Consumers of the World Unite: A Market-based Response to Sweatshops

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Abstract

Sweatshops are re-emerging across the globe. In the current neoliberal environment—which has unions, government protection of worker rights, and fair trade policies on the defensive—we propose a market-based strategy that relies on "conscientious consumers" to slow the global race to the bottom. To assess whether the consumer market in the United States could provide the added revenues needed to lift workers in the southern hemisphere up and out of poverty, we conducted an experiment in a department store in a working-class community in southeast Michigan to determine whether consumers would pay more for products certified as not made in sweatshops. Consumers were presented with two separate displays of ordinary athletic socks that were identical except for a label indicating that the socks in one display were produced under "good working conditions." After incrementing the price of the labeled socks over the course of several months, we found that most consumers preferred to pay less for the unlabeled socks, but nearly one in four was willing to pay up to 40 percent more for the labeled socks. Having documented the contours of this niche market for conscience consumption, we conclude by discussing the promises and challenges that face such a market-based strategy.

The proliferation of "sweatshops" throughout the world may be one of the most telling economic developments of our time. Characterized by substandard wages, unsafe working conditions, and child labor, the sweatshop has re-emerged from the shadows of nineteenth-century industrialization to become the dominant mode of economic organization in many labor-intensive industries, most notably apparel, footwear, consumer

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electronics, and children's toys. As part of the accelerating "race to the bottom" initiated by globalization, sweatshops are clearly the front-runners in a competition that few workers want to win (Keck and Sikkink 1998; Guidry, Kennedy, and Zald 2000; Bonacich and Appelbaum 2000; Rosen 2002; Ross 1997).[1]

But how do we slow, perhaps even reverse this destructive race to the bottom? In this article, we offer what we believe is the strongest evidence yet for the feasibility of an emerging, market-based strategy for eliminating sweatshops. The basic idea—one that has been largely overlooked by anti-sweatshop efforts focused on the local shop floor, the national legislative arena, or at the level of international trade agreements—is that the consumer market in the global north represents a largely untapped resource for combating the spread of sweatshops in the north itself and throughout much of the global south. A growing body of survey data suggests that consumers in the north do not like the idea of purchasing goods that are the result of sweated labor. Some portion of them—what we call "conscientious consumers"—may be willing to pay a modest premium to avoid buying products that are not "tainted" by starvation-level wages, exploited child labor, and dangerous work environments. This premium could then provide the added revenues necessary to lift sweated labor up and out of poverty—raising wages, avoiding abuses, and protecting worker rights—all without the risk of falling profits and resulting job losses that are often associated with other strategies.

A market-based approach of this kind depends upon the willingness of global consumers to pay more for sweat-free products. Do such consumers really exist? And if they do, how much more will they actually pay to support good working conditions in some far off land? We report below the results of an experiment that was designed to answer those questions. Before we turn to the study, in the next section we consider a market-based strategy in comparison to other approaches, concluding that the strategy offers a number of important advantages that enhance its feasibility, particularly in the present neo-liberal political moment. We then turn to the study, reviewing the existing survey data, and discussing our research design and findings. We conclude by briefly considering some of the policy implications, as well as obstacles, facing a broader market-based campaign against sweatshops.

Strategies for Resisting Sweatshops

Strategically located and highly organized industrial unions were for much of the last century the most reliable weapon in labor's arsenal for

battling sweatshops. With basic industry in most advanced capitalist countries largely organized by the end of World War II, powerful labor movements, rooted on the shop floor, gradually extended their reach into the corridors of power. Flexing as necessary their disruptive capacity at the point of production alongside their growing electoral muscle, the modern labor movements of North America and Western Europe won important legislation that, in setting minimal national standards for wages and working conditions for millions of wage earners, all but eliminated sweatshops from the global north by the 1970s.[2]

