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Los Angeles Times

November 26, 2004 Friday
Home Edition

SECTION: MAIN NEWS; Business Desk; Part A; Pg. 1

LENGTH: 4074 words

HEADLINE: Sweat, Fear and Resignation Amid All the Toys;
Despite Mattel's efforts to police factories, thousands of workers are suffering.

BYLINE: Abigail Goldman, Times Staff Writer

DATELINE: GUANGDONG PROVINCE, CHINA

BODY:

Just off a wide dirt road that leads to a densely packed jumble of factories, workers behind one guarded metal gate toil seven days a week, sometimes as many as 24 hours straight, making toys for about 20 cents an hour.

It is a pace that makes them almost numb to the poor ventilation, the lack of bathroom breaks and a fear that they will be beaten if they complain.

Sweatshops aren't unusual, of course, in a country that possesses a large and cheap workforce and a permissive government hungry to attract big business. What makes this situation notable is that these workers make products for a company widely considered one of the most socially responsible American firms: Mattel Inc.

The El Segundo-based toy manufacturer was one of the first U.S. companies -- and the only major player in its industry -- to establish an independent system for monitoring and publicizing how factory workers are treated. In fact, Mattel routinely checks and rechecks hundreds of plants around the world, aiming to ensure that they comply with its 112-item code of conduct.

The seven-year effort has paid off -- at least to a point.

When it comes to limiting work hours, ensuring fair pay and improving health and safety standards, "Mattel is one of the best," said Chan Ka Wai, associate director of the Hong Kong Christian Industrial Committee, which has done extensive investigations into working conditions in the Chinese toy industry.

Yet for all of that, tens of thousands of workers who make Mattel products still suffer.

One big reason is that half of the toys displaying Mattel's familiar red logo are made in facilities, like the one here in an industrial area of Shenzhen, that the company doesn't own.

"Mattel has no way to know the truth about what really goes on here," said a 24-year-old worker at the Shenzhen factory. "Every time there is an inspection, the bosses tell us what lies to say."

Labor advocates agree that the situation is difficult. Mattel may be doing a lot to turn its own factories into showplaces, Chan said.

"But their vendors look very different," he added.

As increasing numbers of Western manufacturers shift production to China and other developing countries, Mattel's experience underscores how difficult it is to guarantee humane working conditions and still make the ever-cheaper goods that consumers demand. It also raises the question of how much responsibility a single company should bear when it operates in parts of the world where poverty is omnipresent and the exploitation of workers is rampant.

The Times interviewed workers at 13 factories in southern China, Indonesia and Mexico that make Mattel products, including company-owned facilities and contractor-run plants.

Visits to five of the factories were arranged by Mattel. The Times talked independently with employees at the other plants, where workers agreed to tell their stories only if they and their employers were not identified by name.

Many said they were worried about retaliation from supervisors. Others expressed concern that if Mattel knew about the conditions, the company would cancel its contracts, casting the workers onto the streets.

"It's good that they monitor, but not if it costs our jobs," said the Shenzhen factory worker, who has performed a variety of tasks for a Mattel contractor in the last two years, most recently stamping eyes onto plastic animals. "It's better to have bad conditions than no job at all."

Inside Vendor No. 5

Across Guangdong province, on the northeast outskirts of the Guangzhou city limits, Li Xiao Hong helps churn out toys at one of Mattel's best-regarded contractor factories.

Vendor No. 5, as it's known, boasts dorms with TV rooms, a library, sports facilities, classrooms -- even karaoke machines to help Li and her co-workers unwind after a long stint on the factory floor.

Still, conditions are far from ideal.

The plant's work areas are so poorly lighted that they seem permanently shrouded in gray. A strong smell of solvent wafts across the facility as rows of workers hunch over pedal-operated sewing machines and gluepots.

Li is the fastest worker on a long, U-shaped assembly line of about 130 women who put together Mini Touch 'n Crawl Minnie, a scampering version of the Disney character activated by a baby's nudge.

Li moves with lightning speed -- gluing the pink bottom, screwing it into place, getting the

rest of the casing to adhere, tamping it down with a special hammer, pulling the battery cover through its slats, soldering where she glued, testing to make sure the leg joints on the other side still work, then sending it down the line.

The entire process takes 21 seconds.

She generally works 5 1/2 days a week, up to 10 hours at a time. Her monthly wage -- about \$65 -- is typical for this part of China, enough for Li to send money back home to her poor farming family in Henan province and to afford a computer class in town.

