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**Garment Worker Cooperatives: An Examination into Ethical  
Production in the Fashion Industry Applied to the Framework of  
Garment Worker Organizing in L.A.**

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**Introduction:**

As consumers have become more aware of sweatshop labor, unfair practices of big businesses, and the waste of the fashion industry, secondhand shopping, the “shop small” movement, and sustainable materials have appealed to consumers’ conscience. However, many small businesses or brands that use sustainable materials still do not pay livable wages to the people who make their pieces. The fashion industry pays garment workers pennies for each piece they produce, despite the retail prices being more than the workers earn in a week. Along with increased legal protections, new employment/business models have arisen across many industries to combat this inequitable distribution of profits. Garment workers and workers in all industries globally are looking to worker cooperative models of collective self-employment as an alternative. Despite this rise in garment worker cooperatives in the industry, there is still a lack of cooperative models of production in America’s apparel manufacturing capital, Los Angeles. Therefore, I am asking what the strategies and challenges are to developing and sustaining garment worker co-ops and how can those develop from the existing framework of garment worker organizing in L.A. To answer this question, interviews with representatives from American garment worker cooperatives and the Garment Worker Center (GWC) and survey responses from garment workers were analyzed using both qualitative and quantitative methods.

**Background:**

Worker cooperatives are a strategy of worker organizing. Although legislation, and unions have sought to empower workers and fight for protections, cooperatives are a new model that challenges the hierarchy of power. For garment worker cooperatives in L.A. to form, there needs to be an understanding of the history of organizing and legislation in L.A. to address the continued exploitation of garment workers and the rise of fast fashion brands. The changes in

garment worker demographics and global trade decreased garment worker unionization, but more recently garment worker cooperatives have formed to challenge the power structure of the industry.

### **Legal Protections for Garment Workers in L.A.**

There have been two pieces of legislation passed in California that sought to prevent sweatshop manufacturing and protect garment workers from wage theft. The first bill, passed in 1999 to hold the businesses that pay sweatshop prices accountable for paying a minimum wage, has fallen short in action. In 2021, SB-62 the Garment Worker Protection Act was passed to expand upon AB-633.

#### **AB 633**

In 1999 the California governor signed Assembly Bill No. 633 to prevent garment worker wage theft. This bill not only creates a protocol for garment workers to report their employers, but also defines the criteria for contractors to register to engage in the garment manufacturing business.

It is the contractor who is liable for ensuring the garment workers earn at least minimum wage, if multiple parties are associated with contracting labor, their liability is proportional to the share of work they are involved with. This bill gives employees who have experienced wage theft to enforce the minimum wage by filing a claim with the Labor Commissioner. If no guarantors are identified, liability and payment are solely the contractors' responsibility. This bill allows all parties to provide evidence to rebut or support the claim during the hearing, and if the Commissioner finds that the employee did experience wage theft, they determine the amount that is due and the proportion of damages each party is responsible for. A guarantor is only liable if there is reasonable evidence that the brand knew or should have understood that the price of the

contract would not sufficiently pay the garment workers the minimum wage. If a contractor fails to pay the damages, the Commissioner can revoke the registration of the contractor and confiscate the means of production and any product that is available. The Commissioner is also given the power to enforce the minimum wage by conducting citations and independent investigations into contractors without an employee claim.

For a person to register their business to engage in the garment manufacturing industry, they are expected to demonstrate an understanding of the of the laws and regulations concerning garment manufacturing; sign a contract that they will ensure to provide the minimum safety standards, inform employees on these regulations, and pay an annual fee. The commissioner will deposit \$75 of each registration fee into a fund that will be used to compensate employees who have been found to have lost wages.

## **SB 62**

The Garment Worker Center campaigned for SB62- the Garment Worker Protection Act, which was passed by the State Assembly on September 8, 2021. SB62 is a state bill written by Senator Maria Elena Durazo, who worked for the ILGWU in college (Gutierrez de Soldatenko, 2002), which builds off of the 1999 AB 633 legislation and would force apparel manufacturers to pay garment workers by the hour, instead of the piece-rate system that has allowed factories to pay their garment workers less than minimum wage. It supersedes former legislation and holds the big businesses who buy the garments that use sweatshop labor accountable because they have been able to hide behind manufacturers and subcontractors in the past. Because this bill attempts to raise workers' wages and create a new standard, factory owners and contractors strongly opposed this bill, citing it will decrease the wages of their "highest earners." Opponents of the

bill also cite that it would deter brands from “reshoring”; returning manufacturing stateside; or increase prices for consumers (Duara, 2021).

In September 2021 Governor Newsom signed State Bill 62, the Garment Worker Protection Act. On January 1, 2022, the new law was enacted (*Bill Text - SB-62 Employment: Garment Manufacturing.*, n.d.). This bill primarily creates joint liability to ensure brands and retailers are also held accountable for wage theft and abolishes the piece-rate pay system that has kept garment workers from earning minimum wage and overtime compensation.

SB-62 requires brand guarantors to also keep records 4 years back (*Bill Text - SB-62 Employment: Garment Manufacturing.*, n.d., sec. 5). With SB-62, if the Labor Commissioner rules in favor of an employee, both the contractors and guarantors are required to additionally pay each employee \$200 per pay period that they were paid piece-rate.

	<b>AB 633</b>	<b>SB 62</b>
<b>Year passed/enacted</b>	1999/2000	2021/2022
<b>Garment Worker (GW) Protections</b>	<ul style="list-style-type: none"> <li>Allows GW to file wage claims with Commissioner</li> </ul>	<ul style="list-style-type: none"> <li>abolishes piece-rate pay systems</li> <li>Expands definition of GW to include dyeing, altering, and labeling</li> </ul>
<b>Wage Theft filing process</b>	<ul style="list-style-type: none"> <li>GW files a claim with commissioner</li> <li>Commissioner informs all parties involved and sets hearing date</li> <li>Commissioner subpoenas contractors’ records</li> <li>All parties allowed to provide evidence at the hearing to defend or refute claim</li> <li>Commissioner can conduct investigations without employee claims</li> </ul>	<ul style="list-style-type: none"> <li>GW files a claim with commissioner</li> <li>Commissioner informs all parties involved and sets hearing date</li> <li>Commissioner subpoenas contractor and guarantors’ records</li> <li>All parties allowed to provide evidence at the hearing to defend or refute claim</li> <li>Commissioner can conduct investigations without employee claims</li> </ul>
<b>Contractor Liability</b>	<ul style="list-style-type: none"> <li>Expected to hold employment records and invoices for 3 years</li> <li>If no guarantors are identified in hearing contractor is solely</li> </ul>	<ul style="list-style-type: none"> <li>Expected to hold employee records, production sheets, wages for each payroll, contracts with manufacturers, invoices and work orders, and conditions of</li> </ul>

	liable for payment	employment for 4 years <ul style="list-style-type: none"> <li>• If wage theft was found, must pay all employees \$200 for all pay periods they were paid piece rate</li> </ul>
<b>Brand Liability</b>	<ul style="list-style-type: none"> <li>• Only liable if there is reasonable evidence that they knew or should have known that the price of their order would not sufficiently pay GW</li> <li>• Liability proportional to share of work involved with</li> </ul>	<ul style="list-style-type: none"> <li>• Expected to hold contracts, invoices, and purchase orders with documentation of contracting parties and a copy of garment license for every person engaged in manufacturing for 4 years</li> <li>• If wage theft was found, must pay all employees \$200 for all pay periods they were paid piece rate</li> </ul>
<b>Contractor Registration</b>	<ul style="list-style-type: none"> <li>• Expected to demonstrate an understanding of laws and regulations concerning garment manufacturing at time of registration</li> <li>• Expected to sign a contract that they will ensure to provide the minimum safety requirements</li> <li>• Expected to inform all employees of these regulations</li> <li>• Pay an annual registration fee, \$75 of which is deposited to a fund to compensate employees who have lost wages</li> </ul>	<ul style="list-style-type: none"> <li>• If contractor is not compliant in providing records or payment; registration can be suspended</li> <li>• Pay an annual registration fee, \$75 of which is deposited to a fund to compensate employees who have lost wages; the rest of funds goes towards fees that incur during investigation</li> </ul>
<b>Garment Worker Compensation</b>	<ul style="list-style-type: none"> <li>• If wage theft was found in hearing, commissioner determines the amount the employee is due for compensation, and from whom</li> </ul>	<ul style="list-style-type: none"> <li>• If wage theft was found in hearing, commissioner determines the amount the employee is due for compensation, and from whom</li> <li>• All employees at workplace are paid \$200 from contractor and guarantor for each pay period they were paid piece-rate</li> </ul>

### Manufacturing Hierarchy

Although AB-633 was meant to hold contractors and brands for using sweatshop labor accountable, new levels of subcontractors were created so brands could avoid liability. This new hierarchy breaks up the distribution of profits to keep garment workers at the bottom. The

inequitable distribution of profits is what keeps garment workers overworked and underpaid to continue this cycle of exploitation.