But this "Fordist" regime, predicated on strong unions, high profits, and rising consumption has been eroded to varying degrees in the countries of the global north (Piore and Sabel 1984; Marglin and Schor 1990; Garrett 1998), and was never as strongly institutionalized in the global south (Lipietz 1987). Beverly Silver argues that labor-movement power, even as it wanes in the north, is waxing in the countries of the south where much of the world's labor-intensive manufacturing has shifted. In her analysis, something like Fordist regulation in the major economies of the global south seems a likely future (Silver 2003). Still, we would argue that as long as national economies are embedded in a global market economy characterized by very high levels of international capital mobility, national governments will be more constrained than previously in what they can deliver to workers and their organizations, even in countries such as Brazil, South Africa, and South Korea where workers' economic and political power today is indisputably much greater than it was twenty years ago. Any one country that passes strict labor laws will find itself at a disadvantage in the race to attract foreign investment. Knowing this, economic elites in developing countries are increasingly committed to a neoliberal agenda.

Recognizing that nationally-based unions are no longer the potent weapons they once were, labor and its allies have turned increasingly to the international arena in search of a strategy to slow the race to the bottom. This effort, beginning in the early 1990s, has focused on adding a "social clause"—typically embodying the four core worker rights identified by the International Labor Organization—to the growing number of international trade agreements.[3] In return for supporting such a social clause, parties to the agreement would enjoy its full economic benefits, including privileged access to the markets of other member countries. Refusal to support the four core worker rights would leave a country outside the agreement with less favorable export and investment access to other economies, thus neutralizing some portion of the competitive advantage gained by repressing worker rights.

The social-clause strategy, despite backing from the influential International Confederation of Free Trade Unions, has met with only limited success. In the south opposition has come from many governments who believe that this approach is motivated by a desire to protect northern producers. Even if that is not their intent, they argue, the main economic advantages will likely accrue to the most powerful and well-established economic actors within the global system of trade. In the north, corporate leaders and trade experts express similar concerns about "protectionism," which runs against the grain of current neo-liberal thinking. Facing stiff opposition from both the north and south, most social clauses designed to protect worker rights have been watered down or undercut by exemptions and loopholes of the kind that produced the anti-labor North American Free Trade Agreement (Compa 2001; Robinson 1994).

A third strategy has been championed in recent years by the student-led campaign against sweatshops that has taken root on college campuses, particularly in the United States (Mandle 2000). Representing one of the most visible forms of campus protest in years, thousands of students across the country have demanded that their universities adopt codes of conduct to protect worker rights and enforce labor standards for all companies supplying sports apparel bearing their institution's logo. As an offshoot of this campaign, the Worker Rights Consortium was recently formed to investigate and publicize worker complaints that subcontractors of major sportswear companies such as Nike are violating the university codes of conduct that they have agreed to uphold throughout their supply chains. The student-led campaign against sweatshops offers real promise. Indeed, it has been one of the most successful strategies for resisting sweatshops, having secured dozens of agreements with leading colleges and universities to advance worker rights in the booming and highly profitable sportswear industry.

Yet, each of the traditional weapons that have been deployed against sweatshops—strong unions with political efficacy, social clauses added to trade agreements, and labor codes enforced by universities—share common weaknesses that limit their attractiveness. First, unions and social clauses are most effective when they are implemented universally so as to level the global economic playing field. An anti-sweatshop strategy of relying on union power to enforce fair labor standards across the globe will not work unless unionization is universal. If it is limited to one or even a small number of states that will allow capital flight to less organized regions. Similarly, if social clauses are limited to agreements between particular countries, manufacturers can relocate to other parts of

the globe. For unions and social clauses to be effective in today's global economy, they must be implemented everywhere and at once—a kind of "big bang" approach that, in leaving little room for incremental advances, is likely to encounter widespread opposition while facing substantial problems of global implementation.

