



THE FLORIDA STATE UNIVERSITY  
Tallahassee, Florida 32306-1480

FACULTY SENATE, 1480  
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AGENDA  
FACULTY SENATE MEETING  
DODD HALL AUDITORIUM  
December 8, 1999  
3:35 p.m.

- I. Approval of the minutes of the November 17, 1999 meeting *- Approved*
- II. Approval of the agenda for the December 8, 1999 meeting *- Approved*
- III. Report of the Steering Committee, K. Laughlin *- Extended Approval for videotaping*
- IV. Reports of Standing Committees
  - a. Distance Learning Policy Committee, J. Cobbe
  - b. Graduate Policy Committee, K. Laughlin
- V. Unfinished Business
- VI. New Business  
**INFORMAL DISCUSSION-Apparel Licensing and Sweatshops,  
J. O'Rourke and A. Sundberg**
- VII. University Welfare
- VIII. Announcements of Deans and other administrative officers
- IX. Announcements of Provost, L. Abele
- IX. Announcements of the President of the University

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THE NEXT SENATE MEETING WILL BE JANUARY 19  
IN DODD HALL AUDITORIUM



THE FLORIDA STATE UNIVERSITY  
Tallahassee, Florida 32306-1480

*Book*  
EDWARDS, STEVE  
VP ACADEMIC AFFAIRS  
WES 314 MC: 1480

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**FACULTY SENATE MEETING**  
**Dodd Hall Auditorium**  
**December 8, 1999**  
**3:35 p.m.**

**RECEIVED**

FEB 22 2000

Dean of the Faculties Office

**I. Regular Session**

The regular session of the 1999-2000 Faculty Senate met on Wednesday, December 8, 1999, at 3:35 p.m. in Dodd Hall Auditorium.

The following members were absent. Alternates are listed in parenthesis. R. Arora, A. Austin, N. Bonesteel, D. Boroto, F. Brooks, K. Bunne, B. Cappuccio, N. Charness, E. Chatman (C. Conaway), D. Christie, P. Dean, D. Ebener, J. Elsner, D. Epley, K. Erndl, J. Finnegan, J. Graham-Jones, E. Hilinski, A. Imershein, N. Jumonville, W. Kealy, E. Klassen, G. Knight, M. Licht, C. Lynch-Brown, D. Maher, R. Mariscal, R. Marshall, T. Matherly, T. McCaleb, M. McElroy, B. Menchetti, W. Moore, D. Nast, G. Papagiannis, V. Ping, M. Pohl, D. Rasmussen, V. Richard, S. Rickless, M. Riley, P. Simmonds, J. Standley, J. Teem, J. Tull, F. Vickory, D. Zahn.

**II. Approval of the minutes of November 17, 1999**

The minutes of November 17, 1999 were approved as distributed.

**III. Approval of the agenda**

The agenda for December 8, 1999 was approved as distributed.

A request to allow students to vide tape the Senate meeting was approved by Senators.

**IV. Report of the Steering Committee, K. Laughlin**

The Steering Committee has met three times since the last Senate meeting, including a meeting with President D'Alemberte and Provost Abele on November 29. That session included discussion of several issues of ongoing concern:

1) Governor Bush's One Florida Plan. President D'Alemberte reiterated his sense that this plan would not seriously hamper FSU's efforts to continue increasing minority enrollments and enhancing the diversity of our student body, especially at the undergraduate level.

2) Classroom renovations. Fisher Lecture Hall is on schedule for renovation this summer, and a web site is being developed to inform the campus community about the classroom renovation schedule as

well as to track maintenance requests. Provost Abele will likely have more to say about this in his report later in today's meeting.

3) Liberal Studies. We expressed our concern that a serious commitment of resources is needed in order to translate some of the proposals in the Liberal Studies Task Group's report into action. The Provost encouraged us to develop concrete strategies for implementing these proposals, and the Steering Committee continues to work toward doing so. We now plan to present the Task Force's report to the Senate this spring for discussion and consideration of specific action items.

4) MGT Report. The President distributed copies of the Executive Summaries of Medical Studies, and this document is also available on the web.

5) Sweatshops. We alerted the President to today's planned Senate discussion of this issue, and the President outlined some of his own priorities and concerns.