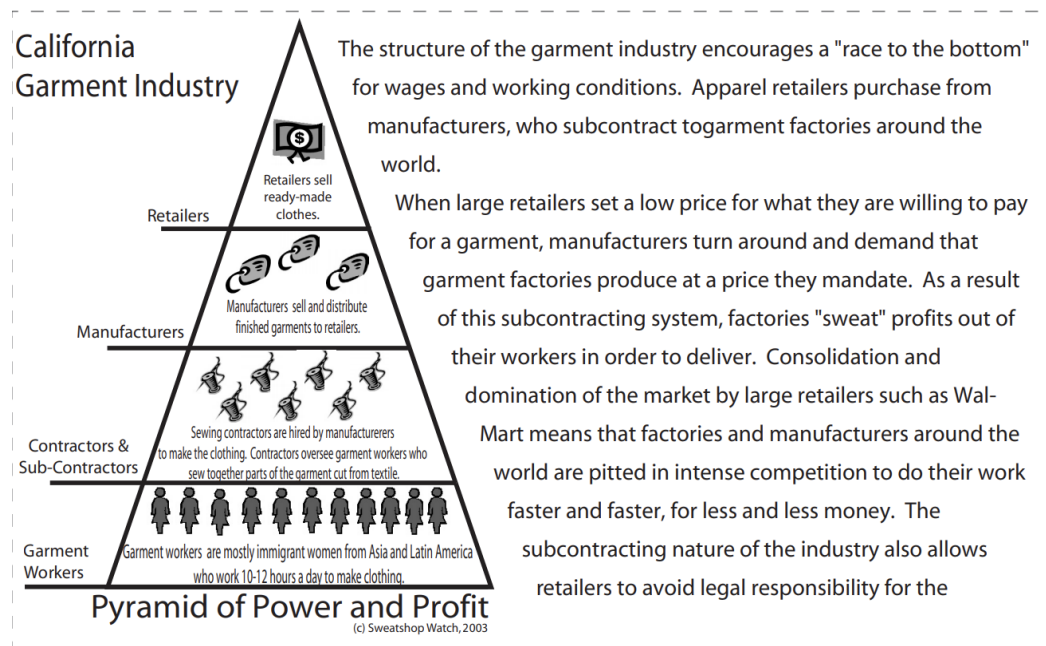


Figure 1- This table shows the inequitable balance of labor and profit that the garment industry relies on (“Crisis or Opportunity? The Future of Los Angeles’ Garment Workers, the Apparel Industry and the Local Economy,” n.d.)

The garment workers who make up the largest proportion of labor in the industry, work in the most strenuous and dangerous conditions, while earning the smallest proportion of profits. Although the census data records median and mean hourly wages for garment workers in Los Angeles, many of these apparel manufacturers do not get paid hourly, they are forced to be paid via “piece-rate payment system” at a few cents per piece (“Dirty Threads, Dangerous Factories,” n.d.). On average L.A. garment workers work 60 hours a week with no opportunity for overtime pay. Despite the already low wages, over 80% of garment workers in L.A. have experienced wage theft, and though there is a restitution fund for California garment workers to seek

compensation, many workers cannot recover from the years of lost wages and the years of waiting for restitution payments (Sainato, 2021).

A major issue in the apparel industry as we know it today is that there are too many levels in the manufacturing chain which in turn splits up the profit unequally. These levels have been utilized so brands can bypass accountability from California Assembly Bill 633 for using sweatshop labor. In the current system, manufacturers and contractors own the labor produced by the garment workers and are a tool to decrease the bottom line for the retailers, and exploit immigrant workers. By hiding the employer-employee relationship through contract labor and self-employment, capital has long avoided twentieth-century labor regulations ... enabling it to continue exploiting a mass, cheap, and flexible labor force to subsidize the protected "formal" minority of workers. As a result, informal workers have constituted a structural contribution to contemporary capitalist accumulation, especially in the Global South. All the while, they have been excluded from twentieth-century social contracts designed to protect the proletariat (Agarwala, 2016). They are the forces that retaliate when workers attempt to unionize or advocate for better wages and work environments, and they are the ones who hire undocumented laborers, knowing they can exploit them.

### **LA garment workers**

The largest population of garment workers in the U.S. is concentrated in Los Angeles, California. Garment workers in L.A. are predominantly immigrant workers from Latin America and Asia, and women working as sewing machine operators ("Dirty Threads, Dangerous Factories," n.d.). In August 2021, there were 92 thousand people working in apparel manufacturing in Los Angeles County, with 71% working in production, not at a supervisory level (Bureau, n.d.). This is almost twice the population of workers from the 2014-2018 Equal



Employment Opportunity report count of 50,900 workers, in the entire textile, apparel, and furnishing industries together (Bureau, n.d.). The 2016 UCLA Labor Center report found that garment workers in L.A. are 60% female, 70% 35 years old or older, and 71% are immigrants, and 87% of machine operators being Latinx (*L.A.'s Garment Workers Face Horrific Workplace Conditions, According To New Report*, 2016). The majority of factory workers are undocumented workers from Latin America or Asia, in sweat-shop conditions (Sainato, 2021).

In 2020, the median hourly rate for supervisors and managers was \$24.94, with median annual income being \$51,870. Product inspectors, testers, samplers, and weighers made a median hourly wage of \$14.40, and median annual income of \$29,950. However, sewing machine operators, who make up the majority of the apparel manufacturing workforce (33,080) in L.A. make a median hourly wage of \$13.02 and median annual income of \$27,080 (Bureau, n.d.).

### Employment by Occupation

Data series	Employment, 2020
<a href="#"><u>First-line supervisors/managers of production and operating workers</u></a>	2,710
<a href="#"><u>Inspectors, testers, sorters, samplers, and weighers</u></a>	3,110
<a href="#"><u>Sewing machine operators</u></a>	33,080

<u><b>Textile cutting machine setters, operators, and tenders</b></u>	2,260
<u><b>Textile knitting and weaving machine setters, operators, and tenders</b></u>	1,730

Figure 2.0 - showing the population of apparel manufacturers in L.A. in 2020 by occupation (Bureau, n.d.).

### **The History of Garment Worker Unionizing –**

In the start of the 20th century, the International Ladies Garment Workers Union (ILGWU) was founded in New York after the Triangle Shirtwaist Factory fire. The first iteration of ILGWU in L.A. was in 1907 but only lasted a few months, but in 1910, a longer lasting union was established by largely Jewish and Italian men who worked as cloak and suit makers. In the 30's they expanded to include Latina dressmakers but failed to be inclusive of all the new members. In 1933, immigrant garment workers led a militant strike in L.A. The leader of the strike, became a national member of the ILGWU (*Garment Workers' Struggle for Union Power – Working L.A.*, n.d.).

Membership and involvement declined from the 50s to 70s as the union became involved with anti-communist propaganda (*International Ladies Garment Workers Union (ILGWU) Project Files, 1914-1993*, n.d.) and favored deporting the undocumented workers that factories were hiring to compete with the outsourcing of labor, rather than organizing them. The Los Angeles ILGWU began heavily recruiting Latinx immigrants. However, they faced immigration raids in factories, deporting union supporters, until the 80s when the union began negotiating more rights for undocumented workers in its contracts (*Garment Workers' Struggle for Union Power – Working L.A.*, n.d.).

In 1999, after a decade of internal struggles to include and empower the female Latina members, the ILGWU in L.A. dismantled. However, in that final decade, the ILGWU Justice Center was run by a series of Latina directors who built an inclusive community for the Latina garment workers. At the justice center, these directors ran numerous programs to protect and cultivate community power building, such as conducting meetings in Spanish, offering ESL classes, and calculating their wages to ensure they were getting paid minimum wage. The center kept records of all members' experiences at their factories and with their bosses so if a lawsuit were to be pursued, the documents would be ready. Despite all their work and engagement, the directors of the Justice Center were not given any real power in the national organization of the ILGWU. When members questioned the authority of the largely white, male union leadership, they would be ousted and blacklisted(Gutierrez de Soldatenko, 2002).

Currently, Workers United is the only union that advocates for garment workers, although most garment workers are not unionized.

### **The Garment Worker Center-**

In 2001 the Garment Worker Center (GWC) in L.A. was founded after Thai slave-labor facilities were discovered in El Monte, California. The GWC was established by a coalition of immigrant's rights organizations that teamed up after the workers were released, to fill the role of organizing specifically around non-union garment workers in the L.A. area. They are currently the only center in the state that organizes solely around garment workers ("About," n.d.).

Female garment worker Yeni Dewi illustrates the power that the Garment Worker Center has in changing the lives of workers. She began her garment worker journey in Indonesia but was relocated to different countries in the production chain until she was eventually told to move to the U.S. where pay and conditions were better. When she

arrived as an immigrant who could not speak Spanish, she realized that the exploitation was the same, but this time she had no community or ability to communicate. These conditions seemed to be the only option until she found the Garment Worker Center and they helped her file a case against her employer. She is working with the center on the campaign to abolish the piece-rate pay system that has kept garment workers under the minimum wage. (Dewi & Pottenger, 2019). She also explains how subcontractors cut the price of labor and remove the responsibility of a label to the worker (Dewi & Pottenger, 2019). The Garment Worker Center helps non-union workers like Yeni every day achieve restitution from their employers and gain empowerment. Even with this work on the ground, the current manufacturing hierarchy of subcontractor and contractor middlemen who own the labor of these garment workers, prevents the workers from receiving their fair share of retail prices.

### **United States Garment Worker Cooperatives:**

Opportunity Threads in North Carolina, Blue Tin Production in Chicago, and Custom Collaborative in New York are operating garment worker cooperatives in the United States. The Custom Collaborative institute was founded in 2014 by Ngozi Okaro to support female fashion designers and dressmakers as an entrepreneurship and design training organization, and in 2019 partnered with the Harlem Legal Aid clinic to launch the worker-owned production cooperative under the title, *Fashion That Works* (“Custom Collaborative,” 2019). Blue Tin Production cooperative was also started in 2019 by Iranian-American Hoda Katebi and is the first apparel manufacturing cooperative run by immigrant and low income women of color in the United States (“Studio Gang and Immigrant Fashion Co-Op Blue Tin Production Will Transform an Old Chicago Post Office into a Community Hub,” 2021). In 2009 Molly Hemstreet utilized her

experience in worker organizing to partner with a worker center in Western North Carolina to incubate a cooperative with workers with experience in the sewing and textile industries to start Opportunity Threads (*How a Worker Cooperative Factory Is Helping Bring Textile Manufacturing Back to North Carolina*, n.d.).

