

Chapter 12: The retailers' side of the story

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Talk to major retailers in Los Angeles, the impeccably dressed corporate executives who reap grand profits from selling high fashion and style, and they will completely disavow the problems of the garment industry.

But talk to Labor Commission officials or even spokesmen from various contractors' or manufacturers' associations, and they will tell you that until big retailers agree to accept responsibility for their part in perpetuating flagrant labor and health code violations, the industry will continue to be "the dirtiest in the state."

All of the retailers interviewed for this series — representatives from Bullock's, Saks Fifth Avenue, Gemco and I Magnin — were selected because their stores were selling some of the clothing I had worked on when I posed as an undocumented Brazilian worker in the city's garment industry. The only retailer who refused to comment on industry violations was Francis H. Arnone, president of The Broadway, who was contacted on two different occasions to give his point of view for this series.

All of the garments I worked on were made under unhealthy conditions and many of the workers, like myself, earned much less than minimum wage.

But the retailers quoted here are by no means the only ones who market goods made under such conditions.

Every store which sells clothes, large or small, buys from manufacturers whose garments are likely to

SWEATSHOP

UNDERCOVER IN THE GARMENT INDUSTRY

"The employer or boss of a little shop, who is so nervous in wrongdoing, so anxious to bribe, is but a helpless agent in the hands of a greater boss," Theodore Dreiser wrote of the garment industry in 1923.

Who, then, is the "greater boss" of the garment industry in the 1980s? Who is accountable for the conditions foisted on laborers in small sewing shops right here in California?

Is it the manufacturer? The retailer? The profit-hungry system of the American marketplace itself?

In today's episode, reporter Merle Linda Wolin turns to the executives of those department stores which eventually sold clothing she worked on in L.A.'s garment district. She tells them her story of unfair wages and unhealthy work surroundings. Here is their response

(no endangered species, for example), and specifies what information must be included on the label, like fiber content and flammability.

Unfortunately, no law extends to prohibit the sale or purchase of garments made under conditions in which labor and health codes

would have a clean industry.

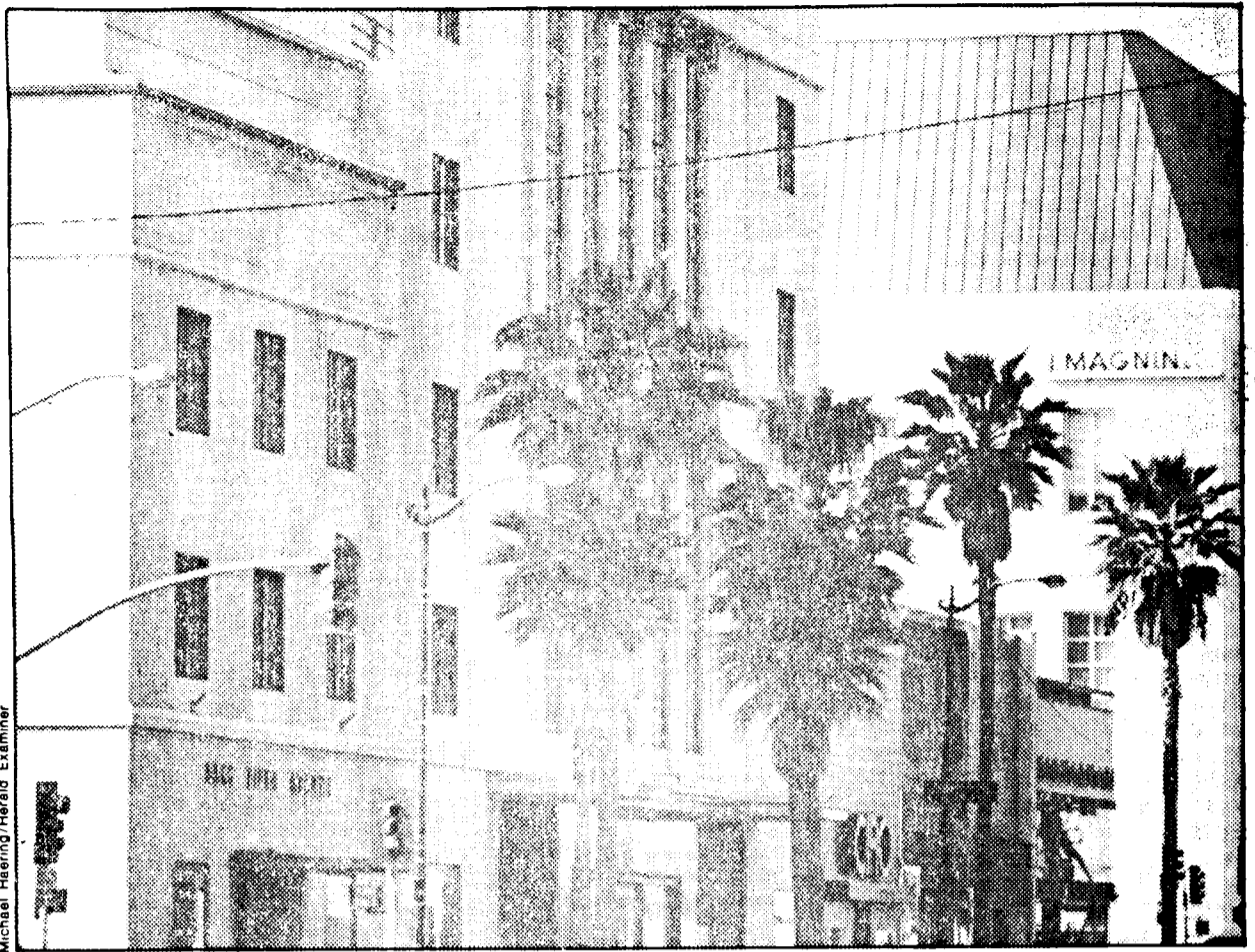
"We don't want retailers, manufacturers or contractors to become agents of the Labor Commission, but we do expect them to accept some of the responsibility for their contributions to the violations that occur."

