

Nike recently arranged for businessman Thuyen Nguyen of Vietnam Labor Watch to tour its Vietnam plants. The company apparently thought that Thuyen would be an easy mark, but the businessman junked the schedule that Nike had planned for him and interviewed workers away from company overlords.

In a PR debacle for Nike, Thuyen held a press conference upon his return in late March where he reported that young female workers at the company's plants were paid about \$1.60 per day, allowed to take only one bathroom break during an 8-hour shift and subjected to corporal punishment and sexual harassment. "Nike is clearly not controlling its contractors, and the company has known about this for a long time," he told the press.

Back to the federal task force: corporate reps also scored a big victory with the panel's rejection of a "living wage policy". Instead, companies will be required only to pay the legal minimum wage in the countries where they operate. Of

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course the minimum wage is often not a living wage, as a result of governments having smashed unions, harassed independent organizing and generally outlawed their opposition.

In Indonesia, for example, the minimum wage is \$2.36 per day. The Suharto dictatorship concedes that in Jakarta and other urban areas it takes \$4 per day to meet subsistence needs. "I can't see accepting an agreement that doesn't demand a living wage," Jeff Ballinger, an anti-sweat shop organizer, says. "I don't see how to sell this deal to the workers in those countries. The companies are willing to spend millions to have accounting firms do the monitoring but they can't even guarantee that workers will be paid enough to eat." Ballinger believes that labor and human rights groups could have pushed hard on this issue, saying, "The companies would have been forced

NAACP Takes Money, Okays Deal

Last month, Bell Atlantic and NYNEX ran full-page ads in *The New York Times* and other major newspapers promising that the proposed merger between the two firms — which will create the nation's second largest telecommunications company after AT&T — will lower phone rates and in other divers ways prove a blessing to consumers. The ads are part of a campaign to win final approval for the merger, which has been approved by ten states but which still needs to be okayed by New York and New Jersey.

A number of public interest groups have endorsed the merger, including the NAACP. Its head, Kweisi Mfume, is quoted in the ad as saying that the deal "will make a stronger company that is better able to serve its constituents" and allow the new firm to "adopt the best practices of each of its parts to make a better whole".

When it comes to serving constituents, Bell Atlantic has certainly been good to the NAACP. The phone company runs a foundation that doles out millions annually, including a gift of \$50,000 to the NAACP last year that allowed the civil rights group to launch its web site. On March 1, five days before the ad ran in the *Times*, Bell Atlantic gave the NAACP another \$15,000 for further development of the web site. According to *Corporate Crime Reporter*, Bell Atlantic has donated \$270,000 to the NAACP since 1984. NYNEX has also backed the NAACP, though not as lavishly. It gave the civil rights group \$15,000 in 1993 and \$9,700 in 1992.

As such grants indicate, Bell Atlantic and NYNEX have made a practice of funding third party organizations, especially liberal ones with high credibility, and then pressing recipients to support their legislative and regulatory agenda. Jamie Love of the Consumer Project on Technology, a group affiliated with Ralph Nader, said that Bell Atlantic once offered to give his outfit money if it would back the phone giant's plans to enter the long distance market. Love declined the offer, but many cash-strapped groups find it hard to resist offers of big money.

NYNEX is especially adept at this strategy. It employs Mary Ellen Pires, a \$300 an hour New York-based PR consultant who — according to a fawning 1996 profile in the *Westchester County Business Journal* — specializes in helping "companies build goodwill with consumer groups and other third party groups active in influencing public policy". In addition to "wooing lawmakers and regulators", said the article, "many companies have slowly seen the wisdom of winning government support by forging ties with potential opponents".

Pires' other clients have included Exxon, Tenneco and Illinois Power (her goal for the latter was to "polish up its image in light of electric rate deregulation and problems with its Clinton nuclear power plant"). She won't reveal which "third party" groups she has tried to buy off, but in addition to the NAACP Pires admits to having roped in the Consumer Federation of America on another project for NYNEX. ■

to go along or to embarrass themselves by saying straightforwardly, 'No, we will not pay a living wage'."

It's obvious the apparel companies on the panel have no intention of improving the lot of their workers. Nike, the most notorious employer of sweat shop labor, moved to Asia in 1967, when it opened up plants in Japan. When wages began rising in the early 1970s, the company moved to South Korea; it departed in 1986 for Indonesia after Korean workers won labor rights and higher pay. Now the

company is again shifting production, this time to Vietnam where it already manufactures one million pairs of shoes per month. There it costs Nike \$1.50 to produce a pair of basketball shoes that retail for \$150 in the US.

Last month, Nike reported that its third quarter income in 1996 was \$237 million, up 78 per cent over the previous year. Revenue hit \$2.4 billion, up 53 per cent, and stock earnings climbed by 79

(continued on next page)

(Sweat, continued from p. 5)

per cent to 80 cents per share. Nike CEO Phil Knight, the fifth richest man in the world, owns 100 million shares of his company's stock, which means that his dividend income for the quarter was \$80 million.