The Steering Committee also met with student leaders Chris Harris and Kim Fedele, both to thank them for their support of faculty in the recent discussions of merit increase allocations and to hear about student concerns. Student government has been holding Town Hall meetings on the One Florida plan and met with Governor Bush on this matter on November 24. In addition, they requested the Steering Committee's assistance with fund raising for Martin Luther King Day and with plans for next year's Pow Wow, and shared some of their thoughts on FSU's current Liberal Studies program.

Finally, we continue to monitor the development of the online version of the SUSSAI and its planned use in distance learning courses. Senate President Light has also met with the ad hoc committee on Teaching Evaluation and that group continues to draft recommendations to bring to the Senate.

## **V. Reports of Standing Committees**

### **a. Distance Learning Policy Committee, J. Cobbe**

Professor Cobbe described several problems with the present guidelines and form used to request an alternative mode of instruction for courses. The Committee is working with coordinating the needs of several offices on campus and new guidelines should be ready by early spring.

### **b. Graduate Policy Committee, K. Laughlin**

The Graduate Policy Committee has been meeting regularly throughout the fall and has two items to report to the Senate today. The Steering Committee has advised us that these items do not require Senate approval, but we do want to inform you of the actions the GPC has taken and to entertain any discussion the Senate may wish to offer.

1) Approval of a one-time only, experimental program to offer a program of courses leading to the Doctor of Education degree at the FSU

Panama City campus in Panama City, Florida. This program was developed in response to a request from Gulf Coast Community College and will be offered to a single cohort of from fifteen to twenty students from Gulf Coast who would all go through the program together.

While the GPC raised questions about faculty teaching loads, availability of library resources, and a few other matters, the main concern this program raised for the GPC was its proposed modification of the doctoral residency requirement. Higher Education plans to address this requirement by having students complete a sequence of nine hours of courses in the first summer term, six hours in the subsequent fall and spring semesters, and nine hours in the second summer. During this 16-month period, some courses would be offered on the Panama City campus by FSU faculty and by visiting faculty member hired specifically to assist with this program. The cohort group would also participate in seminars and colloquia via interactive television, interacting with student peers in the Tallahassee campus studios. Students on both campuses would also work on cooperative projects via email and Internet resources to increase communication and collaboration. In the second summer session, students would complete a research design seminar offered on the Tallahassee campus that would include opportunities to work with faculty from other departments and disciplines of the university.

After much discussion and debate, the GPC agreed to approve this program on an experimental basis, subject to significant monitoring and reporting requirements.

- (1) The program will be required to submit an annual report to the GPC with emphasis on the residency experience and the contribution this program appears to be making to the overall graduate educational experience at FSU.

- (2) Doctoral dissertations will be monitored for quality, by having the outside member of doctoral supervisory committees give a report to the GPC and/or by sending dissertations to outside reviewers for their comments.

- (3) The program will be subject to a full GPC review at the end of program's completion or in 5 years, whichever comes sooner.

Only this single cohort group is approved.

- 2) The Committee also feels we are fairly close to having a revised review process in place that will consolidate accreditation reviews, the reviews currently being conducted by the Provost, GPC reviews, and reviews or reporting requirements for SACS and the BOR. We have helped to draft a five-year review schedule, which needs to be submitted to the BOR by December 17, and this is currently being prepared for the Provost's consideration and approval. As it stands right now, the plan calls for the six units in Social Sciences that have recently been reviewed by the Provost, to be the focus of pilot reviews for this year.

**VI. Unfinished Business**

There were no items of unfinished business for today's meeting.

**VII. New Business**

**INFORMAL DISCUSSION- Apparel Licensing and Sweatshops,  
J. O'Rourke and A. Sundberg**

The Faculty Senate held an informal discussion on the merits, problems and issues concerning sweatshops used for producing licensed apparel using the Florida State University logos.

Many important issues and views were shared. Addendum 1 is a report compiled by Professor O'Rourke and used as a statement for today's discussion. Judge Alan Sundberg offered some information concerning the University's involvement and the role of the Collegiate Licensing Association.

**VIII. University Welfare**

There were no items of University welfare for today's meeting.

**IX. Announcements of Deans and other administrative officers**

Dean of Graduate Studies, Alan Mabe, announced that there is an increase in university fellowships. He also stated that the One Florida Plan does not apply to awarding of scholarships.

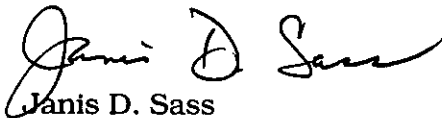
Dean of the Faculties, Steve Edwards, announced that students who will not be in class on January 5 (only those attending the Sugar Bowl) should contact the University Registrar prior to the first day of class for an excuse.