Secondly, all three strategies are vulnerable to the charge of unintended "perverse effects" that economists often lodge against any effort to resist the "laws" of the market. The argument is familiar: improvements in working conditions will invariably increase production costs. Those greater costs, in turn, either induce substitution of other inputs for labor and thus directly lower employment, or they are passed on to consumers in the form of higher prices, thus lowering demand and leading indirectly to lower employment. If the added costs of higher wages and improved conditions cannot be recovered through labor-displacing technologies or absorbed by consumers, employers are left to pursue what David Harvey (1982) terms a "spatial fix" by moving production to a location with even lower labor standards as part of a continuing race to the bottom. In these scenarios, it is argued, the effort to eliminate sweatshops, however well intentioned, ends up hurting those workers who most need protection from the ravages of the market. Such a rhetoric of "perverse effects," as Albert Hirschman (1991) has termed this mode of argumentation, is invoked routinely by leading economists, trade experts, and policy analysts, who insist that efforts to advance worker rights—whether through stronger unions, social clauses, or labor standards—will result in job loss. In the logic of contemporary neoliberal economic theory, the only real choice open to sweated labor is between a bad job and no job at all. While there are good reasons to be skeptical of this argument it remains remarkably potent: some version of this argument is expounded by many of the most authoritative voices in the globalization debate, and constitutes the main justification for opposing minimum global labor standards (see, e.g., Bhagwati 2000; Krugman 2001; Bardhan 2001).

Finally, all three strategies rely primarily on an economically punitive approach to force offending firms into compliance. This is perhaps clearest in the case of unions, which generally cannot hope to win over employers by promising them a higher rate of profit, only that they will not be the target of a costly job action.[4] Though proponents of social clauses and labor standards can promise privileged access to markets as a modest economic incentive, the real thrust remains a punitive one in the form of exclusion from those same markets, resulting in a possible loss of competitive advantage and market share. The question for us is not

whether offending firms deserve negative sanctions, but whether, in the present political climate, this is the most effective means of leveraging them into compliance with improved conditions for their workers.[5]

We believe that a market-based strategy for challenging sweatshops is more feasible, in part because it is less vulnerable to the three criticisms above that are routinely leveled against the main competing approaches. First, a market-based strategy can be incremental, allowing conscientious consumers to provide a new and hopefully expanding niche within particular markets where firms can charge more for their sweat-free products. Secondly, because this strategy works through rather than against the logic of market relations, it avoids the usual charge of perverse effects; that is, firms that eliminate sweatshop conditions will do so because they are earning more revenues at the point of sales, thus mitigating the direct costs of making their workplaces better paying and safer. Finally, and perhaps most importantly, a market-based strategy relies on the carrot of providing immediate compensation in the form of higher profits for firms that move toward protecting worker rights rather than merely threatening those who resist with the stick of costly job actions or exclusion from markets.[6]

We realize that a market-based strategy will be met with considerable skepticism by many activists and scholars who are committed to eliminating sweatshops. Thabo Mbeki, President of South Africa, captures this sentiment when he argues:

> Progressive politics has to disagree . . . with the neoliberal political ideology . . . that "the market" must be given free rein. If progressive politics is to have any meaning it must start from the reality that you can't overcome global poverty through reliance on the market. (Mbeki, 2003)

We do not advocate an exclusive reliance on markets, but we believe and hope to show that market-based strategies can complement ongoing efforts to build strong unions, impose vigorous social clauses, and enforce labor standards.

Our conviction that the market can become an effective weapon in the war against sweatshops stems in part from the success of other consumer-based struggles on behalf of labor and the environment. Beginning with the mid-nineteenth-century use of union-sponsored boycotts, which in the United States provided the basis for organizing such key industries as beer, cigars, and clothing, and continuing through the 1960s' nation-wide boycott of table grapes to support the unionization

of farm workers, ordinary consumers have shown a willingness to make purchasing decisions that benefit others. Similarly, environmentalists have used with considerable success eco-labeling strategies on certain products to create entirely new markets, or sizable niches, for such goods as dolphin-safe tuna, "fair trade" coffee and rugs, and more recently non-genetically modified foods (Sen, Gürhan-Canli, and Morwitz 2001)

But can such targeted efforts in support of exploited American farm workers, endangered species, and expensive specialized products be translated into consumer support for faceless workers laboring in some far off land? Still more, are ordinary consumers willing to pay a premium for mass-produced, non-specialized items of the kind that are the stock-in-trade of overseas sweatshops? Or is the notion of the conscientious consumer, upon which our market-based strategy rests, little more than a pipe dream? To these questions we now turn.