### **Los Angeles Garment Worker Cooperative- SweatX**

In 2002 investors from Hot Fudge Venture Capital run by Ben and Jerry's founders provided capital for L.A. based garment worker cooperative SweatX ran by sweatshop activists and garment workers who formed TeamX (*GEO::Grassroots Economic Organizing*, n.d.). The production team comprised of 26 workers with apparel manufacturing experience who elect representatives for the board of directors and made decisions alongside the management members; following the Mondragon Cooperative model that the highest paid member cannot make more than 8 times the pay of the lowest paid (*GEO::Grassroots Economic Organizing*, n.d.). Although this business model proved that apparel manufacturers can pay garment workers livable wages and worked with brands like Nike, but two years after conception in 2004, SweatX closed shop due to the management team's inexperience in the fashion industry which led to the ultimate demise of the company (Dreier & Appelbaum, 2004). The management team invested too much money into leasing an upscale building and expensive equipment that went unused. The group lost business due to delays that resulted from this mismanagement, but proved that there is consumer interest and market viability in sweat free apparel (Facebook et al., 2004).

### **Review of Literature Pertaining to Garment Worker Rights and Worker Cooperatives:**

To better understand how cooperatives in the Los Angeles apparel manufacturing sector can impact worker conditions and a shift in the industry, I need to examine the existing literature that explains the approaches to addressing the conditions that garment workers face. Currently

there is literature surrounding the conditions garment workers currently survive in. Researchers discuss how policy, unionization, worker centers, and alternate employment models like cooperatives can impact the industry, and global worker rights.

### **Supporting Garment Workers Through Policy**

Research has shown that garment workers in the global apparel industry are exploited (“Crisis or Opportunity? The Future of Los Angeles’ Garment Workers, the Apparel Industry and the Local Economy,” n.d.)(“Dirty Threads, Dangerous Factories,” n.d.). Researchers and organizers have come up with different policies to protect garment workers’ wages, immigration status, and workplace safety. The 2013 *Crisis or Opportunity?* report published by Cornell on the garment worker industry in L.A. suggests that legalization of immigrants, a social safety net, and more responsible trade laws would be vital to protecting Los Angeles garment workers from exploitation (“Crisis or Opportunity? The Future of Los Angeles’ Garment Workers, the Apparel Industry and the Local Economy,” n.d.). Jeff Ballinger writes in his 2008 book, *Finding an Anti-Sweatshop Strategy That Works* that the U.S. President should intervene in the global garment industry to advocate for exploited workers and investigate workers’ rights abuses throughout the supply chain (Ballinger, 2009). From local to international legislation, garment workers need more legal protection. Both industry-specific and general worker rights legislation are severely lacking, which is why policy advocacy is a good immediate remedy (“Dirty Threads, Dangerous Factories,” n.d.).

The 2021 UCLA Labor Center report on L.A.’s garment industry focuses on health and safety violations during the COVID-19 pandemic. The researchers found that despite the passing of the 1999 California State Anti-Sweatshop Legislation, most

workers interviewed reported at least one health and safety violation in their workplace. The report ends with a series of policy recommendations and introduces the California State Bill 62 to hold manufacturers accountable and to increase worker protections in general (“Dirty Threads, Dangerous Factories,” n.d.).

Policy changes and enforcement are two things that unfortunately do not go hand in hand. Even when agencies report thorough enforcement and monitoring of factories, workers say otherwise. Policy such as the International Labor Organization’s Better Work Program, even when implemented trans-nationally, ignores the fragmentation of labor that the global production trade has created, and the local unions are not able to fill in those gaps. Researchers have found that the strongest influence on factory safety compliance is the workers advocating for themselves (Pike, 2020). When workers were empowered, they utilize their voice to enforce the policies that protect them.

Policy can raise conditions to an extent to allow more equitable employment models to compete, and policy can only address worker needs as a collective when workers mobilize and are empowered to demand better conditions and understand their rights.

### **Worker Empowerment Through Unionization**

Unionization is another common tool to change working conditions and is a powerful form of direct labor organizing and empowerment. Anti-sweatshop activists focus on unionization as a main strategy because unions empower individual workers to address their needs without relying on “the good will of others to guarantee their well-being” (Williams, 2020). When individuals are empowered, they can begin to build larger factions of advocacy that can eventually lead into a trans-national network of

worker activists. However, unionization can become a challenge in an industry that primarily employs migrant women of color and women of the Global South.

Unionization of garment workers in Los Angeles is rare due to the exploitation of undocumented immigrants. Factory owners often call for Immigration and Customs Enforcement (ICE) sweeps as a fearmongering tactic when workers want to unionize (*Garment Workers' Struggle for Union Power – Working L.A.*, n.d.). This is an example of how policy can aid worker empowerment, because if immigrants were legalized as the “Crisis or Opportunity” report suggests, there would be one less barrier for workers to unionize (“Crisis or Opportunity? The Future of Los Angeles’ Garment Workers, the Apparel Industry and the Local Economy,” n.d.).

A case study of worker unionization in apartheid South Africa examined the efforts to unionize a textile mill and found that the movement to unionize was only successful when the women organized solely for material benefits like higher wages and childcare, without bringing the systems of exploitation and race into the conversation, as the male workforce before them had. When the workforce was white men and African men, racist laws created a divide in the workforce who was allowed to strike and who were not. They found that the employers only responded when the demands seemed simple and not as a threat to the ideology that created this hierarchy of power and exploitation (Lilja, 2020). This unionization effort was a success in that the female workers were able to better their work conditions, but in doing so, political ideologies had to be left at the door for the sake of the collective good. This differs from current organizing strategies, because now garment worker organizers understand that in a global production industry, solidarity and politics are essential to empowering the



current workforce because the exploitation of women of color globally relies on the political dehumanization of their identities.

A case study of garment worker unions in Los Angeles describes the International Ladies' Garment Workers Union (ILGWU)'s history of upholding Eurocentric, patriarchal values in their bureaucratic organizational model, which diminished the participation of workforce as their demographics began to change in the last century. In 2002, a report was released outlining the ways in which Latina women in L.A. participated in the ILGWU, and how the national leadership promoted a white-patriarchal hierarchy which disempowered these women's efforts to build power in the workforce comprised of migrant women. Latina garment workers were willing to organize, but the union prevented them from empowering themselves by forcing the Latina community leaders to follow orders from the white men that held more power (Gutierrez de Soldatenko, 2002). In this case of unionization, the political hierarchy within society could not be ignored. There are internal and external forces that limit the effectiveness of unions, and unionization, so in many places, as unionization has declined, worker centers have become resources for exploited workers.

### **Worker Centers Empowering Non-union Workers:**

Worker centers are external organizations formed to advocate for the large population of non-union workers across different sectors, regions, or employers. A 2020 socio-spatial study on worker centers in New York found that worker centers arose as a result of trade unions' challenges in recruiting immigrants, women, and young people. There are different typologies of worker centers, that range from general regional organizations to industry specific organizations. Worker centers focus on

addressing claims for non-union workers who otherwise would not have resources to do so, and target policy that would benefit their factions. Worker centers have become power building spaces for disenfranchised workers and create activist spaces while offering resources and support (Garrick, 2021). Despite the risk of private funders pushing neoliberal values of professionalism, which could hinder grassroots activism, most worker centers serve as hybrid organizations between labor unions and policy advocacy organizations and can build greater factions than local labor unions can reach (Roca, 2020).

### **Worker Cooperatives as an Economic Model for Empowerment and Ownership:**

Cooperatives, or co-ops, have been growing in every industry from retail to agriculture to banking. Neoliberal economists are quite skeptical about cooperatives' ability to compete due to their "focus on workers rather than the market" but research has shown that cooperative businesses grow at the same rate and can be just as profitable as private businesses (*Promoting Cooperatives- an Information Guide to ILO Recommendation No. 193*, n.d.).

Even though co-ops have proven to be able to function in a capitalist economy, worker co-ops emulate the opposite of Marx's "antithesis between capital and labor" (*Marx 1844: Antithesis of Capital and Labour*, n.d.) in which workers are only valued in society for the capital of commodities that they produce (Lafferty, 2019). In cooperatives, workers take responsibility for the means of production, and realize 100% of their profits. For many capitalists, this is the reason they are against co-ops, which is why some businesses are controlled by "worker councils" who play a role in decision making but create a more palatable model of socialism in business (Lafferty, 2019).

Worker cooperatives are a replacement that benefits the most exploited people in

the industry (Agarwala, 2016), and in turn cuts the costs of subcontractors and contractors. There are many co-ops in the garment workers sector globally, but for many local groups, forming a co-op seems almost impossible due to the scope and fragmentation of the industry. Organizers and artisans in the field have suggested that every step within the supply chain functions as an individual co-op to replicate the segmentation of production that already exists, to create a “worker-owned production floor” (*Cooperatives & the Next Clothing Industry – Fibershed*, n.d.). This concept would ensure each group of workers has an equal say in decision making and would prevent a new hierarchy within production from arising.

Steps to co-op can be quite overwhelming and confusing, especially for laborers who have never had the opportunity to make decisions like these before. As co-ops are becoming more prevalent, the International Labor Organization (ILO) has created an office solely dedicated to the co-op model. They have researched how other workers have been able to form co-ops and created a learning guide and step-by-step outline to form (*My.COOP- Managing Your Agricultural Cooperative- Guide for Potential Users*, n.d.). These generic steps can be a useful guide for workers first looking into becoming a co-op but ensuring longevity of this model in the fashion industry that depends on fast turnover and changing trends is more daunting than conception.