**X. Announcements of the President and the Provost**

Neither the President nor the Provost attended today's meeting.

**XI. Adjournment**

The meeting adjourned at 4:50 p.m.



Janis D. Sass  
Secretary to the Faculty

The Licensing of Collegiate Sportswear: The Fair Labor Agreement vs. The Workers Rights Consortium

1. History and Background:

The licensing of manufacturers to produce apparel bearing collegiate names and logos is governed by a document called the Collegiate Licensing Code. The inadequacy of this Code to prevent abuses in the apparel industry has been brought out in recent years by a number of exposés of abusive working conditions in third world factories, the most notorious involving contractors for Wal-Mart/Kathy Lee Gifford in Central America and for Nike in Vietnam. Examples of the abuses that were uncovered in these reports include:

A. Inadequate wages. Wages constitute a minimal part of the cost of apparel produced in overseas sweatshops—typically, less than 1/2 of one percent of the cost of a garment. American companies employ subcontractors who typically pay the minimum wage, even though minimum wages are far below subsistence levels in countries like El Salvador and Vietnam which have extensive "free trade" zones. Since labor costs are so low, paying a true "living wage," which would allow a wage earner to support an average sized family, would not substantially raise the cost of clothing produced in the developing world. Appendix I contains the summary of a study on this issue conducted in El Salvador by researchers from Columbia University.

To put these figures in perspective: On the basis of a good earnings report last week, Nike stock went up two points, and Phil Knight made \$215 million that day. This is about ten times the amount made by all 55,000 Nike workers in Indonesia for the year.

B. Forced overtime. Workers are commonly held to production quotas, and do not receive even the contracted minimum wage unless they fill these quotas. Factories are held to the demands of retailers in the US; when a factory receives a rush order, workers will be forced to work sixteen to twenty hour shifts to fill the order (National Labor Committee report, 1995).

C. Chemically polluted workplaces. In 1997, Nike responded to charges of abuses in its Vietnamese factories by commissioning a monitoring report from Ernst and Young. In the final report, Ernst & Young explain that "the procedures we have performed were those that you [Nike] specifically instructed us to perform. Accordingly, we make no comment as to the sufficiency of these procedures." Ernst and Young was able to certify that, although the factory violates Vietnamese labor codes in a number of areas, it did not violate Nike's "Code of Conduct." They noted the following problems:

•From a "sample of 165 employees from Mixing, P.U., Roller sections, there are 128 employees (77.57%) getting respiratory disease..." (E&Y Page 9.)

•"Dust in the Mixing Shop exceeded the standard 10 times." (E&Y Page 8) This dust includes resins that are potentially very hazardous because they cause respiratory ailments.

•Toluene concentrations "exceeded the standard from 6 to 177 times" in several sections of the factory. (E&Y Page 8) Toluene is a chemical solvent that is known to cause central nervous system depression, damage to the liver and kidneys, and skin and eye irritations.

•Chemical releases have led to an "increasing number of employees who have disease [sic] involving skin, heart, allergic, [and] throat working in chemical involved sections." (E&Y Page 8)

•Acetone concentrations "exceeded the standard 6 to 18 times." (E&Y Page 8)

Nike inititally tried to suppress this report, which was leaked to a human rights organization by a disgruntled employee.

D. The intimidation of workers who try to organize into unions. United Students Against Sweatshops sent a delegation of students into Honduras in the summer of 1999 to see the working conditions in "free trade zone" factories. The students slipped into a large factory in the rush of workers returning after lunch and began filming. At this point, armed guards took the camera at gunpoint, and the workers who had talked to the students on their lunch hour were identified and fired. A labor organizer who talked to the students was told by a government official that he should remember that there was a "maquila mafia" in Honduras, and that anyone could be killed for \$120.