Assessing the Market for Conscientious Consumption

Survey Evidence

What little we know about the market for conscientious consumption is based on three nationwide surveys of the American population conducted by reputable research centers based at Marymount University, the University of Maryland, and the National Bureau of Economic Research (NBER) (Marymount University Center for Ethical Concerns 1999; University of Maryland, Program on International Policy Attitudes 2000; Elliott and Freeman 2001).[7] Specifically designed to probe consumer attitudes about the desirability of sweat-free purchasing, all three surveys found that a sizable majority of respondents say they are willing to pay more for products that are made under good working conditions. Those majorities range from 86 percent in the Marymount study, to 81 percent in the NBER survey, to a low of 76 percent in the Maryland study. Confirming this strong commitment to conscientious consumption, the NBER study found that, on average, respondents were willing to pay roughly 28 percent more for a ten-dollar item and 15 percent more for a one-hundred-dollar item if they were produced under sweat-free conditions.

While these attitudinal data offer hope for a market-based strategy to combat sweatshops, critics have understandably questioned the reliability of such findings. As students of survey research have long recognized, there is often a poor fit between what respondents report on a survey and what they actually believe, particularly when one of the answers carries greater moral authority or is seen as more socially desirable

(Schuman and Presser 1981; Northrup 1997). Even if we assume, for the sake of argument, that what people say is what they truly believe, their response is only as good as the question. In this case, each survey, having posed differently worded questions about the desirability of sweat-free purchasing, yields different results about exactly how much more consumers are willing to pay to avoid sweated products. Recognizing that survey responses are partly a function of how the question is posed and that, in any case, attitudes are often a poor predictor of behavior, we designed an experiment to see if the high level of support for sweat-free purchasing found in surveys would carry over to the "real world" of consumer behavior. The results reported below are, to our knowledge, the first empirical evidence bearing on what U.S. consumers will actually do—rather than what they say they will do—when faced with the choice of paying more for sweat-free goods.

The following study, based as it is on one product in one location of the country, is not intended to yield general conclusions, but we hope to demonstrate a method that others—social scientists and activists alike—might find useful to replicate in future studies. Such replication, which might involve other products, price ranges, and regions, will be crucial if we hope to convince some large brands and retailers that marketing sweat-free merchandise is not only the right thing to do but profitable as well.

Research Site

We conducted our experiment in the spring and summer of 2002 at a branch of a well-known department store in a stable working-class neighborhood in southeast Michigan. In selecting a research site, we began with census data to identify nearby tracts in which the median household income was at or below the national average, thus targeting a population of consumers for whom price considerations are an important part of any purchasing decision. On that basis we identified and contacted thirty-one department stores from three national chains in these neighborhoods, sending a letter to each explaining our experiment and offering them a small payment for the use of their store. Nineteen stores refused to participate outright; the others referred us to their national headquarters for authorization. However, when we contacted the three national headquarters, only one was willing to allow their local stores to participate. Phone calls to a number of the stores affiliated with this chain turned up only one whose managers were willing to participate in our study.[8] Locating a suitable research site took about three months

during which time we also secured project approval from our university's institutional review board.

Our store is located in a community of forty-thousand residents within the greater Detroit area. Per capita income in 1999 was slightly below the national average. Only 7 percent of the community's residents have bachelor's degrees or higher, as compared to 25 percent of the population nationally. In general, our store caters to a semi-skilled, blue collar, predominantly white community whose limited income might be expected to reinforce a sense of fiscal conservatism among consumers. It is unclear whether—and if so, how—our sample is biased toward greater or lesser support for conscientious consumption. On the one hand, most of our customers are not part of the "post-scarcity, socially aware" new middle class whose affluence and ethical standards, according to many social-movement theorists, lead them to oppose sweatshops and other violations of international human rights (Buechler 1997; Inglehart 1990). On the other hand, most of our customers are drawn from a community where unions are strong and where support for the Democratic party runs high, both of which, other things being equal, might be expected to predispose our consumers toward conscientious consumption. We have no way of determining if the income and educational level of our customers strengthens their identification with sweated labor or instead reduces their capacity to pay more for sweat-free products, just as we can not say whether the local political culture comprised of high union density and support for the Democractic party is a more liberalizing influence than the alleged heightened responsiveness of the new middle class to ethical appeals.