During the economic crisis in Asia, Asian garment workers came together at a conference in Thailand and discussed new options for employment in the industry. Showcasing how trans-national solidarity empowers all garment workers, Argentinian garment worker activist Gustavo Vera illustrated how their co-op, La Alameda, formed and has been able to survive in the industry. They operate under a “No chains under

cooperative” model where all workers make all the decisions, and each worker has an equal vote and received an equal share of business profits. The three factors that create longevity are: maintaining a close relationship to the community; always operate transparently and democratically; and to not associate with specific political groups or unions and operate as one collective entity (*Comrades and Co-Workers*, n.d.).

Cooperatives come in many industries and forms, but garment workers internationally have unique challenges in the industry to work through. Most garment workers and garment worker co-ops exist outside of the Los Angeles, but co-ops have potential to change the structure of business we see today in L.A.

### **Different Structures of Employment in the Apparel Production Industry**

Throughout the supply chain of apparel making from agricultural, textile weaving, to retail, cooperatives exist, but there have not been figures to determine exactly how much of the supply chain operates as co-ops. In the apparel production, or garment manufacturing industry, there are three types of worker co-ops that exist: home based workers, workers in garment shops, or workers buying out failing factories.

Home based worker co-ops arose from the women largely in the Global South, who would acquire subcontracts to produce garments using the supplies provided, at a -piece rate wage, who organized themselves to advocate for better contracts. In India, the Self-Employed Women’s Association (SEWA) has supported home-based garment workers and connected them to other co-ops throughout the supply chain (“Cooperatives and the World of Work,” n.d.). SEWA has negotiated higher piece-rates, and fairer contracts, and helped home-based garment workers buy machinery, attend training, and install electricity into their homes (*Home-Based Garment Workers The Impact of the Self Employed Women’s Association (SEWA)*, n.d., p.). In

New York, the Artisan Sewing Cooperative was founded by two Bangladeshi women, who sell their pattern making, production, and embroidery services, and employ immigrant seamstresses who are unable to work outside their homes (*Services*, n.d.). Home based worker co-ops are essential to ensuring self-employed garment workers can advocate for themselves. In Mauritius, the government encouraged ex-garment workers to become home-based entrepreneurs after the garment industry there fell. This was the only option for many of them to keep employment, but many are still only paid small amounts per-piece, and are still not making enough money to fully rely on that income (Kasseeah & Tandrayen-Ragoobur, 2016). These women turned to self-employment, which is empowering, but without the proper tools and communal organization, cannot advocate for better earnings.

Worker co-ops in garment factories are worker-owned or managed facilities that contract themselves. In Vietnam and Argentina, factory co-ops exist and have improved the standard of living and earnings for their garment workers (“Cooperatives and the World of Work,” n.d.) In Chicago, Blue Tin Production is a manufacturing co-op of immigrants, refugees, and working class women of color who manufacture apparel products for designers and individuals (“About Us,” n.d.). Blue Tin Production not only pays their garment workers livable wages, but “provides them with mental and physical healthcare, as well as access to legal and social services, child care, and transportation” (*How Employee-Owned Fashion Co-Ops Are Challenging Sweatshop Production*, n.d.). This version of worker co-ops removes the middlemen manufacturers and sub-contractors who sell the labor of garment workers.

The third worker co-op is when workers take over their failing factories and convert themselves into worker owned factory co-ops. There are examples of this in Turkey, Thailand, and Argentina, and the survival rate for worker-owned converted businesses is high

("Cooperatives and the World of Work," n.d.). This saves workers' jobs, and increases their earnings, and bails out the contractors who were failing.

Worker co-ops have been emerging in all types of industries worldwide and are taking out the bureaucratic middleman in many supply chains. It cuts out a level that takes profits, which means workers get paid more and empowers workers to own their own labor. When workers own their own labor, they can provide the tools necessary for them to be able to continue working and producing for the global supply chain.

### **Gaps in Current Literature:**

There is a vast amount of research illustrating the exploitation of garment workers as a result of fast fashion and global trade, and many of these reports focus specifically on the impact on domestic garment workers here in L.A. As a result of this research, the anti-sweatshop movement has spread both in academic and social spaces, which has led to more policy and consumer support for unionization. More recently as worker co-ops have grown, more literature focuses on specific co-ops in the industry as case studies, and alternate employment models for women in the Global South. However, there is an absence of research that focuses on the implementation of cooperatives in the Los Angeles garment industry. Through my research, I hope to contribute to the knowledge that could be used for L.A. garment workers to one day form production cooperatives and own the means of production and the profits of their labor.

Organizing and advocating for changes within a capitalist model of global production is essential for workers in the garment industry who have been and who are currently exploited. Unless the infrastructure that depends on a hierarchy of exploitation, higher standards for workers will come at a cost to consumers which is

why advocacy and research for worker cooperatives in the industry is essential for tackling the inherent exploitation of workers in a global capitalist industry.

### **Methods**

To understand the different organizing strategies and power structures within the fashion industry in L.A. I interviewed a representative from the Garment Worker Center (GWC), and three representatives from three different garment worker co-ops in the United States via Zoom and telephone calls. I was put into contact with the Garment Worker Center through the UCLA Labor Center. Through this connection I interviewed Nayantara Banerjee who works in industry research and strategic partnerships for GWC. She also helped me contact Hoda from Blue Tin Production and Ngozi from Custom Collaborative. I reached out to Industrial Commons via Instagram and was able to interview a representative from their organization.

Through my interviews I asked the cooperative representatives about their experience in developing a garment worker cooperative and maintaining a cooperative business in the industry to learn about the key steps and resources needed for garment worker cooperatives to operate. My interview with the Garment Worker Center focused on their current strategies to organize and empower L.A. garment workers and the new California garment worker legislature as well as the future of co-ops in L.A.

To understand the process and challenges of garment worker cooperatives, I interviewed representatives from three cooperatives. See appendix for interview questions. Ngozi Okaro is the founder of Custom Collaborative in New York which is a training institute for women who want to become fashion entrepreneurs, and in 2020 a few of the graduates were selected to form a cooperative called Fashion That Works Production (FTWP). Hoda Katebi founded Blue Tin Production (BTP) in Chicago in 2019 along with 3 other women. Aaron Dawson works with

Industrial Commons in North Carolina which was formed in 2015 by the founder of the Opportunity Threads (OT) cooperative that was formed in 2008, to support cooperative businesses like theirs.

I also conducted a survey in both English and Spanish to garment workers in L.A. to gain more insight to their interest and understanding of cooperatives. The distribution of these surveys was done via flyers around factories and the fashion district, and Facebook group postings. I also left paper surveys at the Korean Immigrant Workers Alliance. Responses were incentivized with \$20 gift cards for up to 10 respondents. See appendix for survey questions.

To analyze the survey data, I used Stata to create new binary variables for each yes and no answer to the questions as well as creating binary dependent variables for the interest in forming a cooperative. I ran regressions for answering “yes=3” and answering “no=1” to the garment workers’ interest in forming a cooperative to see how each variable influenced the interest in cooperatives.

### **Limitations**

The survey had an unprecedented number of responses. If I predicted this level of participation, further, more in depth questions would be included. Also, most of the surveys were completed in English and not all the garment workers were from L.A. so the sample could possibly not be fully representative of the garment worker population in L.A.

My research can only theorize on the greater effects of SB-62 on the industry because it has only recently been legalized. Future research should examine how this legislation impacts workers in the garment industry in California. Two of the three cooperatives are also still newly formed so future research comparing the evolution of their attitudes over time would better



illustrate the challenges and recommendations to developing and maintaining successful cooperatives.

### **Findings**

Garment worker cooperatives have proven to be successful and are leading a change in the industry. However, the startup of garment worker cooperatives requires investments and commitments that many garment workers do not have the resources for. Garment worker cooperatives are competing in a sweatshop-based industry, but partnerships with alternative business models within the industry, and creating a larger network of garment production cooperatives are essential to both businesses' growth. In California, legislation has been passed with the intention to increase garment worker rights and wage protections for cooperative models to compete with. However, more legislation and support from the government, industry, and consumers will be necessary for garment workers to form and successfully run cooperatives in this industry.