Such practices are common in the industry, and meet no resistance from the FLA. At a factory in El Salvador that produces primarily Liz Claiborne garments, five of the factory workers were fired in March of 1999 for talking to the Columbia University students who produced the living wage study cited above. Liz Claiborne was the co-chair of the proceedings that produced the Fair Labor Agreement, and is still a member of the Fair Labor Association. On November 22, workers at the same plant filed for registration of their union; within days, ten of the union officers and seventeen other workers were fired. Such firings have occurred regularly at this plant, including an episode in January of 1999, when eleven workers were fired for suspicion of union activities. Just days after the January illegal firings, a monitor from PriceWaterhouseCoopers, a for-profit auditing corporation that conducts monitoring visits in a style similar to that allowed by the FLA, gave the factory a clean bill of health after visiting the factory, telling Harvard University students in May that conditions were "just fine" in the factory. One doesn't have to assume bad faith on the part of PriceWaterhouseCoopers, but only that workers were afraid to tell the truth about the factory.

In response to the exposure of such abuses, the Apparel Industry Partnership, consisting of representatives of producing companies, universities, unions and human rights groups, was convened by the White House in 1998, ostensibly to produce a more effective code of conduct for manufacturers. However, in November 1998, the manufacturers, along with some university representatives and some representatives of human rights groups, ended the discussions and presented the other union, human rights and religious groups with a document called the "Fair Labor Agreement" on a non-negotiable basis. At this point, the remaining religious, human rights, and labor groups, which included the Interfaith Center for Corporate Responsibility, the AFL-CIO, UNITE, and the United Students Against Sweatshops, rejected the "Fair Labor Agreement." After reviewing the "Fair Labor Agreement," these groups came to the conclusion that the manufacturers have perceived the "problem" not to be the working conditions in their factories but the bad publicity that the companies have received.

The intent of the "Fair Labor Agreement" is to certify manufacturers who will be allowed to sew labels reading "No Sweat" into their garments, thus eliminating the public relations problem for the companies. The position of the anti-sweatshop movement is that the "Fair Labor Agreement" is not a useful first step in addressing abuses in the apparel industry, but is in fact an industry inspired public relations initiative, and that it is counterproductive in that it

removes any incentive for manufacturers to try to improve the working conditions in the factories operated by their overseas contractors.

The primary objections of the anti-sweatshop movement to the "Fair Labor Agreement" involve five issues: wages, independent monitoring of factory conditions, protection of women's rights, disclosure of factory locations, and the governance structure of the "Fair Labor Association." I have outlined below the positions of the FLA on these issues, and the positions of the the Workers Rights Consortium (WRC), the alternative to the FLA devised by the United Students Against Sweatshops. A more thorough description of the Fair Labor Agreement, including the full text, is available at the website of the Lawyers Committee for Human Rights, at >[www.lchr.org](http://www.lchr.org)<. A thorough description of the Worker Rights Consortium, including the full text, is available at the website of the United Students Against Sweatshops, at >[www.umich.edu/~sole/usas](http://www.umich.edu/~sole/usas)<.

## 2. Proposal:

Each of these issues can be addressed separately by adding requirements for FSU's licensees under the Collegiate Licensing Code. In this way, a number of universities, including Michigan, Illinois, Columbia, Princeton, Brown, Penn, Yale, Duke, North Carolina, Arizona, Cornell, Virginia Tech, Georgetown and the University of California system will require full disclosure of factory locations from their licensees; Wisconsin will also require compliance with a number of provisions specifically guaranteeing women's rights; and at Columbia and at Loyola University in New Orleans, the university administrations have asked the local chapters of United Students Against Sweatshops to provide them with a list of conditions that should be added to their contracts with their licensees. Wisconsin has also begun a study of the living wage issue, and has made a commitment to include a living wage provision in its licensing contracts when the study is completed. Georgetown has provisionally withdrawn from the Fair Labor Association due to a lack of progress made on these issues.

All of these issues can be addressed at once by joining the Workers Rights Consortium. This program has just come into existence as of October 20, and Brown University has become the first founding member. Florida State makes over \$4 million a year from its endorsement and licensing contracts with Nike and other manufacturers. We have the ability to exert considerable influence in this area, and we have a moral responsibility to do so. I hope that the Senate will recommend that FSU move into the forefront on this issue by joining the Worker Rights Consortium.

## 3. The Issues:

A. Wages. The position of the anti-sweatshop movement is that US companies producing collegiate sportswear in third world countries should pay a "living wage."

FLA: The FLA asks that the US Department of Labor compile figures for the "minimum and prevailing wages from relevant countries," and it promises to compare these figures to "the level of purchasing power of wages and benefits needed to meet basic needs of employees in apparel and footwear producing countries."