Research Design

We selected as our test product ordinary white athletic socks, both because we needed an inexpensive item that would generate enough sales volume to measure consumer behavior and because socks, being undifferentiated, mass-produced items, are typical of products that are made in sweatshops. We began by placing identical pairs of socks in two display racks next to each other in the men's and women's clothing sections of the store. The only visible difference between the two racks was that one displayed a fairly conspicuous sign, labeled GWC (for "Good Working Conditions"), along with an explanation that the socks in that rack were not produced with child labor, in an unsafe environment, or under sweatshop conditions. Each pair of socks in that rack also had a small GWC label affixed to its package. The other rack contained neither a sign nor package labels, suggesting that the socks were not made under good work-

ing conditions. Over the next five months we raised the price differential between the two racks incrementally, from 0 percent to 40 percent more for the labeled socks.

Three key elements of our research design required decisions that may have influenced our findings. First, we used identical socks on the two racks.[9] If the products were not absolutely identical, the preference for the "GWC" label might be confounded with a preference based on some other observable product characteristic. However, a design of identical products introduces the possibility that if the products seem to be absolutely identical, consumers may not believe that they are in fact choosing between two different products, perhaps assuming that the GWC label was simply missing from one rack. The credibility of the label is likely to be especially problematic at the zero-price differential when there is no basis other than the label itself for differentiating between the two racks of socks. Once a price difference is introduced, however, the credibility of the label should increase. In sum, while acknowledging the possible drawbacks of using identical products, we preferred this design because if consumers do not trust the label our results will *underestimate* the proportion of conscientious consumers. Those who would have purchased the labeled socks may have simply assumed that there was no difference in the two racks, and thus no reason to spend more money for the labeled socks. Thus, our experiment provides a *lower boundary* for estimating the level of conscientious consumption.

Second, in designing our label we decided to avoid relying on a highly emotional appeal to generate support for conscientious consumption—despite recognizing that in the real world of aggressive product marketing a GWC label would be powerfully emotive, depicting crying children or other charged images. Sacrificing these real world characteristics, we opted for a more "clean" experiment by using an emotionally neutral, deliberately understated logo and poster in hopes that this would provide a better measure of prior consumer preferences rather than our own capacity to reshape preferences and behavior through skillful marketing. Again, this decision biases the results *against* finding conscientious consumption, because a more emotive label would likely have reached (or created) many more conscientious consumers. While we deliberately avoided an emotional appeal, we felt that it was also necessary to have a label that clearly differentiated one set of socks from the other. Our compromise solution was to develop a bright, easily identifiable label with no emotional overtones. We thus affixed to each pair of socks a round yellow label, two inches in diameter, bearing the letters "GWC" in inter-

locking cogs to symbolize industry. We also placed above the labeled rack a larger poster, measuring ten by fourteen inches, that included the same GWC logo plus the text "Good Working Conditions means/no child labor/no sweatshops/safe workplaces" (see photographs). These three descriptors parallel the questions that were asked in the Maryland and NBER surveys.

Finally, our use of the fictive GWC reference meant that consumers had no prior knowledge of the label and were thus not primed to think in terms of sweated versus non-sweated products. Unlike some other widely

recognized label, such as a picture of a dolphin on a can of dolphin-safe tuna fish, our consumers had no context for understanding the meaning of the GWC label, other than reading the brief text on our poster for the first time. While this was less a design choice and more a matter of necessity, it most likely reduced the level of conscientious consumption for those consumers who might doubt the validity of the GWC label's claim, in the absence of knowledge about who produced the label.

