible, but may have minimal effect on the actual monitoring of the factories. Examples of associations that have good intentions and sound like it is making significant strides in corporate social responsibility are the Fair Labor Association and the Global Compact.

A closer examination of the Fair Labor Association shows that only a 5 percent of a company’s factories are audited, which the company hand selects. The visits are announced in advance and only allow for interviews of workers under the watchful eyes of their managers. The other issue is six of the nineteen board members of the FLA are representatives of the brands being monitored. This is problematic because four of these six members must approve any major decision that the association makes. This makes it difficult to be unbiased. According to the Worker Rights Consortium, the Fair Labor Association is actually a tool for brands to deflect criticism of their labor rights standards.

The Global Compact is another organization whose intention is to have companies voluntarily comply with ethical business practices. The is
H & M is a member of the Fair Labor Association and in 2011 it joined the Fair Wage Network (FWN). H & M says that it is working with the Bangladeshi officials in an attempt to negotiate a higher minimum wage.

Nike is a member of the United Nations Global Compact Initiative. It is also reporting its carbon data to the Carbon Disclosure Project. Nike is also a member of the Fair Labor Association.

Patagonia is a member of the Fair Labor Association. Patagonia complies with the minimum wage requirements in the countries where its apparel is made. These countries have some of the lowest wages in the world, including China, Vietnam, and Taiwan.

Maggie’s Organics is a member of the Fair Trade USA. It ensures that its Central American supply chain is WRAP certified. All of its socks, legwear, and apparel are made in the United States in five family-owned mills. Maggie’s Organics has found that certifying fair trade apparel is financially prohibitive, even though it has fair trade social and environmental standards. The Company has an intimate knowledge of the entire supply chain, from the farmer to the apparel workers. The organic cotton used in the apparel has one of the highest standards for certification, the Global Organic Textile Standard (GOTS), which includes social and fiber requirements. Maggie’s Organics is working with the non-profit organization, free2work to ensure that the workers in its supply chain are receiving a living wage.
Earth Creations has its own cut and sew facilities in Alabama, thus employing workers in the United States. It is founded on fair labor and environmentally sustainable business practices.

**Freedom of Association**

The right to organize and form employers’ and workers’ organizations is considered a basic right by the International Labor Organization’s Constitution. There are constant challenges in applying these principles to apparel workers. These rights are usually denied in countries where apparel workers are employed, with workers getting fired if they try to organize. This is especially true in Export Processing Zones (EPZ) where H & M, Nike, and Patagonia have the majority their apparel made. Export processing zones receive special privileges, and one of them is that workers cannot form unions.\(^\text{265}\) The apparel workers in China, Vietnam, and Bangladesh cannot form unions, or they will likely be fired. Indonesia has allowed it workers to form unions, and this is one of the primary reasons that the Nike workers in Indonesia are making some headway in wages and back pay. Jim Keady said about the recent victory for the Nike workers in Jakarta, “If I tried to do in China or Vietnam what I do here, I would be deported – at best.”\(^\text{266}\)

Maggie’s Organics works with cooperatives that allow freedom of association. Earth Creations also works with supplier factories that allow its employees to form unions.
Organic Cotton Initiatives

Corporate agribusiness is negatively affecting small-scale cotton farmers throughout the world. Due to unfair competition between the U. S. and these cotton farmers, fair trade groups are stepping in to help by certifying fair trade and organic cotton. Fair trade works with worker cooperatives to ensure the entire supply chain gets a living wage. Organic cotton is helping to raise the bottom for farmers who have been able to work with fair trade cooperatives, such as Agrocel in India, and Cotton Made in Africa (CmiA).

Large retail manufacturers of apparel that have recognized the environmental hazards of conventional cotton are now collaborating to further healthier cotton production through the Better Cotton Project. Examples are Nike launching Organic Exchange and H&M’s Better Cotton Project. Because of the large volume that Nike and H&M buy for their cotton blending program, a 5 percent organic cotton blend has become an industry standard, with a projected 10 percent organic cotton yarn becoming the standard by 2015. Nike and H&M, along with other large retailers are collaborating to source cotton from environmentally better sources. The Better Cotton Project (BCI) does not have the higher standards for organic cotton production that the Global Organic Textile Standard (GOTS) has. BCI cotton has the option to be grown with genetically modified seeds, but with reduced insecticide and pesticide use. GOTS cotton includes standards for the fiber, as well as worker safety, and social criteria. BCI cotton traces the fiber only, but does not include the social standards that GOTS cotton has.
Patagonia was one of the first companies to source only organic cotton in its clothing line in 1994. It continues to use only GOTS certified organic cotton for product line that contains cotton fiber.