The FLA explicitly restricts the compilation of data to "publicly available data" which will be provided by countries who are competing for low wage jobs. This methodology allows the apparel companies to exert market pressure on third world countries to keep the definition of a local "living wage" as low as possible, and it prevents any competing definition of "living wages" compiled in real world studies from being introduced into discussions of the Fair Labor Association.

WRC: Licensees must pay a "living wage," defined as follows:

Licensees shall pay employees a living wage for workers and their families. A living wage is a "take home" or "net" wage, earned during a country's legal maximum work week, but not more than 48 hours. A living wage provides for the basic needs (housing, energy, nutrition, clothing, health care, education, potable water, childcare, transportation and savings) of an average family unit of employees in the garment manufacturing employment sector of the country divided by the average number of adult wage earners in the family unit of employees in the garment manufacturing employment sector of the country.

A study is currently being sponsored by the University of Wisconsin to determine the mechanism for arriving at realistic "living wage" figures throughout the areas in which apparel is produced for the American market. The Advisory Council of the Workers' Rights Consortium expects to accept the results of this study.

Marymount University, a founding member of the FLA, has recently done a study that concluded that three-quarters of consumers would avoid shopping at retailers that they knew sold garments made in sweatshops, and 86% of those surveyed would pay an extra dollar on a \$20 garment, if it were guaranteed that the garment was made in a legitimate shop. When asked, "What would most help you avoid buying clothes made in sweatshops?", fifty-six percent of respondents said that a fair-labor label would be the most helpful. Under the FLA, garments sewn for minimum wage—for example, the sixty cents an hour that is the standard wage in El Salvador, which puts a family into the El Salvadoran government's definition of "extreme poverty"—would be eligible to have "NO SWEAT" labels certified by the "Fair Labor Association" sewn into garments by workers making sixty cents an hour, and who will get fired if they try to form unions to better their lives. As the Marymount survey shows, the FLA and its "NO SWEAT" labels will be an extremely useful marketing tool for producing companies, but they offer no prospect of improved conditions for workers.

B. Independent Monitoring: The monitoring procedures of the FLA and the WRC operate under entirely different principles.

FLA: Under the FLA, each company designates a small, fixed percentage of its factories for annual inspection. The company picks which of its factories will be inspected, and it picks the monitors from a list compiled by the FLA. The monitors are contracted to, and paid by, the company.

Even with the best of intentions, employees of American accounting firms who make brief visits to third world factories in an industry where the intimidation of workers is standard procedure cannot build up relationships of trust with local workers that will enable them to find out what factory conditions are really like.

The FLA system will allow companies to control a system under which they are assured of a passing grade, and of the right to use the "NO SWEAT" label.

WRC Monitoring System: The thrust of the WRC monitoring system is that representatives of American universities and human rights organizations can best advance the interests of third world workers by helping the workers themselves become better organized and better able to fight for their own interests. The WRC constructs a monitoring agency that will build relationships with labor and human rights groups in the developing world. It will review complaints that it receives from those groups, and, in areas where workers are severely restricted from exercising their rights and for licensees with a history of violations, it will coordinate pro-active investigations with local, independent non-governmental organizations (NGOs) and human rights groups with experience in the region.

The WRC system offers workers in developing countries a forum for making abusive conditions public. As such, it puts all factories on notice that they are liable to face investigations and unpleasant media scrutiny if workers' rights are abused.

Universities will be assessed one percent of their licensing revenues to support the WRC verification agency. In FSU's case, this would be somewhere between \$10,000-\$15,000 a year on licensing revenues of over \$1 million.

C. Disclosure of Factory Locations: A year ago, the uniform position of apparel companies was that the disclosure of factory locations was unacceptable because it would compromise proprietary information. Six months ago, Nike changed its position to say that it would offer disclosure of its factory locations to any schools that required the same level of disclosure from all of its other licensees, and that agreed to the condition that that "all external monitoring of factories making licensed product be done under the auspices of the FLA, using accredited FLA monitors." Nike's present position is that they have disclosed the locations of factories making Nike collegiate sportswear for Duke, Georgetown, Penn State, Arizona, Illinois, Michigan, and Oregon. Nike's disclosure in these areas was accompanied by self-congratulatory ads in the campus papers at those institutions in which Nike said, "As a school that carries officially licensed Nike merchandise on campus, you, more than anyone else, have a right to know where those products are made."

Nike's interim position (i.e, the one they held six months ago) indicates just how strongly Nike feels about controlling the monitoring process through the procedures of the FLA.