In sum, all three of these choices—the use of identical products, avoiding an emotionally-based label, and the lack of prior consumer awareness of the label—make this experiment a "tough test" for finding

evidence of conscientious consumption. In each case we chose the more demanding criterion that would restrict our study to detecting a lower level of conscientious consumption than may actually exist in our population.

We are aware of only one design choice that may have biased results in favor of finding conscientious consumption—our decision to discount the price of socks. We paid $2.23 for each pair of socks, and intended to sell them for close to their market value. But because the socks were not selling quickly enough to achieve a large enough sample size in the time frame negotiated by the store, we were forced to sell them at a loss, at a base price of one dollar a pair. It can be argued that our discounting strategy made the socks such a good bargain that it was easier for the average cost-conscious consumer to absorb the added price of purchasing the more costly-labeled product. If true, this would produce an artificially high level of conscientious consumption. However, we believe that the discounted pricing had only a minimal impact on our findings. First, customers who bought the labeled socks still paid significantly more for them than they needed to, for no change in quality or brand—presumably because of the GWC label. The fact that the base price of the non-labeled sock was below the usual market rate does not change this fact. Second, the discrepancy between the cost of the socks and the advertised price was not stated anywhere, so that only very experienced shoppers would have recognized the bargain. The one dollar price that we charged for the socks was within the range found for nearby socks within the same department, which sold for anywhere from fifty cents to six dollars a pair.

Findings

Figure 1 indicates that when the labeled and non-labeled socks were set at the same baseline price of one dollar, half of the customers chose the labeled sock and half chose the unlabeled sock. Once price differentials were introduced, however, the share of customers purchasing the more expensive labeled socks fell to about 30 percent of all purchases, and then remained around that level at each price increment from 5 percent to 40 percent, except for the 30 percent increment where the labeled socks only accounted for 11 percent of all purchases.

Figure 1: Proportions of Customers Purchasing Labeled Socks at Different Price Increments

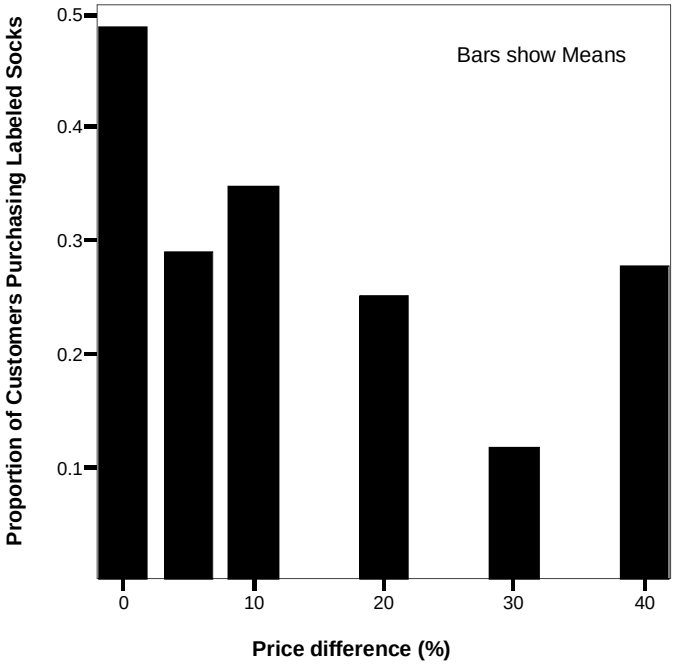

Table 1

Proportion Customers Purchasing Labeled Socks at Different Price Increments

Price difference	0%	5%	10%	20%	30%	40%	Total	Total excluding 0% differ -ential
Proportion customers purchasing labeled socks	.488	.289	.348	.25	.116	.278	.303	.2654
N	43	38	66	28	43	36	254	211