Smaller companies, like Maggie’s Organics and Earth Creations, are founded on fair labor and environmentally friendly practices. Ethical business practices take a higher priority for companies who are involved in the communities from whom they buy. The larger the company, the more disenfranchised they are from the workers. Ethical business is central to a world community that can prosper. Maggie’s Organics and Earth Creations take a three-pronged approach by integrating fair labor, positive environmental practices, and profit in the business model.

Conclusion

In conclusion, does organic clothing make any difference in improving the working conditions for the farmers and apparel workers? This research indicates that there is improvement for farmers who grow organic cotton and who have been able to work with fair trade cooperatives. Those apparel companies that manufacture fair trade clothing are also receiving economic benefits through fair trade cooperatives, with a focus on social and environmental sustainability.

The smaller, ethically based companies, such as Maggie’s Organics and Earth Creations ensure that their entire supply chains are getting fair wages. Maggie’s Organics has worked with the Fair Trade Federation and free2work to ensure that its supply chain is sweatshop free. Earth Creations is also ensuring that the clothing made
in Central America (a few of its T-shirts) is made in a WRAP certified plant. Earth Creations has its own cut and sew facility in Moulton, Alabama.

Larger companies, such as H & M, Nike, and Patagonia, are making some headway in integrating corporate social responsibility and environmental integrity within their production processes. Organic cotton, however, is not an indicator that these companies are improving the living wage standards for the cotton farmers and the apparel workers. The structure of large corporations is geared towards profits for their shareholders. There remains the necessity of having to compromise fairness with profits. There may be some headway, which the companies’ websites tout; however, I believe, it is still geared toward improving their public image, rather than in the direction of benefits for the workers themselves.

H & M and Nike are moving from certified organic cotton to BCI cotton. Although BCI cotton is better than conventional cotton production, it allows for genetically modified seeds to be used. BCI cotton does not adhere to the same social standards that organic cotton production has. BCI cotton is a watered down version of organic cotton. This is another way for the large multinationals to squeeze farmers

Organic cotton is better for the cotton farmers from a health perspective. The chemicals used in conventional cotton production may have long range damaging effects of the health of the cotton farmers. Organic cotton has found a niche market for consumers concerned with the environmental quandaries of conventional cotton production. Organic cotton is clearly good for the environment.
We must ask the question, why can’t the companies own the factories instead of contracting out the production? Although consumers say that they would be willing to pay more for garments made without sweatshop labor, this is difficult for the consumer because it is hard to find “ethically made clothing.” Along with many proponents of fair labor, it seems that the United States and other countries need to take a strong stance and not permit importation of goods made in sweatshops. This would promote our home industry, and reduce the globalization of sweatshop apparel manufacturing.

Consumers can also become more educated regarding ethical companies from which to buy, and boycott the ones with unfair labor practices. The free2work website is one avenue that provides consumers with information regarding how a company’s products are made and if they are tainted with modern-day slavery. This site gives an in-depth analysis of several apparel companies and traces their labor practices in the farmer-to-garment supply chain.

During the early twentieth century in the United States, the National Consumers League was able to influence public policy on sweatshop conditions within the tenement houses of New York by educating the public regarding the working conditions of apparel production. Customers boycotted department stores, and united their voices with the working poor garment workers. Today, we are once again facing the same dilemma of sweatshop apparel labor, even though it occurs further from home. The United Students Against Sweatshops and the Worker Rights Consortium have
worked to educate the public on the abuses within the apparel industry. My hope is that we, as educators and researchers in the field of Clothing and Textiles, will face this problem head on. Educating students about the quandaries of global apparel manufacturing is a first step in moving the apparel industry from sweatshop labor to fair labor. Future buyers for the big apparel corporations are the very students at our universities. Social and environmental responsibility issues need to be more fully integrated into the curriculum for students in the field of Clothing and Textiles. Grassroots efforts on the part of students and social activists have made some headway in the advance of fairer global labor standards. It is an ongoing struggle that those who value ethical clothing and textile manufacturing must continue to rally for.
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