Court

continued from page 1

1992, however, a judicial remedy was concocted to stem this abuse of power. An Administrative Court network was established and, to date, it has handed down a few promising decisions.

According to the "Human Rights in the APEC Region: 1995" report by Human Watch/Asia: "... the Jakarta Administrative Court ruled in May that the ban by Minister of Information Harmoko on the popular magazine *Tempo* in June 1994 was arbitrary and illegal.... The Semarang (Central Java) Administrative Court made a similarly courageous ruling that dissident Arif Budiman, sacked by Satya Wacan University for his outspokenness, had been fired illegally."

The workers and their stalwart advocates at the LBH have won an important victory to get the Jakarta Administrative Court to overrule Depnaker chief Latief.

The Supreme Court cannot be too anxious to tangle with this multi-millionaire friend of Major Gen. Suharto. This small band of young workers has demonstrated considerable courage to call on their government to adhere to internationally accepted principles of worker rights.

The world community — as it has in the *Tempo* case — needs to let the government of Indonesia know that a fair outcome is expected. The prognosis is not good, however. Indonesia is still desperate to attract foreign investment, and prospective factory-builders will be watching for a continuation of the Indonesian status quo, summed up in the HRW/A report cited above: "... reforms failed to address the core issues of the denial of freedom of association and the widespread intervention of the military in peaceful labor disputes."



Teten Masduki of the Legal Aid Institute in Jakarta.

Double-talk

continued from page 3

Taylor as told to Katz: "Indonesian labor policy did allow for a 90-day training period during which the workers were paid below the minimum wage, Taylor admitted...."

Later that year, Nike research found that the training was, in fact, illegal. And the company *then* pledged to stop those contractors who persisted in this practice. No offer of restitution was made to the thousands of workers cheated in over seven years of their contractors' illegal training wage payments.

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Bours' FACTS: "Nike is not in a constant quest for the cheapest labor in the world."

Taylor: "Taking three dollars or four dollars out of the cost of the shoes makes a big difference to the bottom line." (Speaking with Katz about moving production from South Korea – where labor cost per pair was about $4.50 – to China and Indonesia.)

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Bours: "... Nike will demand that the subcontractor address the situation. If no improvement is made, Nike may terminate the business relationship."

Katz: "Only when foreign labor issues come up can a Nike manager be heard to say, 'We're not good enough to change that system.'"



"On strike — raise wages!" *Cartoon by Yayak*

Photos and illustration from December 1995 Amnesty International newsletter



Hayati was detained for her peaceful activities on behalf of workers. Amnesty International believes that she was a prisoner of conscience.

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WOMEN IN INDONESIA & EAST TIMOR

Standing against repression



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Soldiers with automatic weapons stand guard as women workers strike at PT Catur Putra Surya.

Our incomes are like our shoes; if too small, they gall and pinch us; if too large, they cause us to stumble and to trip . — Charles C. Colton, English clergyman, 1822

NIKE IN INDONESIA

NEWSLETTER PUBLISHED BY PRESS FOR CHANGE, INC.

Volume 2, No. 1 **February 1996**

Workers' case to Supreme Court

1992 strike led to the dismissal of 24 activists; Group called for free and open union election

Workers sacked for protesting illegal pay practices at Sung Hwa Dunia (SDA) more than three years ago finally may be getting a measure of justice — no thanks to Nike. According to lawyers at Indonesia's Legal Aid Foundation (known as LBH), this is the first industrial relations dispute to be considered by the country's highest court.

The controversy arose when workers organized a strike in reaction to multiple violations of the Indonesian labor code by the Korean-run company; three weeks of peaceful protests and a petition to management fell on deaf ears.

For five weeks after the strike, Indonesian military and police units interrogated dozens of workers. Soon after, the 24 activists were called by SHD management and informed of their immediate dismissal. The Nike contractor, in the meantime, had corrected most of the labor law violations at issue, workers reported.

The call for the democratic election of trade union representatives is believed to have been the unacceptable element of the workers' struggle.

