

Testimony
before
United States Senate
Committee on Commerce, Science & Transportation
Thursday, October 25, 2007

by
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Senator Dorgan, I want to thank you for holding this very important hearing investigating illegal sweatshop conditions under which our children's toys are made. In 2006, the American people spent \$22.3 billion purchasing over three billion toys and sporting goods. Last year, China accounted for over 86 percent of all toy imports into the U.S., and to day in 2007, China's toy imports have surged another 16 percent. The timing of your hearings could not have been more appropriate, as the last three months of the year typically account for almost 80 percent of all toy sales. Last year, holiday sales in the U.S. reached a total of \$457.4 billion. This year, each consumer is expected to spend \$791 on holiday purchases, including toys and sporting goods.

Many parents in America would be shocked and disturbed if they knew of the abusive sweatshop conditions under which their children's toys are being made in China. Parents, however, have no way of knowing, as toy companies like Mattel (which is the largest in the world) hide their 40 or so contract plants in China, refusing to provide the American people with even the names and addresses of their plants.

Mattel's Barbie toys, along with Thomas & Friends toys for the RC2 Corporation and Wal-Mart are made at the large **Xin Yi** factory in Shenzhen. The 5,000 workers there are stripped of their rights, forced to sign mostly-blank temporary contracts lasting anywhere from just 10 days to a maximum of three months. At management's discretion, "new" temporary contracts can be renewed every two to three months. Workers can be employed full time for a year or more, but always remain temporary workers with no legal rights. Temporary workers can be easily fired for being "inattentive" at work, or for "speaking during working hours." Temporary workers have no right to participate in the mandatory national Social Security program which provides health care, no right to paid holidays, vacation, sick days, maternity leave, or severance pay.

The routine shift is 14 ½ hours a day, from 7:30 a.m. to 10:00 p.m., six days a week. Workers are typically at the factory 87 hours a week, while toiling 70 hours, including 30 hours of forced overtime, which exceeds China's legal limit by 260 percent!

In 2006, it was even worse, as the young toy workers were routinely kept at the factory 15 hours a day, from 7:30 a.m. to 10:30 p.m., seven days a week, **going for months without a single day off**. The workers were typically at the factory 105 hours a week, while forced to work 50 overtime hours a week, which exceeds China's legal limit by 530 percent!

The factory is excessively hot and everyone is drenched in their own sweat. Workers are prohibited from standing up during working hours, and cannot leave their hard wooden benches, which do not have back rests. The workers say that after several hours, their legs become numb. It is routine for the supervisors to yell and curse at the workers and every day, the workers, say, you can see young women crying. Workers have but two choices: to bow their heads and

remain silent despite the humiliation, or speak up and be immediately fired without receiving their back wages. Independent unions are, of course, prohibited in China, leaving the workers with no voice. Workers who fall behind in their assigned production goal are docked five hour's wages.

The base wage in Shenzhen is just 53 cents an hour, \$4.27 a day, and \$21.34 a week. Despite being forced to work a 70-hour week, workers report being routinely cheated of nearly 20 percent (\$8.31) in overtime wages legally due them each week. This is the equivalent of being cheated out of two day's wages each week. For working 70 hours, the workers earn just \$39.79 while they should have been paid \$48.60. In 2006, this too was even worse, since the Xin Yi factory illegally paid no overtime premium at all, robbing the workers of 40 percent of the wages legally due them!

Workers are housed in primitive dorms, 12 people crowded into each room, sleeping on double-level metal bunk beds and fed company food the workers describe as "awful." Every morning workers have to cue up to wait their turn to brush their teeth and use the toilet. After deductions for room and board, the workers' take-home pay drops to just 46 cents an hour.

It does not have to be this way! As an example, Mattel's "Barbie Hug 'N Heal Pet Doctor" set costs just ***\$9.00 to make in China, yet—even on sale—it retails for \$29.99 in the U.S. This means that the price of the Mattel toy is being marked up an astonishing \$20.99—or 233 percent.***

So there is clearly sufficient money around both to make safe toys and to treat the toy workers as human beings, respecting their most basic legal rights.

Mattel spent nearly \$2 billion in advertising over the last three years, which amounts to 11 ½ percent of its revenues. This means that ***Mattel spent \$3.45 to advertise the Barbie Pet Doctor toy—more than 18 times the 19 cents they paid the workers in China to make it!***

There is absolutely no need for toxic and hazardous toys, as one industry estimate puts the price of thoroughly screening toys at just **10 cents** per toy. Further, with a 233 percent (\$20.99) mark-up on each toy, it is clear that Mattel could afford to assure respect for worker rights in China and pay the workers a fair wage so they could climb out of misery and at least into poverty. After all, Mattel's CEO paid himself \$7.3 million last year, 6,533 times more than he paid his toy workers in China.

It is important to note that while Mattel's Barbie brand is fiercely protected by all sorts of enforceable laws backed up by sanctions—(Mattel sues an average of once a month to protect Barbie and its other toys)—there are no similar laws to prevent toxic toys from reaching our children, and certainly no laws to protect the fundamental human and worker rights of the young toy worker who makes Barbie. To legally protect the rights of the human being—according to Mattel and the other corporations—would be "an impediment to free trade." So Barbie is fiercely protected, but not the human being who made Barbie.

Like many Americans, I was embarrassed and angered when Mattel's vice president apologized to a Chinese government official for the massive toxic toy recalls. Mattel apologized after the official pointed out that Mattel makes a large proportion of its profits from its Chinese manufacturers and that Mattel ought to appreciate China's "cooperation."