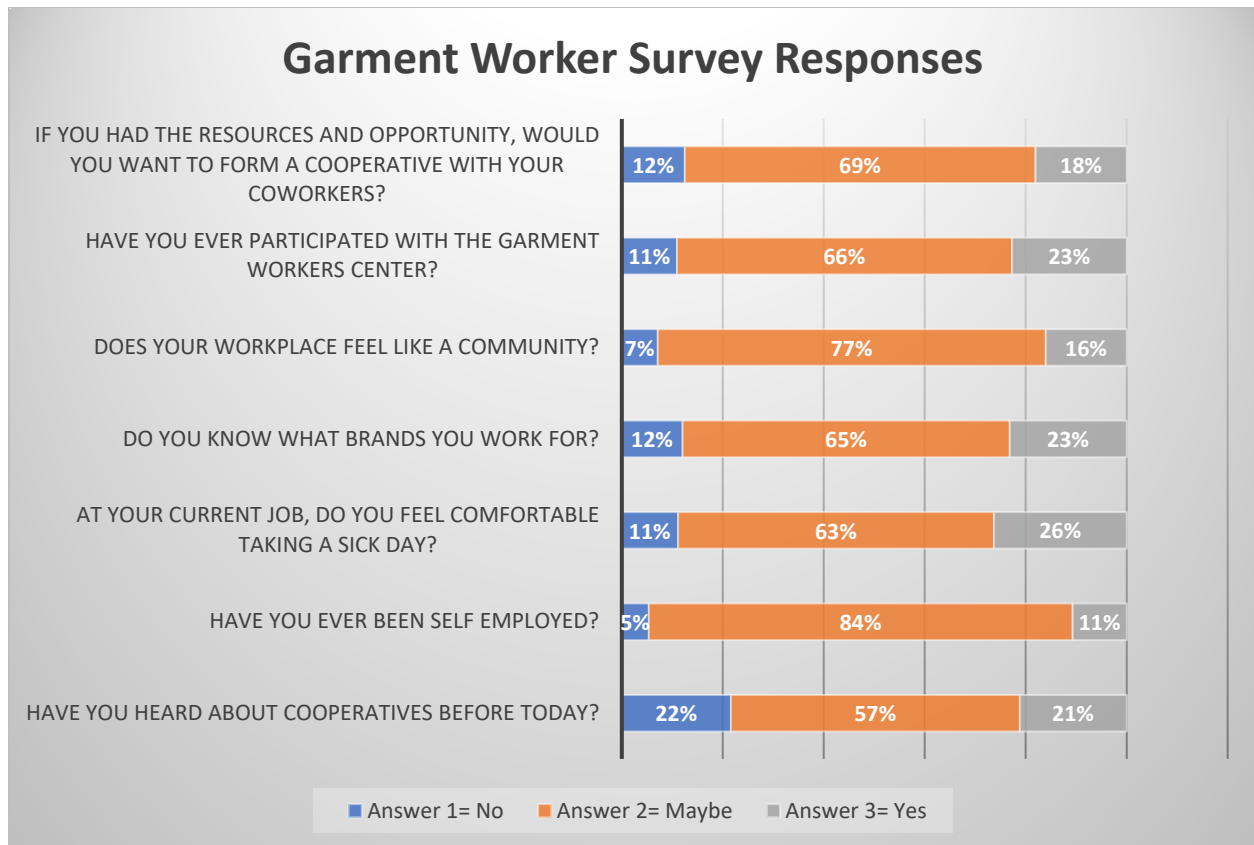
### **Garment Worker Center Incubating Cooperative Work**

The representative from the Garment Worker Center, Nayantara Banerjee, described the center's first experience in establishing a co-op called Homework for Health in partnership with the organization Al Otro Lado at the beginning of the COVID-19 pandemic. They recruited 6-8 members to cut and sew masks for care workers along the border, and then began selling them to the public. The industry's normalization made it challenging for the garment workers to initially determine their own wages and hourly rates but were able to land on a piece-rate system that ensured they were earning over minimum wage. Most of the workers in this project were people who had sewing machines to use at home, and one member served as the cutter (N. Banerjee, personal communication, February 4, 2022). This program allowed these garment workers to

earn money in the pandemic from the safety of their homes, and it was their first experience in a cooperative model and making business decisions for themselves. The Homework for Health program was a successful trial for Los Angeles garment workers, but that experience does not represent the experiences of the greater population of garment workers.

### **Garment Worker Center Participation, Workplace Community, Brand Knowledge, and Cooperative Knowledge Influence Garment Workers' Interest**

453 total surveys were collected online, 2 of which were completed in Spanish for better insight into garment workers' experiences and opinions on cooperatives. Each question had 3 multiple choice answers, 1 meaning no, 2 being a middle ground, and 3 being yes. 21% of the respondents knew what a cooperative was before taking the survey, and over 50% of the respondents had heard of them before but did not know what they were. After cooperatives were defined, all the respondents said if they had the opportunity and resources, they might be interested in forming a cooperative. This question became the dependent variable in my regressions.



**Figure 3:** Bar graph of survey responses. See appendix for further definitions of survey responses.

Source	SS	df	MS	Number of obs	=	449
Model	2.4232948	12	.201941234	F(12, 436)	=	1.38
Residual	63.964233	436	.146706957	Prob > F	=	0.1737
				R-squared	=	0.0365
				Adj R-squared	=	0.0100
Total	66.3875278	448	.148186446	Root MSE	=	.38302

DVyes	Coefficient	Std. err.	t	P> t	[95% conf. interval]	
knowledgyes	.0283144	.0477727	0.59	0.554	-.065579	.1222078
knowledgeno	.0556271	.0462864	1.20	0.230	-.035345	.1465993
selfempyes	.005333	.0595558	0.09	0.929	-.1117191	.1223851
selfempno	.0496241	.0823633	0.60	0.547	-.1122544	.2115025
sickdaysyes	-.0340754	.0425463	-0.80	0.424	-.1176968	.049546
sickdaysno	-.0088268	.0597967	-0.15	0.883	-.1263525	.1086988
brandsyes	-.040146	.045694	-0.88	0.380	-.129954	.049662
brandsno	-.0220114	.0578073	-0.38	0.704	-.1356271	.0916043
communityyes	.0318105	.050892	0.63	0.532	-.0682137	.1318347
communityno	.1893958	.0716321	2.64	0.008	.0486086	.330183
gwcyes	.1198414	.0448349	2.67	0.008	.0317219	.2079608
gwcno	.0450202	.0598256	0.75	0.452	-.0725623	.1626026
_cons	.1303175	.0326415	3.99	0.000	.0661633	.1944717

InterestYes = 0.13 + 0.028 (knowledgyes) + 0.056 (knowledgeno) + 0.005 (selfemployedyes) + 0.049 (selfemployedno) - 0.034 (sickdaysyes) - 0.009 (sickdaysno) - 0.04 (brandsyes) - 0.022 (brandsno) + 0.032 (communityyes) + 0.189 (communityno) + 0.119 (gwcyes) + 0.045 (gwcno)

**Table 1:** regression table for answering “yes” to interest in forming a cooperative if they have an opportunity

Source	SS	df	MS	Number of obs	=	449
Model	2.93179229	12	.244316024	F(12, 436)	=	2.31
Residual	46.0837979	436	.105696784	Prob > F	=	0.0072
				R-squared	=	0.0598
				Adj R-squared	=	0.0339
Total	49.0155902	448	.1094098	Root MSE	=	.32511

DVno	Coefficient	Std. err.	t	P> t	[95% conf. interval]
knowledgyes	-.0460691	.0405495	-1.14	0.257	-.1257659 .0336277
knowledgeno	-.0862554	.0392879	-2.20	0.029	-.1634726 -.0090382
selfempyes	-.0330449	.050551	-0.65	0.514	-.1323988 .0663089
selfempno	-.0726144	.06991	-1.04	0.300	-.2100168 .0647881
sickdaysyes	.0467476	.0361133	1.29	0.196	-.0242302 .1177255
sickdaysno	.0179623	.0507555	0.35	0.724	-.0817935 .117718
brandsyes	.0022339	.0387851	0.06	0.954	-.0739951 .078463
brandsno	.2066704	.0490669	4.21	0.000	.1102334 .3031075
communityyes	.0094854	.0431972	0.22	0.826	-.0754151 .094386
communityno	-.0379349	.0608014	-0.62	0.533	-.1574352 .0815653
gwcyes	-.0307232	.0380559	-0.81	0.420	-.105519 .0440726
gwcno	-.0551884	.05078	-1.09	0.278	-.1549924 .0446157
_cons	.1350431	.0277061	4.87	0.000	.080589 .1894972

InterestNo= .135 – 0.046 (knowledgyes) – 0.086 (knowledgeno) – 0.033 (selfemployedyes) – 0.073 (selfemployedno) + 0.047 (sickdaysyes) + 0.018 (sickdaysno) + 0.002 (brandsyes) + 0.207 (brandsno) + 0.009 (communityyes) – 0.038 (communityno) – 0.031 (gwcyes) – 0.055 (gwcno)

**Table 2:** regression table for answering “no” to interest in forming a cooperative if they had an opportunity (crop out command and include equation as title)

The multivariate linear regressions for the survey data had low r-squared values which means they are not statistically significant to encompass the data, but it is helpful to use to understand the relationships between the variables with the survey data that there is. Survey respondents who are regular members of the Garment Workers Center are 12% more likely to want to form a cooperative. This reiterates how the GWC supports a model of power building and organization that relates to cooperative work. The respondents who do not feel their workplace is a community are 19% more likely to have interest in forming a cooperative. The cooperative model provides a sense of community that is missing for these garment workers. The

respondents who do not know the brands they make for are 20% more likely to answer no to wanting to form a cooperative. This correlation is unclear but is statistically significant.

Respondents who did not know what a cooperative was before the survey were 8.5% less likely to have no interest in cooperatives.

```
. tab gwccat communitycat, col nofreq
```

gwccat	communitycat			Total
	neither..	no	yes	
never	8.70	18.75	18.06	10.91
once or twice	68.12	71.88	55.56	66.37
regularly work with..	23.19	9.38	26.39	22.72
Total	100.00	100.00	100.00	100.00

**Table 3:** Responses of GWC participation and community

```
. tab gwccat interestcat, col nofreq
```

gwccat	interestcat			Total
	maybe s..	no inte..	very in..	
never	11.22	7.14	12.35	10.91
once or twice	68.27	71.43	55.56	66.37
regularly work with..	20.51	21.43	32.10	22.72
Total	100.00	100.00	100.00	100.00

**Table 4:** Responses of GWC participation and interest

```
. tab brandscat interestcat, col nofreq
```

brandscat	interestcat			Total
	maybe s..	no inte..	very in..	
do not know any bra..	8.97	28.57	12.35	12.03
know some brands	66.35	53.57	66.67	64.81
knows all brands	24.68	17.86	20.99	23.16
Total	100.00	100.00	100.00	100.00

**Table 5:** Responses of brand knowledge and interest

```
. tab selfemploycat knowledgecat, col nofreq
```

selfemploycat	knowledgecat			Total
	have he..	knew wh..	never h..	
have thought about ..	86.77	78.95	81.44	83.96
have tried it	8.17	18.95	9.28	10.69
never thought about..	5.06	2.11	9.28	5.35
Total	100.00	100.00	100.00	100.00

**Table 6:** Responses of self-employment and knowledge

The two regressions showed there are some patterns between Garment Worker Center involvement, workplace community, brand knowledge, and cooperative knowledge with the dependent variable, interest in forming a cooperative. To look deeper into these relationships, I created tables comparing the cross-section of responses to these variables. Garment Worker Center participation and workplace community were the two most significant variables in the regression for responding yes, they would be interested in forming a cooperative. Table 3 shows the intersection of survey responses to these two variables. Table 4 shows the survey responses



to GWC involvement and interest in forming a cooperative. In the regression, regular involvement with the GWC creates a 12% increase in the likelihood for a garment worker to be interested in forming a cooperative, and the results were statistically significant with a t-score of 2.67. Table 4 shows how 30% of respondents with interest in cooperatives are regularly involved with the GWC, compared to only 20% of respondents with lower interest levels being regularly involved.