Indonesia's highest labor court — the National Industrial Disputes Panel (P4P) — ruled the activists' dismissal illegal and ordered SHD's successor firm, PT Eltri Indo, to rehire the workers and to pay lost wages. This decision raised eyebrows among followers of the industrial relations scene in Indonesia because it had been unheard-of to force an employer to take back workers who were — rightly or wrongly — considered "troublemakers."



Sadisah (left) and Cihcih are two of the workers awaiting an Indonesian Supreme Court decision on reinstatement to their jobs.

Indonesia's labor policies are firmly rooted in controversy-avoidance. The usual deal brokered by the Manpower Ministry (Depnaker) and local security officials calls for the employer to pay a substantial severance award to whistle-blowing workers, thereby "validating" their dismissal.

In this context, the P4P decision must be viewed as a stern rebuke to the shoe-maker, signalling impatience with the recalcitrant sport-shoe contracting community.

Predictably, PT Eltri Indo disclaimed responsibility and convinced Indonesia's Manpower Minister, Abdul Latief, to void the order. His ruling made specific reference to the workers' call for open union elections.

James J. Gallagher, an American labor arbitrator based at the University of Oregon, has made an extensive review of this case (referred to as *Nunuk and Friends*) while in Jakarta for six weeks. Some of his conclusions follow:

"The implications of the manner in which the Minister conducted the review of *Nunuk* are far more grave than what appears to have been the unfairness of his verdict. That decision 'only' stripped 24 workers of their livelihood. The violations of due process utilized to do this threatens the rationale for the existence of the entire P4D/P4P system of dispute resolution."

Throughout Indonesia's post-independence history, members of the ruling Cabinet had this right: being as arbitrary as they wished, overruling any order or decision within their purview. In

see **Court**, *page 4*

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Pou Chen fires 31 protesting workers

The huge Pou Chen Complex — called "Nikomas" by local employees — has more than 9,000 young women working on Nike shoes. A strike took place 18 months ago, after management refused for 10 weeks to pay the newly raised minimum wage.

Nikomas complied after the strike, but less than a year later, again provoked angry reactions from workers by raising production targets and refusing to talk with the molding department about the pace of work and poor-quality food. When the workers struck to gain a hearing, management rounded up 14 individuals (seven of whom had not even participated in the work-stoppage.) and, for most of the next five days, kept them off their jobs and confined in a unused room, guarded by a member of the Indonesian military.

After interrogations, 12 of them were "laid off" — this means that they were to receive half pay. Nikomas paid them this way for a month, then dismissed them.

Their case has been presented to the Indonesian Labor Disputes Panel (P4P) by the Legal Aid Foundation (LBH). *Press for Change* has been informed that a few of the workers who were dismissed may withdraw from the case, due to continuing intimidation from local authorities.

One type of story that is all too common at factories such as Nikomas is that of a woman named Ikko. She says that last summer new production targets were set for workers in her division. Workers would then be forced to work overtime to meet the target — sometimes until late into the evening.

Her protests got her dismissed as a troublemaker and, despite having worked there for two years, Ikko was refused the normal severance payment required under Indonesian labor law.

When 18 other workers protested the Nikomas management's harsh and illegal treatment of Ikko, they were fired as well. A case is being prepared by the LBH for presentation to the P4P.

Reebok's "Human Rights Award"? Give us a break!

Press for Change activists took time out from their usual Nike "shin-kicking" to stage protests and leaflet at Reebok's annual Human rights Awards dinner and ceremony in New York City (December 5-6). Were it not for Nike's "women's empowerment" advertising campaign, Reebok's award would set the standard for hypocrisy in marketing. Reebok uses many of the same contractors which Nike uses in China and Indonesia and, though their public relations/corporate code of conduct team is definitely cut from a higher grade of cloth than their counterparts at Nike, the grim workplace reality for tens of thousands of women in Asia remains virtually indistinguishable.

New reports confirm posting Of Nike's "Code" at 2 factories

Workers at PT Hardaya Aneka Shoes Industry (HASI) and "Nikomas" — the Hong Kong-based Pou Chen — have told an Australian researcher that the Nike "Memorandum of Understanding" is posted in their factories. *Press for Change* will continue to monitor progress on the promised posting and, somewhere down the road, we may even observe workers using it to settle some of the workplace problems which are bound to arise.

