

# [Increasing and 1910, the ilgwu swells in](https://assignbuster.com/increasing-and-1910-the-ilgwu-swells-in/)

Increasing Shareholder WealthINTRODUCTIONThe goal of all corporations is to increase shareholder wealth. Shareholder wealth is increased is by increasing the corporation’s profit. In acorporation involved in manufacturing, reducing the cost of the factors ofproduction is essential for growth. One of the major components of production costs is labor. When in comesto labor costs, the corporation and the worker usually have very different goals. The corporation wants to pay the worker as little as possible, whilemaintaining the productivity and quality required by its customers. The worker, on the other hand, seeks to increase his or her personal wealth by demanding thehighest possible wages and benefits. Because of this somewhat adversarial relationship, corporations andlabor have developed strategies to strengthen their positions.

One of Labor’smain defenses is to organize in unions. The existence of unions can be aneffective method of gaining a position of strength, especially when dealing withpower corporations. Depending on the size of the corporation, they might havethe power to employ methods which are difficult for the workers to prevent orcounteract.

One tactic used by corporations to reduce labor costs is the utilizationof sweatshop labor. A sweatshop is a manufacturing facility that operatesbelow minimum standards of safety and/or wages and benefits. Sweatshopsflourished in the United States in the late 1800s and early 1900s.

This paper will examine the re-emergence of sweatshop manufacturing inthe U. S. and abroad, and its impact on how manufacturers do business. Two U. S. corporations will be discussed in detail. And the issue of utilizing low costlabor domestically and offshore, including arguments for against this practice, will be discussed.

ISSUE BACKGROUNDSince, by definition, sweatshops violate the basic rights of workers, abrief discussion of the history of the labor movement is a necessary element inunderstanding the use of sweatshops. This section is intended to give a briefoutline of some of the events leading to worker’s rights laws. The followinginformation was excerpted from NBC News Online. June 3, 1900Garment workers form the International Ladies’ Garment Workers’ Union to protestlow pay, fifteen-hour workdays, no benefits, and unsafe working conditions. While weak at the onset, the ILGWU struggles to help all workers fight forbetter conditions and higher pay. 1909November 22, 1909-February 15, 1910 Organized by the ILGWU, 20, 000 shirtwaistmakers, mostly women and children, stage the first garment workers strike. Manypicketers are beaten or fired.

In the end, the garment workers win a pay raiseand a work reduction to 52 hours of work per week. July – October, 1910ILGWU organizes a second large strike which featured 50, 000 cloak-makers. Takingtheir lead from the women, this mostly male strike won uniform wages, a shorterwork week, and paid holidays. A Joint Boardof Sanitary Control is set up, as well as an arbitration board. As a result ofthe strikes in 1909 and 1910, the ILGWU swells in membership. March 25, 1911One of the worst fires in U. S.

history breaks out at the Triangle ShirtwaistCompany in Manhattan’s Lower East Side, killing 146 garment workers. TheTriangle fire prompts the government to take action and establish regulatorycontrol over the industry. Days after the tragedy, 80, 000 people participate ina funeral procession up Fifth Avenue.

June 25, 1938President Franklin Roosevelt signs the Fair Labor Standards Act (FLSA) alsoknown as the federal wage and hour law guaranteeing a minimum hourly wage of25 cents. The law is enforced by the Department of Labor’s Wage and HourDivision and sets the federal minimum wageand overtime requirements. It also prohibits child labor and requires employersto keep adequate time and payroll records. In 1996, the FLSA covers more than110 million workers. 1958The largest nationwide ILGWU strike in union history occurs, with 100, 000 unionmembers walking out of factories. They win new concessions, including moreholidays and higher wages. 1960s-1980sThis three-decade period is marked by rapid globalization which hits the garmentindustry.

In the 1960s, faced with increased unionization, higher wages, andbetter benefits in the Northeast, companiesbegin moving factories South. However, by the late-1970s, the Southhad all but caught up in terms of Union activity. In the1980s, many manufacturers and retailers begin outsourcing their production tosubcontractors in Central America and Asia. Countries such as Honduras, El Salvador, Nicaragua, Malaysia, Indonesia, andSingapore provide free-trade zones andlaborers who would work, according to the National LaborCommittee, for as cheap as 9 cents per hour. By the late 1980s andearly 1990s, under increased competitionfrom foreign subcontractors, sweatshopsstart to flourish once again in