This is the sort of cooperation they meant: As late as 2005, Mattel sought and won special “waivers” so they could pay their workers less than the already-below-subsistence legal minimum wage. And to this day, Mattel has additional special “waivers” allowing its toy workers to toil 77 hours a week—including 32 hours of forced overtime—which just happens to exceed China’s legal limit by 295 percent!

Corporations say there is no need for laws to protect our children against toxic or sweatshop toys, as they can regulate themselves through voluntary codes of conduct and private monitoring schemes. However, this summer’s massive recall of toxic and hazardous toys—made under abusive sweatshop conditions in China—clearly demonstrates that corporate self-regulation is not enough. Toxic and sweatshop toys are two sides of the same coin, and need to be regulated by enforceable laws.

The **Guangzhou Vanguard Water Sports Products** factory in China manufactures swimming gear and sporting goods for **Speedo**, their major client, as well as **Toys R Us**, the giant French retailer **Carrefour**, which is second only to Wal-Mart—and others.

Speedo may be the top-selling and best-known swimwear brand in the world, and an official sponsor of the upcoming 2008 Olympic Games in China, but the 400 workers producing Speedo goods at the Guangzhou Vanguard factory are drowning in abuse.

One worker told us, ***“What lies in front of us is a blanket of darkness. We have no hope.”*** Another worker shed tears as he described being forced to work a grueling all-night 23-hour shift on a dangerous compression molding machine, explaining how exhausted he was, and terrified that his hands would be crushed by the relentless motion of the machine if he slowed down even for a second.

The routine shift at the Guangzhou factory is ***14 ½ hours a day, from 8:30 a.m. to 11:00 p.m., seven days a week.*** There are also frequent 15 ½ hour shifts to midnight and 17 ½ hour shifts to 2:00 a.m., which is common with Speedo production. There are even grueling 24-hour, all-night shifts. Workers report toiling for months at a time without receiving a single day off. Workers are routinely at the factory over 100 hours a week, including at least 44 hours of mandatory overtime each week, ***exceeding China’s legal limit on overtime by 430 percent!***

Workers are also routinely cheated out of 40 percent of the wages legally due them. The minimum wage in Guangzhou is just 60 cents an hour, \$4.77 a day and \$23.87 a week. All weekday overtime must be paid at a 50 percent premium, or 90 cents an hour, while weekend overtime must be compensated at a 100 percent premium, at \$1.19. ***Factory management refuses to pay any overtime premium at all. So instead of earning \$70.43 a week, the Guangzhou factory pays just \$41.32 for 84 hours of work, meaning that the workers are being cheated of \$29.11 in wages legally due them each week.*** This is an enormous loss for these poor workers, whose regular weekly pay is just \$23.87. The workers are earning on average just 49 cents an hour—including all the grueling overtime hours—while the legal minimum wage is 60 cents an hour.

Despite the fact that the workers are illegally not paid any overtime premium, ***if they fail to show up for even a single overtime shift, two days’ wages will be deducted from their pay as punishment.***

Supervisors constantly abuse and harass the workers, calling them “idiots” and “garbage” and screaming at them to work faster. Talking back to management is strictly prohibited. One

worker who tried to defend himself by answering back to a supervisor was attacked, choked, beaten and fired. Workers have no voice or rights. Workers have no choice but to bow their heads and remain silent.

The pace of production is also grueling. For example, someone working on a compression molding machine—which forms the swim masks—must complete one operation every nine to 12 seconds, 310 to 410 per hour, and 3,720 to 4,920 operations in the standard 12-hour shift.

Production line workers are allowed just 1 ½ minutes to assemble each Speedo “Condor” swim mask, for which they are paid less than two cents.

Workers are so exhausted by the long hours and grueling production goals seven days a week that they often return to their dorms after work only to collapse into bed, falling asleep with their clothes and shoes still on—despite the fact that the dorm rooms are stiflingly hot. Workers are drenched in their own sweat all day, but on the shop floor and in their dorms.

Workers report handling potentially dangerous chemicals, oil paint, thinners and solvents including benzene. Yet they do not know the names of the chemicals, let alone their health hazards or how to respond in case of an emergency. In the silk screening department, ***workers say they are working with a solvent which, if even one drop touches their body, their skin begins to burn and fester.***

In another direct violation of China’s laws, management has refused to inscribe its workers in the mandatory national Social Security program, leaving the workers without health insurance, including for work injuries. There is no paid maternity leave, no paid holidays and no paid sick days.

Eight workers are crowded into primitive 14-by-19-foot dorm rooms, sleeping on double-level metal bunk beds that line the walls. There is no other furniture, not even a chair. The rooms reek of perspiration due to the stifling heat, leading the workers to refer to their dorm room, sarcastically, as a “sauna.” The shared bathrooms are filthy, and due to a shortage of hot water, workers wishing to wash must heat their own water on a makeshift wood stove they set up using an old oil drum. Workers carry small plastic buckets of hot water back to their rooms where they take a sponge bath. The workers can afford to spend only \$1.52 a day on food.

The Guangzhou Speedo workers are in a trap, with no voice, no rights, and no exit.

It is unlikely that any Olympic athlete—no matter how committed—could endure what China’s sweatshop workers suffer day in and day out.

Speedo and the others must clean up this factory and guarantee that the workers’ legal human and worker rights will finally be respected.