But Li pays a heavy price: Her hands ache terribly, and she is always exhausted -- a situation to which the 20-year-old seems resigned.

"People at my age should expect some hardship," said Li, clad in bluejeans and a pink factory blouse, which she left unbuttoned to reveal a white T-shirt emblazoned with the silhouette of Mickey Mouse. "I should taste bitterness while I'm young."

Besides, many here apparently have it worse.

Last year, Mattel's independent auditors noted that the overtime extracted by Vendor No. 5 often exceeded the maximum allowed under Chinese law and under what Mattel calls its Global Manufacturing Principles.

The extra hours, inspectors found, were not completely voluntary because workers were forced to seek permission to leave after their regular shifts, another violation of Mattel's rules. Some were found to have worked for nearly three weeks without a day off, which ran afoul of both Chinese law and company mandates.

Robert A. Eckert, Mattel's chairman and chief executive, said he wasn't surprised that some contractor factories had violated Mattel's wage-and-hour restrictions. What's important, he said, is that the company work with its business partners to recognize and correct the problem.

So far, Mattel has terminated 33 suppliers for violating its standards, while refusing to add 28 others to its list of approved vendors because they failed to meet the company's code.

Eckert made clear, however, that firing factories isn't the goal.

"Our job is to fix it," he said. "We're not in the business to try to cut off plants."

Establishing Standards

Mattel began monitoring factories almost two decades ago, when it focused on issues of health and safety, and greatly expanded the notion of what it should be accountable for in the mid-1990s.

It was a time when activists around the world were stepping up campaigns against Nike Inc., Gap Inc. and others for allegedly using sweatshop labor outside the United States.

For Mattel, the stakes were particularly high. A worker abuse scandal like the one that tarred Wal-Mart Stores Inc.'s Kathie Lee Gifford clothing line in 1996, when activists found that items were made by children working in deplorable conditions, would be especially disastrous for a maker of kids' toys. Negative headlines would scare off customers and

spook Wall Street.

"There isn't a reward for doing the right thing," noted Sean McGowan, a toy industry analyst with Harris Nesbitt in New York. "But there is a penalty if you get caught doing the wrong thing."

Mattel later added a "social compliance" component to its program, which included a strict set of rules about working hours, wages, factory conditions and age requirements.

The company formalized these standards in 1997 when it established the Mattel Independent Monitoring Council, a nonprofit group of observers funded by the company but administered through the Zicklin School of Business at Baruch College, part of the City University of New York.

The group, now called the International Center for Corporate Responsibility, was charged with monitoring factories and publishing detailed reports as a check on Mattel's internal audits. Critics have questioned the monitors' independence. For its part, Mattel points out that it is the only major toy company to release outsiders' findings.

(Its largest competitor, Hasbro Inc., has said that all its contractors must comply with International Council of Toy Industries ethics guidelines, modeled largely on Mattel's program, by the end of 2005. But Hasbro does not make public its independent auditors' reports.)

Beyond scrutinizing its vendor plants in the developing world, Mattel has also built its own first-rate facilities, complete with comfortable living quarters for its workforce.

The factory floor at Mattel Die-Cast China in Guanyao is bright and airy. Instead of the usual snaking assembly line, where workers perform the same task over and over and over, many MDC employees move around to different stations, often making an entire toy themselves; this helps eliminate painful repetitive-stress injuries.

MDC's residence halls are more modern and nicer than dorms at top Chinese universities. In their off hours, workers crowd into the television rooms on each floor or play badminton on outdoor courts. Some head to the gym or to computer centers to practice lessons they learn in free classes offered on site.

The quality of life here is written on the face of nearly every MDC worker: They smile, a rare expression at other plants.

"People can sense the difference if you're pushing them for the bottom line or for themselves," said Rug Burad, the general manager of the plant, where Matchbox and Hot Wheels cars originate.

"You want them to be their best so they produce the best. That's the priority."

Crowding in Indonesia

Even at Mattel's own factories, change doesn't come overnight.

On the eastern side of Jakarta, past the garbage-strewn streets in the main part of the city, Mattel's twin Indonesian production facilities rise up out of the green fields like gleaming, white-tile temples.

The Dua and Satu factories -- where half of the world's more than 100 million Barbie dolls are made each year -- consist of low-rise buildings connected by walkways with lush overhanging plants. The campuses, built in the early 1990s, feature computer rooms, a library, a health clinic, sports fields and a community garden. Management here has given a nod to both fun and faith: The complex includes a disco as well as two mushollas, prayer rooms for the workers, 90% of whom are Muslim.