The anti-sweatshop movment has argued that the companies' arguments against disclosure were always disingenuous, since most factories already produce garments for a number of companies.

The point of hiding factory locations, the anti-sweatshop movement contends, is to hinder independent monitoring of conditions.

FLA: The FLA does not require the disclosure of factory locations.

WRC: Full public disclosure of the site locations of all facilities, including those run by contractors or subcontractors. Upon joining the Consortium, member colleges and universities that do not already require public disclosure of factory locations must notify their licensees that this information must be provided within three months.

**D. Women's Rights.** Most of the employees in the garment industry worldwide are women. Most of the supervisors in garment factories are men. One reason that the preferred employees of the garment industry in developing countries are young women is that they are perceived to be the easiest to control and intimidate. The position of the anti-sweatshop movement is that systematic abuses of women's rights in the industry must be addressed by a statement of principles. All of the provisions listed below in the WRC position address practices that are widespread in the industry.

FLA: ??

WRC: 1. Women workers will receive equal remuneration, including benefits, equal treatment, equal evaluation of the quality of their work, and equal opportunity to fill all positions as male workers.

2. Pregnancy tests will not be a condition of employment, nor will they be demanded of employees.

3. Workers who take maternity leave will not face dismissal nor threat of dismissal, loss of seniority or deduction of wages, and will be able to return to their former employment at the same rate of pay and benefits.

4. Workers will not be forced or pressured to use contraception.

5. Workers will not be exposed to hazards, including glues and solvents, that may endanger their safety, including their reproductive health.

6. Licensees shall provide appropriate services and accommodation to women workers in connection with pregnancy.

**E. Governance Structure of the FLA.** The FLA is governed by a fourteen member board, and producing companies hold six of those seats. Any changes in the Fair Labor Agreement—for example, the implementation of a living wage standard after a Department of Labor study—requires a "supermajority" which must include a majority of the companies. In effect, any three companies can block any changes in the Agreement. Those who contend that the FLA is a good "first step" towards reform of the industry must believe in the good faith of the companies,

because under this Agreement the companies themselves can prevent any future steps from being taken.

Governance Structure of the WRC: The WRC is governed by an Advisory Council made up of university researchers who have worked on global trade issues, public officials, and representatives of non-governmental human rights organizations. The following have agreed to become members of the WRC Advisory Council:

George Miller: Congressman (D) from California  
 Kate Pfordresher: Executive Director of People of Faith Network  
 Elaine Bernard: Director of the Trade Union Program at Harvard  
 Barbara Ehrenreich: author of Women in the Global Factory  
 Kim Moody: Editor of Labor Notes.  
 Steve Weingarten: Director of Industry Development at UNITE  
 Ron Blackwell: Director of Corporate Affairs, AFL-CIO  
 Edna Bonacich: Professor of Sociology at UC Riverside  
 Rich Applebaum: Professor of Sociology at UC Santa Barbara

It is important to understand that the Workers' Rights Consortium is explicitly and scrupulously anti-protectionist. While the WRC does not guarantee that companies will never suffer unpleasant media exposure if their products are made in circumstances in which workers' rights are abused, it creates a structure within which investigations and reports of working conditions in the developing world will always be produced with the cooperation of indigenous workers and human rights groups. The WRC is committed to using the political influence of progressive institutions and individuals in industrialized countries to help empower workers in the developing world, and to make it possible for them to struggle for their rights as workers on a more equal footing with their employers.

Sponsoring Organizations of the WRC include:

Global Exchange; People of Faith Network; Food First; ACERCA (Action for Community & Ecology in the Rainforests of Central America); Nicaragua Network; Mexico Solidarity Network; Alliance for Global Justice; 50 Years Is Enough; Free Burma Coalition; The Center for Campus Organizing; Campaign for Labor Rights; Student Action with Farmworkers; STITCH; Preamble Center; The Progressive Young Democratic Socialists; Dollars and Sense; Justice. Do it Nike! National Labor Committee; UNITE!

# U.S. Apparel Companies Hide Starvation Wages Behind Local Minimum Wage Hoax

## A Report from a Columbia University Study

U.S. apparel companies attempt to justify the starvation wages they pay around the world by stating that they adhere to all locally established minimum and prevailing wage rates.