The reasoning behind the correlation between brand knowledge and interest is unclear but garment workers who have no knowledge of the brands they produce for are almost 21% more likely to not be interested in forming a cooperative with a t-score of 4.21. This correlation is very statistically significant, and table 5 shows this relationship between the two variables. Almost 30% of respondents with no interest in cooperatives had no knowledge of their brands, whereas the respondents with higher levels of interest were only comprised of 8 and 12% garment workers without knowledge of their brands.

### **Industry Experience Before Forming Cooperatives**

The three cooperatives had varied levels of experience in the industry when they formed. Opportunity Threads had an advantage of being located in Western North Carolina which is known for its textile industry, and the workers are largely Guatemalan immigrants who come from a region that is known for sewing (A. Dawson, personal communication, February 9, 2022). Most of the members of the Fashion that Works Production had no sewing background before entering the Custom Collaborative institute, but there they learned both the sewing and business skills to run their cooperative (N. Okaro, personal communication, January 20, 2022). The founder of Blue Tin Production had no experience in the industry outside of her organizing work that focused on the fashion industry and garment workers, but did years of research and brought



on highly skilled garment workers to start the cooperative with her (H. Katebi, personal communication, February 9, 2022). Banerjee sees that it is essential that garment workers in L.A. understand that they are the “experts in the industry” with all of the knowledge and resources available locally. Banerjee sees how the GWC has currently set the groundwork for cooperatives in many ways with not only the legislative campaigns and worker advocacy but also by working with the public health council to launch workplace committees but does not have the organizational capacity to launch a formal co-op incubator themselves (N. Banerjee, personal communication, February 4, 2022).

### **Growth of Cooperatives**

Each cooperative’s differing backgrounds are represented in the time it took to become a cooperative. For FTWP, they took 9 months to incorporate as a business, whereas BTP took years to become a business, and then only ran part time the first two years where they were being paid out of pocket for attending meetings. Dawson from Industrial Commons, says from his experience working in and with different cooperatives, it can take “up to three years” to develop a real functioning cooperative because members must develop a system of structural governance and learn to create a business and work together simultaneously.

All cooperatives that were interviewed started relatively small, OT had 5-10 founding owners, FTWP selected 7 graduates as initial owners, and BTP started with 4 member owners along with many volunteers that helped with translation and childcare. Over 10 years after forming, OT has over 65 workers; 15-20 of whom are worker owners. The retention level of the business is over 95%, in contrast to the regional retention in the industry is around 60%, with a workforce that ranges from ages 20-50. Dawson believes that the successful retention rate and growth could only happen because the business found a “balance between the success of the

business and the success of the membership” where they grew together. Due to illness, the pandemic, and commitment issues, FTWP currently is run by 4 member owners, and recruit from the institute to assist with larger projects. BTP has grown to 7 member owners but are Katebi mentions that they are growing “intentionally slow” to consider more systemic political questions of business and only “grow for the sake of [their] members”.

### **Cooperative Values**

All three cooperatives formed from the belief that cooperatives are the best way to run a business in terms of job quality, economic equality, and ethical manufacturing. Opportunity Threads opened with the goal to reduce unemployment in the region by providing better, high-quality jobs. Fashion That Works Production found that cooperative models are “more equitable in terms of distributing money and who does the work” and are a way “for people who don’t have work authorization to legally work if they are owners.” For Blue Tin Production, Katebi’s organizing background made her realize there is a “huge gap in manufacturing in the United States that’s ethical”, and more so a lack of practices that exist “further away from capitalism and actually [work] for systems change.” So, for her, “the co-op part was very obvious, there’s no other way to run a business.”

Dawson, Okaro, and Katebi all recognize the ability to work with others, and willingness to learn and grow as vital skills necessary to start and operate a cooperative. Dawson and Katebi emphasized the need for leadership to understand the industry. Opportunity Threads had leaders with the skills and knowledge of sewing and the industry and partnered with a mentor from Nike and Underarmour to navigate operating within the industry. Dawson also believes that members must be able to lead with a willingness to be challenged and encourage participation because “in a co-op everyone needs to be a leader”. The way the Garment Worker Center trains members to

lead their labor movement has set a groundwork for empowering these workers to be able to operate as a leader in a cooperative model.

Katebi says you “can’t enter an industry where you don’t know how to operate” but made sure she brought on extremely skilled workers to the project after studying the industry in depth. Okaro believes this willingness to learn comes hand in hand with also a “willingness to unlearn” which are necessary to confront and address conflict with a level of respect. Katebi and Okaro agree that membership must be firmly rooted in politics. For Okaro it is vital for members to make a “commitment to being anti-racist and anti-bias” to operate with each other in a cooperative model in the industry. Katebi’s background rooted in politics was beneficial to organizing a cooperative because although she did not have the same experience within the industry as her other members, it has helped to operate a business model that is inherently anti-capitalist in that their main goal is to support their members. This support comes in the form of social and mental health work, because “three years into it, people are tired” so Katebi emphasizes the need to holistically care for the needs of workers in order to ensure longevity.

### **Struggles and Challenges Funding Cooperatives**

The struggles of operating a cooperative for these three representatives is focused on the balance of funding and membership needs. Opportunity Threads was originally funded through Catholic Charities along with grants, but for most cooperatives it is much harder to obtain funding for a for-profit business, which leads many cooperatives to find a balance of grants or taking out loans that would work. Now, Opportunity Threads is entirely funded off sales. Katebi had similar challenges finding funders for Blue Tin Production because many are “unwilling to learn” the structure of worker-owned cooperatives, so the first year of operation 90% of funding came from outside sources like personal savings, one grant, and donations. Okaro explained that

Fashion That Works Production was able to secure a grant, and Custom Collaborative helped provide funding, workspace, and some equipment.

This instability that comes from a new business will make it difficult for garment workers to commit, and their history of economic exploitation will make investing into a business a challenge as well. Banerjee foresees there also being challenges with the current workforce to form a cooperative due to the older workforce and conditioning from the industry to believe their voices did not matter in decision making. Banerjee explains that local government will have to invest into the industry and businesses like cooperatives. “Los Angeles, which prides itself on the entertainment industry largely ignores the second largest creative economy” which it relied on throughout the pandemic. By creating funding to invest in cooperatives and developments in the fashion industry, the local government can not only recognize but support the evolving industry.

### **Competing with Unethical Industry Standards**

Katebi says that along with funding issues, garment worker cooperatives have more challenges because they are operating in an “industry that has normalized sweatshop labor.” Therefore, Dawson, Okaro, and Katebi all emphasize the importance of working with brands that align in their missions. Dawson explains there’s a rubric for businesses to choose partnerships, with price and quality being the main factors, but with cooperatives their decisions must lead with values because at the end of the day “the best customers, partners, and suppliers will be similarly mission aligned companies.” Okaro says finding clients largely requires “consumer education” because customers expect to pay for a product what they are used to paying overseas, and FTWP cannot accommodate that pricing for members to earn a living wage. Katebi expresses this same frustration with businesses wanting to partner but expecting sweatshop pricing due to the “gap of knowledge for people who are needing manufacturing.” Successfully

finding the right partners is vital however, because it is how all three cooperatives can pay their member owners living wages and provide healthcare benefits. Dawson adds that OT joined the United States Federation of Worker Cooperatives (UFCW) to get a better rate for healthcare for its members. Through the distribution of profits to members and savings for business overhead costs, FTWP can pay each member a living wage, and Blue Tin Production can pay each member a salary and provide PPO healthcare benefits.

Banerjee envisions brand partnerships and investments with cooperatives would not only support both the brands and the cooperatives but will also help to ensure that these cooperative businesses can operate in better conditions with better practices than the current norm. Cooperatives like these will need investments in the beginning so they can develop and grow, like any other business.

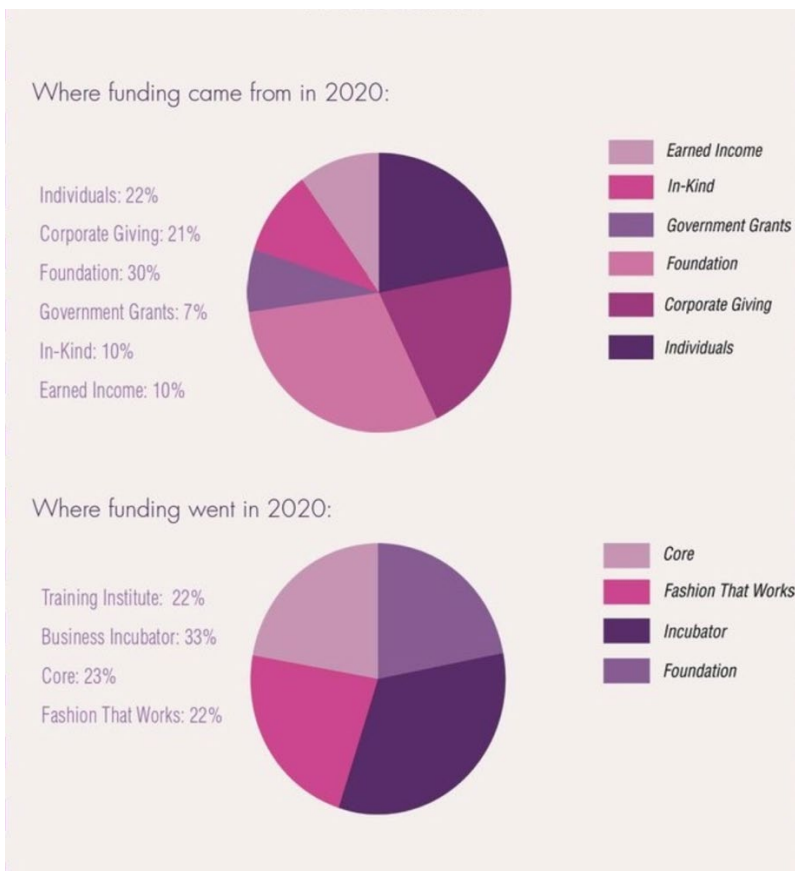


Figure 4- Custom Collaborative 2020 funding report (2020 Annual Report, n.d.)