Still, most of the dorm rooms, which house about 40% of the factories' 10,000-plus workers, fail to meet Mattel's guidelines for the maximum number of workers per room (16) and the minimum amount of personal space allotted to each (20 square feet).

Instead, the rooms are crowded with four rows of four bunk beds lined up side by side, mattress to mattress. For all but those in the outside beds, getting in and out can require a feat of gymnastics.

Mattel is moving to a less crowded format -- two bunk beds in a row, each with a lamp, fan and curtain shielding the bed from the open area -- to come into compliance with its own guidelines. But those changes, Mattel said, take time.

"We can point to deficiencies in the system," said Jim Walter, Mattel's senior vice president of worldwide quality assurance, who oversees the ethical manufacturing initiatives, "but I'm going to look at how far we've come."

For some, it's still not far enough.

In 2001, a report by the Hong Kong Christian Industrial Committee rapped Mattel, along with Hasbro, Walt Disney Co., Wal-Mart and others, for making toys in brutal Chinese sweatshops. The National Labor Committee in New York, the group that exposed the problems with Wal-Mart's Kathie Lee Gifford clothing line, followed with another critique the next year.

Marie-Claude Hessler-Grisel, a French human rights advocate, still sees many of the same problems that were highlighted in those reports.

Hessler-Grisel says she appreciates that Mattel has poured more than \$500 million into its own state-of-the-art facilities and spends about \$10 million a year on monitoring factories, upgrading plants and training contractors.

But given that Mattel earned more than \$500 million last year on sales of nearly \$5 billion, she expects the company to do a lot more and to do it faster.

"These workers can't wait forever for a change," she said.

"I have nothing personal against Mattel," added Hessler-Grisel, a tiny woman with short gray hair and red-rimmed glasses. "You always go after No. 1, and it trickles down."

Enjoying a 'Day Off'

Around the world, workers at factories making Mattel toys complain about one thing above all else: the grueling hours.

Mattel's rules state that the most anyone can work is 12 hours a day, six days a week --

and that's only for very limited periods and when overtime is voluntary. Regular workdays aren't supposed to exceed 10 hours a day, including overtime. What's more, factory employees are not supposed to work more than 13 days in a row. But according to more than a dozen workers, the reality is something else.

Near Shenzhen, outside a large vendor plant, two 20-year-olds eating a lunch of boiled noodles recounted how they routinely worked 11 hours a day, six days a week. The worst time, they said, comes during the monthly changeover, when their group goes from the day shift to the night shift -- and they must plow straight through, with barely a break in between.

In Indonesia, a 21-year-old woman who worked at Mattel's Jakarta plant talked about friends and colleagues who have assembled Barbie dolls for 30 days straight without time off.

Even at a Mattel-owned plant in Guanyao, where the hours are within company guidelines, workers are so fatigued that those who return early from lunch sleep at their spots on the assembly line, their heads resting on their hands.

In environments like these, the slightest break can seem like a tremendous perk.

Near the city of Dongguan, two young women recently sat in a fourth-floor room sectioned off by crude corrugated-metal walls. They have little to show for their drudgery; they share a mattress and a hot plate. But they said their life at a Mattel contractor factory had been good. Unlike at the last plant where they worked, the Mattel vendor gives them a "day off."

But as the two friends described their "day off," it became evident that they don't get anything close: On Sundays, they explained, they get to leave work at 5 p.m., having put in eight hours instead of the typical 12.

"That's a gift," said one of the women, a migrant from Henan province who frequently flashed a broad, toothy grin that made her look even younger than her 20 years. "You don't have to work through the night."

Fear of Retaliation

At the Shenzhen factory, where about 1,000 people are employed, it seems everybody knows the drill.

Before Mattel comes through twice a year for inspection, workers said, managers promise to pay them time-and-a-half if they repeat the company line: that they work just eight hours a day, six days a week, as allowed by Chinese law.

In truth, they slog for far longer than that.

Inside a tiny metal-walled shed a short walk from the factory, the 24-year-old worker reclined on his bed with his fiancée by his side and recalled how he was recently ordered to work 24 hours straight without rest.

"On the second morning we just kept working," he said, wrinkling his nose as the eye-watering vapors of cooking peppers drifted through the room from a building a few feet away. His fiancée pressed the tummy of a defective Winnie the Pooh that she had rescued from the trash at work. The bear meowed three times -- she had sewn in a computer chip

from a pet toy that someone had found on the factory floor -- and the woman laughed.

If all goes well, the couple said, they can each earn about \$65 a month, half of which they send home to their families in rural China.