To Schwaegler's assertion that there is no way for the store to track the percentage of goods that are purchased from California manufacturers, Razo replied: "It's very easy to find out who they are contracting with. But it depends on their motive. Is it only profit? Or do they also want to run a clean industry?"

Prosecutors from the city attorney's office agreed essentially with Razo's claims. Mike Stanley, the chief of consumer protection, added that buyers especially could play a crucial role in stopping the violations. "This kind of exploitation exists because there is a market for it," he said. "If buyers were more selective, a lot of these problems could be eliminated."

Peter Harris, the president of Gemco Department Stores, the \$1.5 billion membership division of Lucky Stores Inc., was the first to admit that retailers have a social responsibility — albeit with limits — for the goods that are sold in their 83 stores.

"I really believe it," said the hefty, All-American-looking executive who noted that apparel accounts for a "substantial" piece of



Beverly Hills — the destination of many clothes produced in domestic garment factories.

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— Bruce Schwaegler, president of Bullock's Department Stores

have been produced in substandard shops. Unfortunately, that is how the garment industry works.

Bruce Schwaegler, the trim, 43-year-old president of Bullock's Department Stores, explained that more than 60 percent of Bullock's record-breaking \$405.3 million sales in 1979 came from apparel and accessories. The buyers from Bullock's, nearly 110 of them, shop for all the stores in the chain, a total of 17 in California and Arizona. Though they are free to "shop the world," Schwaegler said a giant percentage of what the store sells comes from domestic markets, mostly in New York and Los Angeles.

"Our buyers are out scrambling for the best value and the fact is, they're buying domestically," he said. "Our importing has not particularly grown over the last five years."

Schwaegler, like all the other retailers interviewed, claimed to know nothing about widespread violations in the industry. He said he and the buyers are "very insulated" from whatever violations do occur because they deal in showrooms with manufacturers' representatives and salesmen. He said he and his staff also assume the goods are made under lawful conditions.

"Buyers don't get beyond the showroom," said the corporate executive, who has been in charge of Bullock's for the past four years. "We hear about exploitation like a customer in his home would."

Schwaegler pointed out that his buyers are doing nothing illegal. He said they strictly abide by the Federal Trade Commission regulations that govern merchandising in the United States. Each year at Bullock's, he said, they are required to sign a statement acknowledging a full understanding of the regulations "so we don't fall prey to unfair pricing practices."

The law under FTC regulations prohibits unfair competition, limits the kinds of goods that can be sold

are violated.

I asked Schwaegler if he would do anything about the widespread violations in the industry if he knew more about them.

"I think our responsibility should be as good citizens," he said, "and making sure the mechanisms of our country are working, like the police, the DA and the grand jury. It's a practical matter. Our ability to police (the garment industry) is unrealistic. We are significantly remote. I don't see how we could do it. On the other hand, our role is to encourage the process and enforcement of laws as citizens."

Officials at the state Industrial Relations Department believe the retailers use the good citizen argument as a way to abdicate their own responsibility for violations in the industry. Joe Razo, the director of the department's Concentrated Enforcement Program geared to cleaning up the garment industry, thinks that retailers could significantly help stop violations in the city's estimated 3,000 sewing shops by just making a few phone calls.

"If I were on the board of directors of Bullock's," said Razo, "I'd say, 'Let's review the procedures for contracting with the manufacturers. Let's find out from the labor commissioner's office whether this manufacturer is contracting with a line of legitimate contractors or with those who continually violate minimum wage, workman's compensation, child labor and homework laws.'"