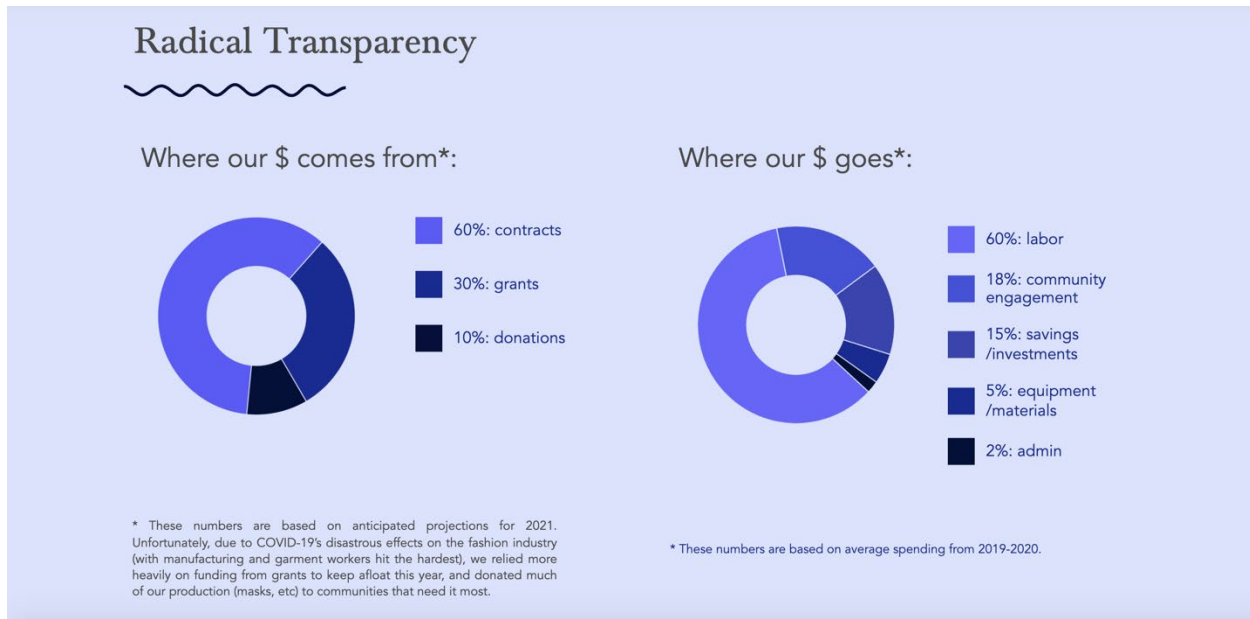


Figure 5- Blue Tin Production 2021 funding report (“Why Blue Tin,” n.d.)

### Cooperatives are an Ethical Future to Garment Manufacturing

Despite the challenges cooperatives in the industry face, all three cooperatives have or are planning to support similar models in the future. Okaro emphasizes the importance because “cooperatives are more equitable than many other businesses in terms of distributing money and by who does the work.” Dawson also believes that “Cooperatives are the best way to form holistic organizations that treat people like human beings.” Katebi sees cooperatives as a way for workers to “seize the means of production” and realizing their profits by finally earning “the value that they are contributing to the company.”

Opportunity Threads’ cofounder Molly Hamstreet co-founded to create a network of worker-owned cooperatives to improve jobs in the region (A. Dawson, personal communication, February 9, 2022). Ngozi Okaro is continuing her work in incubating cooperatives by expanding Custom Collaborative’s work to help other businesses form or transition into cooperative models (N. Okaro, personal communication, January 20, 2022). Hoda Katebi envisions a future where

Blue Tin Productions can publish everything they have learned as a “blueprint” for others to use in their process, or even a future satellite location so a new cooperative does not have to undergo the same startup struggles as she has experienced (H. Katebi, personal communication, February 9, 2022).

Banerjee sees the Garment Worker Center supporting the development of future cooperatives by utilizing their current strategies to educate and empower garment workers and possibly develop their own incubator for future cooperatives. They currently utilize flyers and worker to worker outreach to expand their network of garment workers. The focus of GWC is to “[educate] workers on their rights and to [increase] their leadership to change the industry” by holding trainings not only on worker rights but on democratic decision making and political education, all which are skills needed for worker cooperatives (N. Banerjee, personal communication, February 4, 2022).

### **New Legislation Leveling the Playing Field for Cooperative Manufacturers**

Banerjee explains that SB-62 is a milestone for the garment industry in California and “is fundamentally challenging the landscape [away] from sweatshop culture.” SB 62 sets a precedent for how brands operate in the industry because they are no longer able to use loopholes to avoid taking accountability for seeking sweatshop prices “by adding layers of contracting between themselves and the employees manufacturing the garments” (*Bill Text - SB-62 Employment: Garment Manufacturing.*, n.d., p. 62; Stansbury, n.d., p. 62, section 3). Opponents to the bill worry about brands taking their business out of California to avoid paying higher wages but Banerjee has faith that they “are not going to find what they need anywhere else.” L.A. has the highest population of skilled garment workers in the U.S. “by tens of thousands” which means the quality and industry knowledge here is incomparable. L.A. also has the

advantage of its proximity to the ports as well as to major retail markets, which means that the order turnaround is much quicker, many brands have seen in the wave to “re-shore” manufacturing during the COVID-19 pandemic.

SB-62 is empowering workers and contractors to have both negotiating power and more economic agency by creating guarantor liability, and ensuring workers earn at least the minimum wage. Banerjee explains how with the new SB-62 legislation, contractors who “historically have not been paid enough by these brands to comply” now have the power to negotiate more fair pricing which is what cooperative models rely on. The new law is creating a more level playing field for more ethical manufacturing like cooperatives to compete.

### **Analysis**

The main themes from the data that was collected are that there is potential and interest in co-ops from both workers and the industry, but there needs to be more widespread education on cooperative business models to workers, consumers, brands, and funders. I found that there needs to be more funding and industry support for cooperative businesses. For cooperatives to operate, members need to have a willingness to learn, a thorough understanding of the industry, and a commitment to and respect for other members. From my interviews, garment worker cooperatives absolutely have potential to not only operate but be successful in this industry, specifically in Los Angeles. Opportunity Threads operates in a region that has an abundant textile industry like L.A. and has shown that growth and success are easy with a supply of trained workers and industry connections.

The new SB-62 has created an industry baseline for ethical manufacturing, so that cooperatives that operate in Los Angeles will be less likely to have to compete with sweatshop price expectations that BTP and FTWP have dealt with. However, it still enforces the



manufacturing hierarchy that keeps the workforce at the bottom and ignores workers' agency.

With the enactment of SB-62, some manufacturers may shut down which would create an opportunity for a worker buy-out to form a cooperative factory. These workers from these factories are highly skilled with all the industry knowledge, as Banerjee of GWC points out, and a buyout would provide them with the space and machinery that most startup costs go towards. As Opportunity Threads has exemplified, a cooperative that is comprised of people with history in the industry, garment workers in L.A. already know how to operate within the industry, so having the decision-making power and running a business would be the biggest hurdle in the transition.

As the existing cooperatives pointed out, there is a level of ignorance to the manufacturing process from brands that would need to be addressed for the industry to shift from its normal practices to understanding and appreciating not only ethical manufacturing, but cooperative business practices. Businesses who operate in such a capitalist manner will always search for ways to cut costs from the bottom line, but cooperatives are the strongest models of worker advocacy in the supply chain. There also needs to be a shift in the hierarchy of the garment industry. When the price of manufacturing goes up, most companies will raise their prices without acknowledging that profits should in turn be distributed through the supply chain more equitably. Retailers of these companies hold the largest share of profits, and for producers to be paid a living wage without the threat of increased costs, profits need to be equitably distributed across the entire supply chain.

Garment workers hold all the industry knowledge and technical skills, but operating a business, and specifically a cooperative business will need another level of training and support. FTWP was birthed from Custom Collaborative incubating their cooperative process, and

supporting their owners and business, and OT found they needed an organization like Industrial Commons to support their operations as well. All three cooperatives see the advantages of cooperative incubators, and the Garment Worker Center sees garment workers in L.A. to also need that support to create a successful cooperative. The nature of cooperatives is sharing and community, but incubators and a network of cooperatives shares ideas and experiences instead of profits. The advantages of a network of cooperatives are apparent in the UFWC healthcare benefits that Opportunity Threads participates in. The GWC does not currently have the organizational capacity for an incubator, but there does already exist a network of not only cooperatives but garment worker cooperatives in the U.S. that could support one another. From the survey regressions, it is apparent that the Garment Worker Center An incubator can provide anything from assistance to filing documents, to pricing, and making partnerships which would be useful for the population of garment workers in L.A. to fully take advantage of the opportunities cooperative business provide.