Newcomers and slower workers, they pointed out, sometimes get no pay at all: There is nothing left after charges are subtracted for meals and rent, as many workers live in company housing.

The couple said they and their colleagues sometimes thought about complaining, but the memory of what happened last year to one who did always stopped them. At first, they said, the worker was shouted down by the floor manager. Then, about 8 p.m., as he was leaving the factory, he was stabbed repeatedly by a group of men.

Mattel said it was unaware of any such incident.

Few people saw the stabbing, and no one knew what ultimately happened to the victim, the couple said, although some heard his screams. They didn't dare help or call the police, they said, lest they suffer the same fate.

Squalor in Mexico

More than 7,000 miles from China, along the U.S.-Mexico border, a 41-year-old Mattel factory worker rocked back and forth on a rusted metal chair and talked about life at the job site -- and beyond.

The Tijuana facility where this woman earns the equivalent of \$50 a week, Mattel's Mabamex plant, is clean and well maintained. The company strictly enforces its work-hour rules here, and she has few complaints. Mabamex appears little different from factories on the U.S. side of the border.

But outside the 550,000-square-foot factory, the scene of squalor is all too familiar: Like most maquiladoras -- assembly plants that produce goods principally for export -- Mabamex is surrounded by the hovels where its workers live.

The dwellings are made of sheets of scrap metal and prefabricated wooden walls -- often, discarded garage doors from across the border. Few homes have anything other than earthen floors. Fewer still have running water. Most bathrooms consist of a system of buckets and open rivulets, which wash the waste downhill.

The Mattel worker, a mother of four, said she would like to move her family somewhere nicer. But given her salary, there is very little that she can do.

"When we collect our checks, we feel bad about how little money we make," she said. "We feel the pressure."

For a company like Mattel, it is a tricky proposition figuring out what its obligation to workers -- as well as to society at large -- should be.

"Is it Mattel's responsibility to determine and pay a living wage? I don't think so," said Walter, the company's quality assurance chief. "But should Mattel prompt a local government to determine what a reasonable wage is? We should have some impact on that."

The struggle between morality and profitability goes right to the top of the company.

"Do we want to make people's lives better? Absolutely," said Eckert, Mattel's CEO. "Do we want to unilaterally do things that make us uncompetitive and therefore our products don't sell and therefore nobody gets employed? No."

Few, if any, of the Tijuana maquiladoras do better for their workers than Mattel does, said Alfredo Hualde, director of the Department of Social Studies at El Colegio de la Frontera Norte, a research institution in Tijuana.

Hualde notes that to have even the most basic amenities -- sanitary drinking water, indoor plumbing -- the 150,000 maquiladora workers would probably need to see their pay doubled. And that's unimaginable when the Mexican government is doing all it can to keep factories from fleeing Mexico for cheaper locales such as China.

"The main objective is to keep the maquilas here in Mexico to create employment," Hualde said. "The quality of the employment is secondary."

When the Factory Closes

At the Shenzhen factory, the man who worked 24 hours straight learned during the summer that there is something worse than laboring in terrible conditions: being out of a job.

Work at the plant started to dry up, and the man went 22 days without getting paid.

Eventually, he landed a new job at a nearby eyeglasses factory. The management is fair, the hours are blessedly shorter, and the pay is better, he said. He and his fiancée were even able to move into a slightly larger apartment with tile, instead of concrete, floors.

His fiancée hasn't been so lucky, though. When the Mattel contractor finally closed in August, the only job she could find was at a nearby toy factory -- another Mattel supplier.

Conditions there, she said, are worse. The hours are longer and the wages lower. Workers are instructed to keep two timecards so that auditors can't detect the illegal overtime and insufficient pay. There is no clean drinking water at the factory, she said, and no food for those who, like her, often work the graveyard shift.

The woman longs for the day she can leave, she said. But she doesn't know when that will be.

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Zhang Xiuying of The Times' Shanghai Bureau and Sari Sudarsono of the Jakarta Bureau contributed to this report.

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Additional photographs, as well as articles about Mattel factory manager Rug Burad and human rights advocate Marie-Claude Hessler-Grisel, can be found at latimes.com/mattel.

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Story of strife

1988

* The General Accounting Office reports that sweatshops are becoming prominent again.

1989

* State and federal labor officials begin using the 1938 "hot goods law" to battle sweatshops in Southern California. The law restricts retailers from selling goods manufactured under illegal labor conditions.