Columbia University graduate students have documented that the "legal" minimum wage in El Salvador was arbitrarily set. In an in-depth case study of El Salvador, they show that the legal minimum wage provides less than one-third of the basic living costs for the averaged-sized family of 4.3 people.

- Salvadoran law stipulates that the minimum wage is to be established and adjusted for inflation based on market cost for a basket of five necessities: food, housing, health care, education and clothing. However, the Salvadoran government uses only the food basket to set the minimum wage, ignoring all other family needs.

- The minimum wage in El Salvador, of \$4.79 day, or 60 cents an hour, meets solely the daily food costs for a family, based on a 2,200 calorie diet. (This diet falls short of the U.S. Department of Agriculture nutrition standards, lacking in dairy, fruit, and vegetables.)

- In fact, El Salvador's definition of "extreme poverty" is 42 colones a day, or \$4.79. which is exactly the "legal" minimum wage.

- "Relative poverty" is crudely defined by the Salvadoran government by simply doubling the \$4.79 daily wage to \$9.59, or \$1.20 an hour.

A living wage for El Salvador's garment workers, supporting 4.3 people, would be between \$1.73 to \$2.14 an hour, according to the Columbia University study.

The average apparel wage in the U.S. is \$8.43 an hour. This would mean that the living wage in El Salvador would still amount to only one-quarter of the U.S. wage, maintaining El Salvador's low wage competitive advantage.

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Government Standards: El Salvador

Extreme poverty/ "Legal" Minimum Wage:

\$143.84	month
\$33.19	week
\$4.79	day
\$ .60	hour

"Relative Poverty" / Double the Minimum Wage: \$287.67 month  
\$ 66.39 week  
\$ 4.79 day  
\$ .60 hour

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### Living Wage Estimates

Columbia University: Lowest Minimum Living Wage Estimate: \$ 421.00 month  
\$ 97.16 week  
\$ 13.91 day  
\$ 1.73 hour

Salvadorian Workers' Estimate of a Sustainable Wage: \$456.62 month  
\$ 105.37 week  
\$ 15.05 day  
\$ 1.88 hour

Columbia University Living Wage Estimate: \$ 520.09 month  
\$ 120.02 week  
\$ 17.15 day  
\$ 2.14 hour

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What would happen to the price of a garment if U.S. apparel companies paid a living wage-\$2.14 an hour in El Salvador? Very little.

•At the 60 cents an hour wage, the direct labor cost to sew an Anvil T-shirt carrying the Yale University logo is just 3 cents. The wage paid to the Salvadoran women amounts to just 2/10th of one percent of the \$14.99 retail price. If the living wage was paid, there would now be 11cents of direct labor cost to sew the T-shirt, which means that the wages would still remain insignificant, amounting to only 7/10 of one percent of the retail price. Payment of a living wage would add just 8 cents to the cost of the T-shirt, or one half of one percent of the sales price. (There is approximately \$1.44 in total material costs in a basic T-shirt. What happens to all of the rest of the money?)

•At the current 60 cents an hour "legal" minimum wage there is just 74 cents of direct labor cost to sew a \$198 Liz Claiborne jacket. Payment of a living wage would raise the labor cost in such a jacket to \$2.64, which is still only a little over one percent of the retail price. Paying a living wage would add \$1.90 to the \$198 jacket; a mere one percent increase.

•There is 20 cents of direct labor cost to sew a \$75 NIKE shirt in El Salvador. If Nike and its contractor paid a living wage of \$2.64 an hour, there would be just 71 cents of labor to sew the shirt, or less than 1% of the retail price. This would add 51 cents to the cost of a \$75 shirt.

U.S. consumers have repeatedly responded that they would pay 5-to-10 percent more if they could be assured that the product they were purchasing was made under humane conditions. If a living wage was instituted in El Salvador, and even if the additional cost was passed on to the consumer, the price increase would come to less than one percent of the price of a garment.

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What would a living wage provide for a 4.3 member family in El Salvador? Would it be extravagant?

Food: \$6.17 daily food costs, or 48 cents per person per meal:

Housing: \$79.91 a month for two small rooms:

Water and Energy Costs: \$23.63 a month, or 78 cents a day:

Local Transportation: \$2.22 a day:

Child Care: \$1.13 a day:

Education: \$1.68 a week, or 24 cents a day:

Health Care: \$23.50 a month:

Toilet Articles/Hygiene: 56 cents a day

Clothing: \$7.14 each person per month

Savings: \$13.04 a week