At that rate, a Nike employee in Vietnam would need to work for about four millennia to earn Knight's annual dividend income. Meanwhile, three Nike factories in Indonesia recently asked for a waiver from the minimum wage, which would have required the plants to pay workers an extra 20 cents per day.

Reebok portrays itself as a kinder, gentler Nike. The company gives out annual awards for human rights and supports Amnesty International; several years ago it donated \$5 million to the group to fund a tour by Sting.

Yet Reebok — whose CEO, Paul Fireman, made \$60 million last year — has followed roughly the same geographical

The sweatshop accord will sanction US companies paying Asian workers as little as 20 cents an hour.

trajectory as Nike in seeking the cheapest possible labor. It started up its Asian operations in Taiwan and South Korea, but has since moved on to more corporate-friendly locales such as Thailand and Indonesia. Reebok makes a third of its shoes in the latter country and has consistently rejected plans to have local human rights groups monitor its factories.

Nor is Reebok's oversight any better than Nike's. In the early 1990s a company subcontractor in Thailand was caught using Burmese refugees who were receiving half the minimum wage. Last year, both Reebok and Nike subcontractors were found to be using children as young as nine to make soccer balls. Labor and human rights groups who sit on the task force promise to toughen up its proposal before it goes into effect later this year. If not, these advocates will be party to an agreement that not only sanctions US companies paying Asian workers as little as 20 cents per hour, but rewards those firms with the coveted "No Sweat" seal of approval as well. ■

Veep Watch

Al Gore: Home of the Whopper

Things go from bad to worse for poor Al Gore. First, the Veep gave his now famous press conference, considered by experts to rank as one of the worst in political history, in which he said (seven times) that there is "no controlling legal authority" that barred the fund-raising maneuvers he employed during the 1996 campaign. Then Gore went to China where he not only was captured on film in a tranquil toast with President Jiang Zemin, otherwise known as the Butcher of Beijing, but returned to a blizzard of negative press concerning his craven failure to raise human rights issues with China's leaders.

Now, the 900 pages of memoranda released by former White House chief of staff Harold Ickes reveal as lies Gore's excuses about how he happened to be at the Hsi Lai Buddhist Temple in Los Angeles last April 29. Recall that it was on that day when dozens of monks who had taken vows of poverty ponied up \$130,000 for the DNC (money supposedly returned after disclosure of the event proved to be so embarrassing to the Democrats).

Gore has insisted that he didn't know the event was meant to be a fund-raiser. First, the Veep claimed that he thought his visit was simply an effort at "community outreach". This whopper was exposed in January, when documents showed that the Veep was expected to "inspire political and financial supporters" during his stay at the temple. Gore then shifted course again, claiming that he hadn't known that the event was a "formal fund-raiser" where money would be solicited. But Ickes' memos clearly say otherwise. A January 2 memo, addressed to Clinton and Gore as well as several White House staffers, makes mention of an April 29 Los Angeles fund-raising event that was to be attended by the Veep. Ickes set a goal for the affair of \$200,000.

All told, at least a dozen of the Ickes documents describe the Los Angeles affair as a fund-raiser. The last — on April 10, just 19 days before Gore's trip — lists John Huang as the organizer of the event and ups the estimated haul from the monks to \$250,000. The subject of this memo, also addressed to Clinton and Gore, was the DNC's "budget/fundraising" and states that an attached Schedule B — where the April 29 affair is listed — describes "events and anticipated gross revenues from all [upcoming] major donor fundraising". The memo further states that the Clinton/Gore team was to headline fund-raisers that were expected to drum up \$8.7 million in April of 1996 alone.

Home Sweet Old Growth

Though floundering politically, Gore and his minions continue to troll for dollars with their customary zeal. One of the Veep's closest political and financial allies is Peter Knight, Gore's former top aide in the Senate, head of the Clinton/Gore reelection campaign and a lobbyist at the powerhouse firm of Wunder, Diefendorfer, Cannon and Thelan. Knight also chairs the benignly named Vice-President's Residence Foundation, an outfit which is raising money to restore the old Naval Observatory, where Gore and his family currently reside.

In a solicitation to a March fund-raiser, Knight asked potential donors to shell out \$10,000 in exchange for a print of a Jamie Wyeth painting of the Observatory plus an intimate dinner with Al and Tipper. "The Gores have done an outstanding job preserving the Residence," Knight wrote. "The Gores have had help, though — mostly from people like yourself who understand the need to maintain our historic treasures."

Ever conscious of the Veep's reputation as an environmental crusader, Knight neglected to mention that the Foundation used old-growth Douglas Fir — logged in Oregon from the nesting habitat of the Northern Spotted Owl — to rebuild the mansion's wrap-around porch. ■