

Testimony of Linda Dworak, Executive Director, Garment Industry
Development Corporation

Before the Assembly Standing Committee on Economic Development, Job
Creation, Commerce and Industry, Assembly Standing Committee on Small
Business
New York State Assembly

“Impact on New York City’s Economy as a Result of the September 11th
Terrorist Attacks”

December 6, 2001

Dear Mr. Speaker and Honorable Members of the Standing Committee:

Thank you very much for permitting me to testify today on behalf of the
New York City garment industry and its 60,000 employees.

The Garment Industry Development Corporation is a non-profit consortium
of industry, labor and government that was formed in 1984 to retain and
improve jobs in the New York apparel industry.

Garment production is New York’s largest manufacturing industry. There
are about 60,000 garment workers in New York. 12,000 of them work in
small cut and sew shops just blocks from the World Trade Center, in
Chinatown. Most of these workers are immigrants.

New York City’s garment industry was devastated by the recent terrorist
attack on the World Trade Center. When tragedy struck on September 11th,

thousands of garment workers evacuated their factories. Many workers had to run for their lives when the towers collapsed. After the tragedy, all of downtown Manhattan was shut down for days. Garment factories in Chinatown were not allowed to open, leaving as many as 12,000 workers out of work for two or three days, and 6,000 out of work for a week or more. Even one lost day of work can have a dramatic impact on a struggling immigrant family.

Even after workers were able to return to the shops, the restriction of vehicular access in the area made it virtually impossible for garment shops to conduct business. The disruption of deliveries to and from lower Manhattan threatened the manufacturers' relationships with retailers, for whom the reliability of shipments is paramount.

Immediately following the tragedy, we undertook an effort to translate and disseminate information about services, grants, street access, etc. to the workers and businesses most affected. Our staff helped non-English speaking workers to apply for assistance, held informational meetings for employers, and coordinated volunteer efforts.

In the days that followed the attack, the large retail chains that control the garment industry started canceling their orders. Some retailers refused to accept orders that were delivered late because of shop closures. Others did not want to risk delivery problems because of the street closures.

Then, as the sober mood and weakened economy began to dampen expectations for consumer holiday spending, the bad situation became much

worse. Analysts at Merrill Lynch projected that September was the worst month for retailers since World War II, and economists from Retail Forward, Inc. contended that apparel is the retail sector most adversely affected by the attacks. Since most apparel retailers generate about half of their profits during the holiday shopping season, the retail slump could not have come at a worse time. For NY factories, this means more cancellation of orders. By now work at most factories has ground to a virtual halt.

Now tens of thousands of New York's garment workers across the entire City are laid off or are working shorter hours. As many as 20 percent of New York's garment workers are laid off, and that as many as 70 percent are working shorter hours.

Located just blocks from the World Trade Center, New York's 11,000 Chinatown garment workers were the hardest hit. Chinatown garment factories are operating at 50 percent of capacity, and shops below Canal Street are operating at 25 percent of capacity. This dramatic decrease in activity has had a devastating secondary effect on the other businesses in Chinatown - restaurants, hair salons, groceries and other small businesses that provide services to garment workers.

In the garment industry, there is a tradition of job sharing during tough times. To avoid layoffs for some workers, all workers will agree to work shorter hours. Nearly all workers in Chinatown are now working shorter hours. For immigrant families struggling to make ends meet, the pay cuts that result from shorter hours have a devastating impact.

Very few of these businesses qualify for Federal SBA loans and grant money is limited. Some programs exclude businesses located above Canal Street. Hundreds of garment contractors are in that area between Canal and Houston.

Without an infusion of production work into New York's factories, many of the garment businesses will not survive and tens of thousands of workers stand to lose their jobs. According to the Fiscal Policy Institute, if a 30 percent reduction in New York City's apparel output is sustained over one year, the industry will lose 20,000 jobs - one third of its workforce. Lost production output would total \$2.9 billion. An additional 14,000 jobs in New York State would be lost in related sectors, such as distribution and retail, as a result.

We estimate that some 40 factories have closed since September 11, permanently dislocating 2000 workers. Most of these factories are located downtown, but some are in the outer boroughs which have also felt the ripple effect. One of the major sources of anxiety for these displaced workers is the impending loss of their health benefits. Workers who do not have a full normal week of work and unemployed workers eventually lose eligibility for the union's health funds. Unlike some of the other industries, the garment industry employers are not able to contribute into union benefit funds for extended coverage. The small factory employers are especially hard pressed to make the required health contributions. Thus, the union benefit funds are tremendously stressed by the aftermath of 911. The workers cannot afford COBRA rates to continue their coverage after termination of benefits. That's why we support the COBRA subsidy

legislation (A.9472) proposed by Speaker Silver to address the concerns of health care. There should be a partnership between business, government and unions to deal with health care especially for victims of this disaster.

Health care and JOBS are the most important concerns of garment workers and indeed employers. They want to work; they want to be in business.

MADE IN NEW YORK

In order to address this crisis, an historic coalition of designers, manufacturers, retailers, and the apparel industry union UNITE have come together to support GIDC's Made In New York campaign. Through the "Made in New York" apparel initiative, manufacturers will produce, retailers will sell, and consumers will buy more clothing made in New York factories, to preserve jobs for struggling New York garment workers.

The initiative features a hang-tag which has the words "UNITE! Proudly Made in New York" over the image of the American flag. Made in New York promotes retail apparel that is produced in New York to consumers around the world, and asks retailers and brand-name manufacturers to place orders in New York garment factories in order to preserve jobs for New Yorkers. By supporting the Made in New York hang tag, consumers can display their support for New York, and directly aid New York's beleaguered economy. And by participating in Made in New York, retailers can do the same, while adopting a sensible strategy to boost declining sales by giving citizens an admirable and patriotic reason to shop.

This week, we have released a Shoppers Guide that gives consumers information about where they can purchase apparel that carries this hang-tag. The guide is available at the visitors' information kiosks at key locations throughout the City. We are looking for additional methods for distribution of the guide and promotion of the Made In New York label. We ask your support of this emergency effort.

I thank you for this opportunity to speak on behalf of the garment industry, and I am grateful for your ongoing support for the Garment Industry Development Corporation and our programs.