"Retailers could call us. To some extent, we know what contractors are in violation and what contractors are working for specific manufacturers. If violations are involved, the retailer could call the manufacturer and indicate to him that (the store) wants to be assured that the work is being done under safe conditions where workers are getting their proper pay."

"If a manufacturer fails to agree to only do business with reputable, legitimate contractors, the retailers could say they would no longer do business with them. And then all those illegitimate contractors would go out of business, and we

One garment — from factory to department store

Since the most dramatic episode of my garment industry journey surrounded the making of an Ernst Strauss skirt headed for display in a window of the Beverly Hills I. Magnin, I spoke with Steven Somers.

Somers is president of I. Magnin and Co., the 24-store, \$203 million division of Federated Department Stores.

I told him the whole Merlina De Novais saga — my day of work at Ernst Strauss for \$2.40, my argument at the union office, my appearance before the Labor Commission and my small victory (a \$19.20 check for a skirt that eventually carried a \$120 price tag).

"It's shocking," he said in a telephone interview from his office in San Francisco. "And there aren't a lot of things that shock me in the world."

"I think if we did know that something like this was going on, we would really question if we would get involved with this kind of resource. Anyone who exploits an individual at the expense of someone else... well, the association with that manufacturer or individual has to be questioned."

Somers claimed he did not realize that any garments sold at I. Magnin are being made under illegal conditions. He said he knows only what he reads in the paper. But he added he often wondered just how many of those resources Magnin had been involved with.

"In foreign countries," he explained, "we take great steps to look at the conditions, travel to the factory, assure ourselves that the product being shown is what will be shipped. If conditions are not good, the product would not be as good."

"But in the United States, we

Gemco's business. "But the system works such that we can't research every item we sell. We are involved in charitable activities. We give money to kids' groups. We wouldn't sell anything we knew was dangerous. And we don't sell anything of inferior quality."

Razo, from the Labor Commission, believes social responsibility for retailers should go one step further.

"Isn't the role of a good citizen to also assure their customers that a product is made not at the expense of some worker or poor contractor?" he asked. "Doesn't the retailer have some responsibility to their customers to ensure that goods sold in their stores are not being manufactured in sweatshops or homes?"

Harris does not see how it could be done. "If retailers get involved with policing," he said, "it would be at cost to the consumer. If every retailer had one buyer assigned to every manufacturer, there is no question we would know much more about manufacturers and what we buy. But it's an outlandish concept because of what it would do to the price. It potentially would not only drive buyers off shore (out of the country) but would destroy the industry."

Harris said that 99 percent of Gemco's garments are now purchased domestically from showrooms east and west by the chain's 30 buyers. The store boasts a membership of over 5 million in

En un proyecto periodístico mancomunado, esta serie de 16 partes sobre la industria de la costura aparecerá en La Opinión todos los días, con excepción del sábado. La traducción castellana de cada artículo saldrá un día después de publicada su versión original en inglés en el Herald Examiner.

In a joint publishing effort, this 16 part series on the garment industry will be published every day except Saturday in La Opinión, Los Angeles' Spanish-language daily. The Spanish translation of each article will run one day after the original English version appears in the Herald Examiner.

seven states. In California, nearly half of all households belong.

Herbert Stark, the former western regional director of the prestigious apparel chain Saks Fifth Avenue, a 31-store, privately owned, multi-million-dollar division of BATUS Inc., one of the American affiliates of British American Tobacco Industries Ltd., insisted like his colleagues that government agencies, not retailers, should be responsible for stopping the violations. Stark is now the supervisor of buyers of Gene's Merchandising Corp., a 25-store women's clothing chain headquartered in Signal Hill. In July, he appeared smug, even complacent about my description of sordid life

in the garment industry.

"As long as the quality of the garment is at Saks' standard," he said, noting that apparel is the largest percentage of their exclusive business, "that's the key as far as we're concerned. I know nothing about garment making. I just know that the manufacturer and the contractor hate each other, more than they hate their mothers-in-law."

