

Honorable Senator Schneider, Representative Barstow, Honorable Members of the Committee,

My name is Sean Donahue, I live in Bangor, and I am director of PICA, a group working for economic justice in the global economy and connecting workers and communities in Maine to people facing the same issues and struggles in other parts of the world. I'm here today to ask you to pass LD 1769

So many communities in Maine have lost jobs in recent decades as companies have moved overseas in search of cheaper labor – because of that people in our state understand how the treatment of workers in poorer countries effects the economic health of our own communities. I know that was one of the reasons why this legislature took the courageous and visionary step of passing the State Purchasing Code of Conduct in 2002, in order to level the playing field for businesses trying to do the right thing by ensuring that taxpayer dollars wouldn't go to companies that unfairly undercut their competitors' prices by using sweatshop labor.

There has been a lot of progress – today most major apparel manufacturers have made public commitments to only sourcing from factories that meet basic safety and human rights standards. However, some companies' verification processes leave a lot to be desired – many only interview workers at the job site, and factory managers often know ahead of time when inspectors are coming. Unrealistic demands regarding the speed, volume, and price of production often lead factory managers to force workers to work long hours without breaks in unsafe conditions for low wages – and the lax enforcement of corporate codes of conduct sends suppliers the message that this is ok, as long as everything is in order at the factory on the day when the inspectors come.

In June of last year I visited a factory in the Las Mercedes Free Trade Zone in Managua, Nicaragua that manufactures Faded Glory jeans for Wal Mart. . Workers I met with offsite before visiting the factory said that they were often forced to work unpaid overtime and forced to work and forced to keep working when they were sick. The company claimed to be deducting money from their salaries for health insurance, but when the workers tried to get health care they were told that their insurance bills had never been paid. Workers alleged that the company kept two sets of books – one for internal use and one to show to inspectors from the government and from the companies that contracted with the factory.

All of these abuses violated Wal Mart's supplier standards – but the abuses continue. Nicaraguan workers have joined in a class action suit against Wal Mart for breach of contract for failing to meet the standards of its own code of conduct. Some of you will have the chance to hear from one of these workers when she meets with members of this committee on February 8.

The factory continued to abuse its workers rights because it was under enormous pressure to meet impossible production deadlines and keep costs down. One of the plant managers told me that it was hard to keep a factory open even in Nicaragua, which has the lowest wages in Central America, because factories in China were producing cheaper goods. He said "Sooner or later someone is going to have to put a stop to this, and that someone is going to have to be at the purchasing end."

That's where LD 1769 comes in. By establishing a process for workers and human rights groups to file complaints against contractors, initiating discussions into the use of independent monitors to investigate complaints, and establishing clear penalties for workers' rights violations up to and including the cancellation of contracts and the barring of a company from bidding for future contracts, LD 1769 sends a clear message to contractors that if they want to do business with the State of Maine they have to pay more than just lip service to workers' rights. It gives the Division of Purchases the tools it needs to enforce and implement the law more effectively.

And this is vital, not just to deter unethical companies from contracting with sweatshops, but to create a level playing field for companies that are working hard to create good jobs with fair wages and good working conditions, and to create a larger market for fairly made apparel.

In November, I visited another garment factory in San Salvador – this company, Just Garments, was created as an alternative to sweatshops, and provided jobs for workers who had been blacklisted by other companies for speaking up for their rights. But it's hard for a company like Just Garments to compete when sweatshops are able to produce more quickly at a higher volume and a lower cost. When they get big orders, Just Garments manages to charge a competitive price, but most orders the factory gets are small, driving prices up. After struggling for months to find enough work for its employees, in early January Just Garments finally got a bigger cutting order from a uniform company thanks to the work of solidarity activists in the U.S. – but the order was too little too late, just as work started on the order the landlord cut off the plant's electricity because the company was too far behind on its rent.

State governments buy a lot of clothing. Effective and enforceable anti-sweatshop purchasing laws can harness the state's purchasing power to direct enough business to companies that treat their workers fairly to enable them to produce on a large enough scale to be able to produce at a competitive price. But that only works when state officials have the tools to make sure contractors are really meeting the standards they claim to uphold. LD1769 gives Maine officials those tools – I urge you to pass this bill.

Thank you.

Sean Donahue, Director
Peace through Interamerican Community Action (PICA)
170 Park Street
Bangor, ME 04401
USA
Ph: 207-947-4203