Alongside an incubator, it is clear government support would be crucial to supporting a garment worker cooperative in L.A. SB-62 is a landmark policy that supports garment workers, but it can only set a level playing field for cooperatives to compete in. AB-633 proved that brands and businesses will find whatever loophole to avoid accountability to continue to use bad practices, and we cannot guarantee that they will not try to do this with SB-62. Along with systems that penalize bad business practice, there is a need for systems that encourage and support ethical practices. There is an obvious gap in funding for cooperative businesses that Opportunity Threads, Blue Tin Production, and Fashion That Works Production have seen, so there needs to be a fund that is dedicated to supporting cooperative business in general, and in the fashion industry.

## **Policy Recommendations**

To supplement the new SB-62 penalties to sweatshop manufacturing in California there should also be penalties to retailers who use sweatshop labor outside of California, as well as incentives for businesses who use better practices. I propose two separate bills; one to penalize businesses who use sweatshop manufacturing and another to subsidize cooperative production.

### **Production Chain Transparency and Penalties for Unethical Manufacturing**

The first policy recommendation is based on New York's "Fashion Act" and will have brands that operate in California and make profits over a certain threshold, must conduct yearly supply chain and worker earnings reports that are publicly available. The supply chain reports must show at least 50% of the supply chain from where raw materials are sourced, to where textiles and garments are produced. These reports should also include environmental and social impact reports with a summary of the earnings for the garment workers they employ with the percentage of workers who earn a livable wage as well as production and retail impacts on the environment. These reports will force fashion companies to examine their supply chain of production and set goals to improve their social and environmental impacts.

To prevent falsification of information in these reports, there should be an office to investigate and verify the publicly disclosed information. Companies must hold records of purchase orders and invoices all through the supply chain to be used in these investigations, and a clearly outlined investigation process should be defined. This bill would increase taxes on garments produced in sweatshops. This tax increase will in turn increase the price of sweatshop-made pieces and the market would persuade businesses to opt for ethically manufactured pieces. The financial and social pressures from this bill will push these companies to be less inclined to seek out sweatshop pricing.

## **Support for Cooperative Manufacturers in the Form of Incentives and Government**

### **Partnerships**

Penalties for bad practices should come hand in hand with incentives for good practice. Another policy to support cooperative manufacturing would subsidize and partner with developing and existing garment worker cooperatives. This bill would create a fund specifically for grants to cooperative manufacturers to contribute to the startup and operating costs. The allocation of these grants should be facilitated by an office or organization that incubates garment worker cooperatives and develops partnerships with community organizations such as the Garment Worker Center to empower and train garment workers to form their own businesses. These grants should give priority to people who work or have worked in the industry, without mandating that member owners disclose immigration statuses in order to ensure that the allocation of funds is done equitably and represents the population of garment workers.

In addition to subsidizing costs, this bill would reduce contractor registration fees and taxes for businesses that use cooperative production. These subsidies to cooperative manufacturing will help reduce the prices of cooperative-manufactured goods which will make it easier for cooperatives to compete with sweatshop production. As well as economically incentivizing cooperatives, the government should solely contract cooperatives to produce any items including but not limited to uniforms, safety equipment, and bags.

### **Conclusion**

Garment worker cooperatives are the future of the fashion industry. Cooperatives create an ethical model of manufacturing where workers can seize the capital of their labor. Cooperative models of business build off existing labor organizing and legislation to operate in a capitalist economy. Interviews with representatives from cooperatives and the Garment Worker Center illustrated the necessity of funding sources and industry regulations for cooperatives to

compete in the current fashion industry, and political values for worker-owners to successfully operate together and for a better future. There needs to be more widespread education on worker cooperatives for workers, consumers, and industries to embrace this model. Since cooperative models operate systematically different from current capitalist businesses, cooperative members need to unlearn certain biases to lead democratically with others. Organizations like the Garment Worker Center are incubating these political practices within their membership, and with more support, garment worker cooperatives can grow from this existing model of worker empowerment. The importance of incubators for cooperative businesses is apparent to all interviewees to assist workers who are seeking a new model of business. The survey of garment workers showed the value of worker centers like GWC to supporting worker empowerment and ownership. For ethical manufacturing practices like cooperatives to compete with exploitative production practices, there needs to be government subsidies for cooperatives in the fashion industry.

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## Appendix:

## Interview Questions-

For cooperative representatives-

- How long have you worked in a co-op?
- Did you/ other members work in apparel manufacturing beforehand?
  - What types of businesses? Factories, tailor, at home, etc.
- What led you and your coworkers to decide to form a cooperative?
- How many people did the co-op start with?
- How many members are there now?
- How long did it take to form the cooperative from the conception of the idea?
- How much outside funding was required?
- What outside organizations/people were included?
- What skills were needed to start this?
- What was the enthusiasm among your coworkers initially when this idea came up?
- Was there anyone opposed to forming a cooperative?
- What new positions were created when you shifted to a cooperative model?
- How have the everyday job responsibilities changed from before?
- What is the average wage of the workers?
- What benefits do the workers have?
- What hurdles have you dealt with since starting the co-op?
- What types of brands do you work with?
- Has the workforce changed since the conception of the co-op? How?

For GWC representative-

- What strategies do you take to organize and recruit workers?
- What experience has the GWC had working with self employed or home based garment workers?
- Has sb-62 changed the focus of the GWC?
- How do you foresee sb-62 changing the fashion industry in L.A.
- Do you think SB-62 will affect the viability of a co-op to happen in L.A.?
- Since sb 62 was enacted, what issues have arisen?
  
- In what ways do you see the GWC contributes to the framework of a cooperative?
- What talks of cooperatives have there been with members?
- How viable do you think a cooperative would be in L.A.?
- How much interest do you think there would be among the current workforce?
- Given the proper resources, would members be interested in forming a co-op?
- What resources outside of the current GWC setup would be necessary?
- What interest do you think there is in the industry for this type of worker model?
- Is there a current relationship with local co-op incubators like L.A. Co-op Lab?
- What have you learned from other garment cooperatives?
- How could the Garment Worker Center be a part of the formation of a worker cooperative?

- What opportunities could a co-op bring to members?
- What issues do you foresee a cooperative model having for the given workforce?

Survey Questions:

For GW- all questions will be answered on a scale of 1-3

Worker cooperative/co-op= a business owned and ran democratically by the workers. All the people employed are the bosses and decision makers.

- **Have you heard about cooperatives before today?** 1= never heard of them 2= have heard of them but didn't know what they were 3= heard of them and knew what they were
- **If you had the resources and opportunity, would you want to form a cooperative with your coworkers?** 1= no interest 2= maybe some interest 3= very interested
- **Have you ever been self-employed?** 1= never thought about it 2= have thought about it but did not try; 3= have tried it
- **At your current job, do you feel comfortable taking a sick day?** 1= uncomfortable 2= neither comfortable or uncomfortable 3= comfortable
- **Do you know what brands you work for?** 1= do not know any 2= know some of the brands 3= knows all brands
- **Does your workplace feel like a community?** 1= no 2= neither yes or no 3= yes
- **Have you ever participated with the Garment Workers Center?** 1= never have 2= once or twice 3= regularly work with GWC

## Garment Worker Co-op Pamphlet



### What is a cooperative?

A worker-owned cooperative is a community and value-centered business where workers are equal owners and democratically make decisions and operate the business and equally share the profits

### Staffing cooperatives:

A staffing cooperative would operate as a cooperative and contract workers to manufacturers .

## Garment Worker Survey

Over 400 garment workers took a survey about cooperatives.

Garment workers who regularly work with the Garment Worker Center (GWC) are 12% more likely to want to start a co-op.

Garment workers who do not feel a sense of community at work are 19% more likely to want to start a co-op.

Garment Worker Center (GWC)

<https://garmentworkercenter.org/>  
(213) 748-5866

## Garment Worker Cooperatives





## Benefits of Co-ops

### Livable wages

When worker-owners negotiate sales and contracts, they can set their wages with the brands to ensure they make a living wage. Cooperatives value the livelihoods of worker-owners over making sales with brands that do not care

### Equitable distribution of profits

The costs of contracting manufacturing goes to the worker-owners. There is no one boss who makes more money in a cooperative. The profits that garment worker cooperatives make goes directly to the worker-owners.

### Manufacturing Transparency

Cooperatives create a direct relationship between brands and the people who make the pieces.

### Worker Power

Cooperatives alter the power structure of traditional business which gives workers the power and say over their work as well as the ability to earn the value of what they produce.

## What's needed to start a co-op?

### Willingness to learn and lead

Garment workers are the experts in the industry, but forming a cooperative requires worker-owners to learn how to run a business and work democratically with each other.

### Startup funding

The fashion industry is the second largest creative industry in L.A. The government continues to subsidize and support the entertainment industry, and the same support should be shown to the fashion industry. Garment workers have been historically exploited, and the government should invest in these workers who have built this industry. After cooperatives start, the profits of their business keep them running but there are not enough investors for this new model of ethical manufacturing

### SB-62 has leveled the playing field

The Garment Worker Protection Act is raising the standards for garment workers. Ethical manufacturing in California does not have to compete with sweatshop wages anymore, which makes it easier for cooperatives to succeed.

## Garment Worker Cooperatives in the U.S.

### Opportunity Threads

North Carolina  
[www.opportunitythreads.com](http://www.opportunitythreads.com)

### Fashion That Works Production

New York  
[www.ftwproduction.coop](http://www.ftwproduction.coop)

### Blue Tin Production

Chicago  
[www.bluetinproduction.com](http://www.bluetinproduction.com)