While independent trade unions with local managers willing to agree to the process of collective bargaining is the preferred method of settling industrial disputes, it would be valuable in the short-term to have some mechanism for Nike to bring some of the most recalcitrant bosses to heel.

Giving and Taking, Nike-style

"I don't dismiss any criticism like that because I think there's validity to that and [chuckling] my son works for Wilson Sporting Goods and goes overseas and says, 'Dad, sometimes the conditions are very difficult' and I truly understand that. In turn, if I never ate everything they say is bad for me I would have starved to death and, fortunately, I lost about twenty pounds a while ago. Secondly, I think that everything seems to have a downside to it in today's society — and so it's very difficult to take things at face value. Not that we're being evasive about it or, not the we're being blind to it. I think that would be unfair.

"And certainly I don't think that it's something that, when we get the various sneakers that we think of who made them. Maybe that's ignorance on our part, but it's a very honest ignorance."

—Jim Calhoun, University of Connecticut basketball coach, talking about the abuse of workers in Indonesia and his 15-year "relationship" with Nike — WBUR radio, 12/95

Is Pratama Abadi The worst contractor?

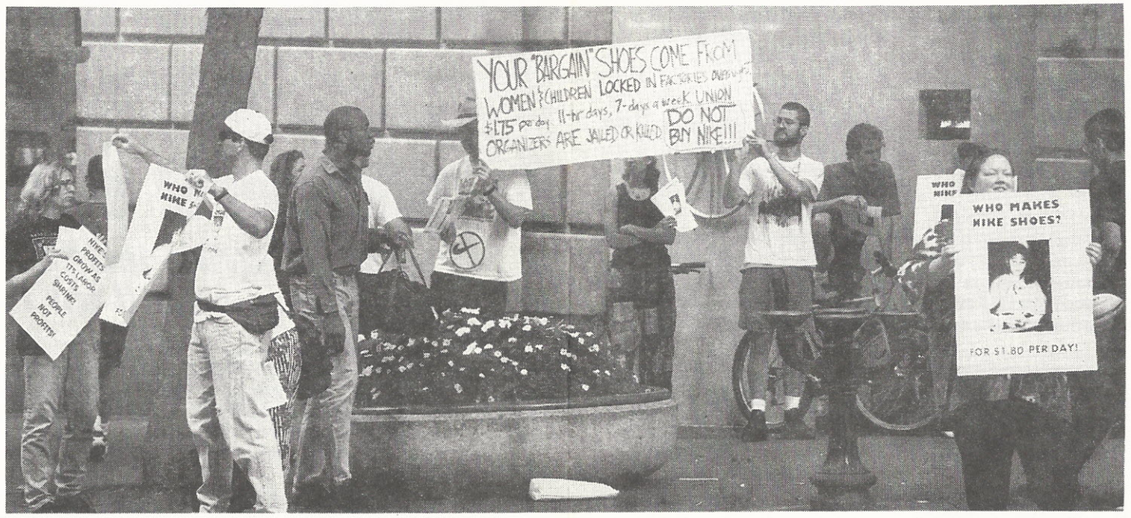
Violence by Korean supervisors continues to be a serious problem at PT Pratama Abadi Industri (PAI). Surveyors in touch with *Press for Change* have noted improvement in a few areas: Getting sick leave paid (with a note from doctor); annual leave is now ten days for all permanent employees, and workers report that they can now count on becoming permanent after a normal three months' training period — during which the full minimum wage is paid.

While PAI is catching up with the most basic protection under Indonesian labor law, an alarming number of workers report that violence is a constant threat. The most dramatic event reported took place in early 1995.

An American employee of Nike came for an inspection and discovered that an incorrect color was being used on the outsoles. He reprimanded the Korean manager, who in turn, lined up six workers and smacked each one on the head with an outsole. While all six of these workers were male, women workers also report being hit; managers often yell at them and call them "dog."

If employees on the night shift seem sleepy, the supervisors yell at them; if they actually fall asleep, they are fired summarily, it is reported.