1990

* The Labor Department takes legal action against six sewing contractors in a bid to shutter Los Angeles sweatshops.

1991

* Levi Strauss & Co. adopts a code of conduct to ensure that its overseas contractors maintain fair labor practices.

1992

* Nike Inc. and Sears, Roebuck & Co. establish codes of conduct for their factories. Under pressure from the Labor Department, Guess Inc. agrees to police its sewing contractors for labor violations.

1994

* State and federal labor inspectors uncover rampant labor violations throughout California.

* Labor Secretary Robert B. Reich threatens legal action against major U.S. retailers, expanding use of the "hot goods law" nationwide.

* Liz Claiborne Inc. establishes a code of conduct.

1995

* Authorities raid an El Monte sweatshop and find 71 Thai nationals living in virtual slavery as garment workers. The raid raises awareness of sweatshops.

1996

* During congressional testimony, the executive director of the National Labor Committee accuses Walt Disney Co. and Wal-Mart Stores Inc.'s Kathie Lee Gifford clothing line of using sweatshops to make their apparel.

1997

* Nike comes under fire over conditions in its factories in China, Vietnam and Indonesia.

* McDonald's Corp. is criticized for its plants in Asia that make Happy Meals toys.

* Mattel Inc. establishes a code of conduct for manufacturing and an international independent monitoring system.

1998

* Duke University adopts a code of conduct governing the making of Duke-licensed merchandise.

* College students form United Students Against Sweatshops.

* U.S. apparel manufacturers and labor rights groups create the Fair Labor Assn., or FLA, an independent organization aimed at making sure that overseas factories meet the group's code of conduct. Founding members include Liz Claiborne, Nike, Phillips-Van Heusen Corp. and Reebok International Ltd.

1999

* College students around the country protest universities' ties to sweatshops. Seventeen colleges join the FLA, angering student activists who question the association's autonomy.

* Human rights group Global Exchange accuses Gap Inc. plants of unfair labor conditions.

* Mattel releases its first audit of working conditions in its factories in Asia.

2000

* The University of Pennsylvania withdraws from the FLA after students occupy the president's office for nine days and a nationwide 36-hour hunger strike is staged in support of the protesters.

* Nike founder Phil Knight announces that he will no longer make donations to the University of Oregon because of its membership in another labor rights group that had criticized Nike.

* The University of California system establishes one of the toughest codes of conduct in the country.

2001

* Reports from labor rights groups accuse Mattel, Hasbro Inc., Disney and Wal-Mart of making toys in Chinese sweatshops.

2002

* The last of 26 U.S. clothing makers settles a class-action lawsuit alleging the existence of sweatshop conditions on the Pacific island of Saipan.

2003

* Nike settles a case claiming that its defense of sweatshop allegations was false

advertising.

2004

* Gap Inc. finds violations in many of its overseas factories, particularly in China.

Many efforts have been undertaken in recent years to end sweatshop conditions in the United States and abroad. Sources: Company reports, Associated Press, Times research. Compiled by Times librarian John Jackson

Los Angeles Times

GRAPHIC: GRAPHIC: Mattel's world (includes maps of Asia and Mexico) CREDIT: Mark Hafer Los Angeles Times PHOTO: A DOLLS' HOUSE: Since 1997, Mattel has used outside monitors to verify ethical treatment of the workers who make its products; it is the only major toy maker to release outsiders' findings. Above, in Guanyao, final assembly of a My Scene doll. PHOTOGRAPHER: David G. McIntyre Black Star /For The Times PHOTO: BARBIE BOOM: Mattel, the world's largest toy company, makes more than 100 million Barbie dolls a year at sites including a factory it owns in Guanyao in southern China. PHOTOGRAPHER: David G. McIntyre Black Star /For The Times PHOTO: MODEL FACTORY: Workers at Mattel Die-Cast China hit the gym during their off hours. The company-owned factory is unusual in China in that it provides such perks for its workers. PHOTOGRAPHER: David G. McIntyre Black Star /For The Times PHOTO: TIME TO REFLECT: "It's better to have bad conditions than no job at all," says a Shenzhen factory worker, right, with his fiancée in their apartment. Like others who have worked for Mattel contractors, he tells of brutally long hours, including being asked to work 24 hours straight without rest. PHOTOGRAPHER: For The Times PHOTO: SHOWPIECE: Mattel Die-Cast China offers good working conditions. "Mattel is one of the best," a labor investigator says. "But their vendors look very different." PHOTOGRAPHER: David G. McIntyre Black Star / For The Times

LOAD-DATE: November 26, 2004