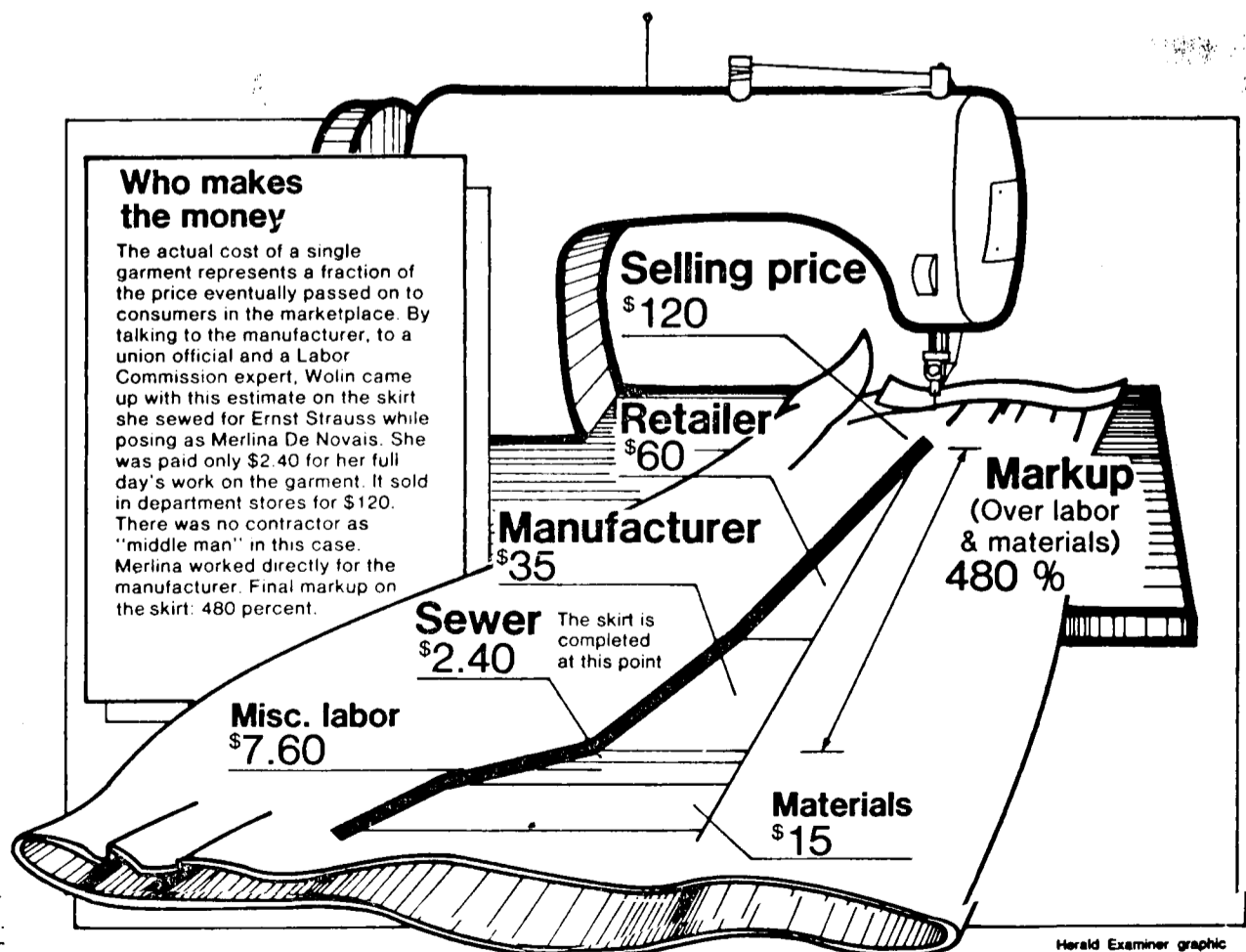
"As much as our hearts are in the right place... the state government has the obligation to look into it, and that is what should be strengthened."

What do Department of Industrial Relations officials think of getting all the problems of the industry thrown back on them?

"A lot of buck-passing goes on in this industry," said Razo. "But my contention is that people have to accept responsibility for their own actions, whether they be retailers, manufacturers, contractors or employees."

"The only reason (retailers) are not doing anything (to stop the violations) is they're not receiving pressure from anyone. But if the consumer public, community and religious groups start boycotting certain labels in specified retail stores, you will quickly, without a doubt, get the retailers involved. The truth of the matter is the retailer is only interested in the profit aspect of it, without concern for the social consequences."

Tomorrow: The problems



Herald Examiner graphic

take it (all) for granted. Most buyers deal in a showroom atmosphere. (They) assume workers are paid minimum wage and that work conditions are not what they were in the 1930s."

Somers said that "without question, the store would try to stop violations," but questioned how it could get involved. The 41-year-old executive said he believed it was very difficult for retailers to protect themselves from buying goods

made under substandard conditions. "If individuals are exploiting individuals illegally, why would they be honest with the people they are trying to sell?"

Somers, like many other retailers, threw the burden of responsibility for stopping labor code violations on state and federal government. He said he thought legislation, vigorously enforced, was the best way to clean up the

industry.

He acknowledged that the buyers could refuse to buy something if they knew it was made illegally, but he said the source could then just sell it to Saks Fifth Avenue or Neiman-Marcus. In a highly competitive business, Somers reasoned that "if the government forces manufacturers to pay fines, it is a bigger deterrent than anything Magnin can do."

— Merle Linda Wolin

Help!

Workers with questions regarding their own work may call the following investigative agencies in Los Angeles:

State of California Concentrated Enforcement Program
620-2204

U.S. Department of Labor, Wage and Hour Division
688-4958

Cal-OSHA
736-3041

L.A. County Health Department
974-7881