Marchers Rally for Justice



Portland-area groups staged a peaceful protest at the NikeTown retail outlet on Labor Day. Here, marchers call attention to the plight of the young women who assemble shoes for Nike and other companies.

Headlines reveal pressure building in the UK

Trainer giants paying shoe-string wages

— London Times, Dec. 4, 1995

SPORT SHOE SLAVES
Stars cash in on sweatshops

— Daily Star, Dec. 4, 1995

Nike work at 16p an hour? Just do it

In the West, trainers are equated with liberty, but in Asia the shoe is on the other foot

— The Observer, Dec. 3, 1995

You pay £50 for a pair of trainers. The 45 people who made them share just over £1.



trodden underfoot

In 1994 Nike spent £187 million on advertising. Money saved by cutting just two TV adverts (a 1% cut in their advertising budget), could lift 18,000 Indonesian footwear workers out of extreme poverty.

Multinationals Nike, Reebok and Adidas dominate the shoe industry. They all use factories in Asia to produce their trainers cheaply.

From a World Development Movement brochure

PR vs. Production

Monitoring both sides Of the corporate mouth

In the neverland of Nike's public relations department, young female workers should have no more problem getting fair wages and independent unions as, say, the average Oregonian might experience in approaching the boss about a flex-time arrangement to handle child-care responsibilities or contesting a parking ticket.

The following comparisons of statements give an idea of just how difficult it has been for journalists and human-rights activists to get reliable answers from the sport-shoe giant:

Nike's *Code of Conduct*: "We always seek to be a leader . . . in the area of human rights and equal opportunity; or in our relationships in the communities in which we do business – we seek to do not only what is *required*, but, whenever possible, what is *expected* of a leader." (their emphasis)

Asked about Levi Strauss & Co.'s decision to quit production in China, due to human rights violations, Nike VP for Asia Pacific, Neal Lauridsen responded, "I can't figure it out. I really have no idea what Levi is doing. Everybody I talk to seems to be going forward."

Also, Nike Director of Corporate Communications, Donna Gibbs, responding to a challenge by the local chapter of Amnesty International to raise worker rights issues with Indonesian authorities: "They're basically asking us to get involved in an arena that isn't our place to get involved. We're not political activists. We're a footwear manufacturer."

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A Dutch coalition of consumer and human rights groups was assured by Lilian Bours, the PR Manager for Nike Europe, that Nike expatriate staff is Asia, "... are as responsible for the daily adherence to the Memorandum of Understanding [protecting workers' rights and safety] as they are for product design, development and quality control issues."

The Nike view is quite different when it comes from the production side. VP for Production, Dave Taylor: "We don't pay anybody at the factories and we don't set policy within the factories; it is their business to run."

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Bours: "Through the combined effort of this arrangement and its enforcement, Nike's sense of responsibility is passed along to its business partners."

Nike chief in Indonesia, Tony Nava: "We can't know if they're actually complying with what they put down on paper."

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Bours' paper THE FACTS ABOUT NIKE'S PRODUCTION PRACTICES: NIKE allow (sic) independent trade unions in all of its contracted factories, regardless of location." *Reality check: More than 75 percent of Nike's shoe production now takes place in countries where forming an independent trade union is ILLEGAL.*

Nava: "We just had an illegal strike in one of our factories. Six guys led the strike. They were all arrested, but released. A few were fired. The real troublemakers." (According to the same *Chicago Tribune* story, *Asian labor: Wages of shame*: "The company (Nike) backs the government's crackdown on independent unions.")

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Dusty Kidd, another of Nike's public relations staff, wrote in the *Utne Reader*: "Without exception, those factories in which Nike shoes are made offer the best working conditions and wages in the industry." Also, Phil Knight, CEO of Nike: "... Indonesia, where we pay a premium wage over other shoe factories."

Donald Katz's book, JUST DO IT, published a year after Kidd's letter to the *Utne Reader*: "Subsequent research by Nike in the wake of the Street Stories (CBS television) segment indicated that the much higher wages in a nearby Indonesian factory making shoes for Bata were the result of the factory opening eight years earlier."

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Kidd: "... we can and do ensure that the factory is certified to meet or exceed all the local government standards with regard to wages, working conditions..."

see Double-talk, page 4