

# American retailers involved in sweatshop racketeering on US-Pacific territory

Cory Johnson  
19 January 1999

Three lawsuits filed January 13 in California state court on behalf of 50,000 foreign garment workers charge major US retailers with "racketeering conspiracy" for producing clothing with indentured labor under sweatshop conditions on the island of Saipan in the Northern Mariana Islands, a US Commonwealth in the South Pacific.

The suits seek \$1 billion in damages, including unpaid wages against 18 US retailers and manufacturers. Among them are The Gap, Tommy Hilfiger, Sears, Wal-Mart, Oshkosh B'Gosh, Lord and Taylor's, Hecht's and Mervyn's. Another 22 garment factories, owned by Chinese and South Korean capitalists, are charged with failing to pay overtime and other violations.

Saipan products carry the "Made in the USA" label, supposedly indicating to consumers a certain degree of regulation by law and quality of working conditions. But under a process overseen by US retailers and guarded by Congress huge profits have been reaped under severe exploitation.

Workers, predominantly women from China, the Philippines, Bangladesh and Thailand, paid \$2,000 to \$7,000 to recruiters anticipating they would receive high-paying jobs in the United States. Many signed "shadow contracts," waving basic human rights, including the prerogative to marry or date.

They were forced to labor 12-hour days, seven days a week, without overtime compensation. In some cases workers worked up to 20 hours a week "off the clock." In the last five years the factories have been cited for 1,000 OSHA violations, many capable of causing injury or death. Codes of conduct are posted, but in English, which workers cannot read. Extreme heat conditions in the factories commonly caused workers to faint.

When not on the job workers are crowded up to eight people to a room in barbed wire-enclosed barracks supervised by guards. The food that workers had to buy was bug-infested. Opposition to conditions is countered with threats of firing, physical abuse and deportation.

Carmencita Abad, originally from the Philippines, labored for six years in Saipan and was fired for trying to form a union and aid Chinese coworkers. "If they complain," she said, "Chinese workers can be beaten or punished. This abuse occurs while US retailers watch. I have seen many times the Gap inspector come into the factory, look at the garments and fabric, then turn and walk out the door."

"Unfortunately, slavery and indentured servitude is alive and well in the many parts of the world, including the United States," declared William S. Lerach, one of the lead attorneys on the case. "Companies like The Gap and Wal-Mart have reaped millions in profits from this scheme--now they will be held accountable." Al Meyerhoff, another lead attorney, said, "To allow such squalid conditions to persist on American soil is both patently unlawful and morally reprehensible. Saipan is America's worst sweatshop."

The moving of foreign factories onto the US territory of Saipan allowed US retailers to avoid more than \$200 million in duties on \$1 billion in garments. By relocating to Saipan the foreign interests have avoided import restrictions. Chinese production in Saipan is believed to have exceeded its import quota by 250 percent in 1997 alone.

Today, so-called "guest" workers comprise over 90 percent of the garment industry work force in the Marianas. In turn this work force constitutes more than half of the Marianas total population of 70,000. The racketeering conspiracy is made possible by the island's exemption from US immigration and minimum wage

laws.



To contact the WSWWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](https://wsws.org/contact)**