There is one puzzling finding for which we do not have a simple explanation: the unexpected parity in sales at the zero-price differential seems consistent with an absence of conscientious consumption. And yet, at the first signs of price difference between the two racks more than one in four consumers pay more for the labeled socks. Putting these results together—and drawing on our earlier argument that the label is likely to be most suspect when both the product characteristics and the prices are identical—the most likely explanation is that our consumers did not trust the labeling at the zero-price differential. When faced with two racks of identical socks that were priced the same, many customers may have assumed that all of the socks were produced under the same conditions regardless of what the labels indicated (Brucks 2000). That would have resulted in random purchasing and would have led to parity in sales given the equal number of labeled and non-labeled socks. We have no way of evaluating this interpretation in the current round of the study, but we will be investigating more closely consumer behavior at the zero-price differential in the next phase of our project where we employ a revised research design that utilizes very similar sports socks made by different companies.[10]

One final qualification is in order: our results are not entirely applicable to the normal situation of market exchange because consumers in the real world are never faced with choosing between two identical products, but rather they must decide whether or not to purchase one product. Thus, if the price of a sweat-free product were raised 3 percent, conscientious consumers would buy it, but some portion of the remaining consumers would forego purchasing or look for a less expensive, unlabeled alternative. We do not have data to determine what proportion of non-conscientious consumers would completely forego consumption, though we realize this is an important issue to tackle.[11]

In sum, then, the data suggest that most consumers preferred the cheaper unlabeled socks, suggesting that price considerations dominated the purchasing decision made by about three-fourths of all consumers. At the same time, one of every four consumers in our study was willing to pay more for the labeled, sweat-free socks. In the absence of data on the individual-level motives behind purchasing from either rack, we are unable to identify the specific values and beliefs that led our conscientious consumers to pay more for the sweat-free labeled socks. What we know is that there exists a sizable niche market that will support higher prices in exchange for improved working conditions in the heavily sweated sports apparel industry.

Conclusion

Our field experiment suggests that existing surveys may overstate the percentage of consumers who will actually pay more for sweat-free products. We found that only one in four of our store's consumers—rather than the three of four respondents in surveys—behaved as conscientious consumers. We are unable to say at this point how much of this variance may be due to relying on attitudinal rather than behavioral measures versus how much may be a result of our attempt to design a "tough test" for finding conscientious consumption, or the possibility that some share of consumers did not notice and/or understand the GWC label.

We can say with more confidence that some of the surveys appear to understate the extra amount that consumers are willing to pay: that fully one-third of our customers were willing to pay even 10 percent more is a significant finding, suggesting that a sizeable and profitable niche market could be developed for some consumer products manufactured under good working conditions. Our findings are also significant in relationship to the economic reality of most sweatshops. By adding a mere fifty cents to the price of a typical man's shirt produced in Mexico, it would be possible to double the current hourly wage rate for production workers while increasing the cost to U.S. consumers by around 3 percent (Pollin, Burns, and Heintz 2001). Price increases of a few cents at the point of consumption could thus generate the added revenues needed to enable low-wage employers to absorb the higher costs of transforming their sweatshops into better paying, safer, and more productive workplaces.

The bottom line is clear: a market-based approach has the potential for generating enough incentives—for northern consumers willing to pay more for sweat-free products and producers interested in expanding their sales revenues—to eliminate many forms of sweated labor, provided that manufacturers can be made to see the possibilities of carving out and capturing more profitable niche markets in the north. Realizing those possibilities will depend, in the first place, on effective international monitoring of worker rights to reassure conscientious consumers that the added premiums they pay for labeled products will result in real improvements on the factory floor. Such monitoring will not be easy given the vast number of small firms throughout the global south, the lack of a strong regulatory culture in many developing nations, and the powerful incentives for employers to evade compliance.

We regard such obstacles as serious though not insurmountable. In the last few years a number of new institutions have been created that

could serve as international monitors. These include a host of private-sector companies and, especially, the Fair Labor Association. Add to this the growing number of non-profit, non-governmental organizations, such as Human Rights Watch and the International Labor Rights Fund, that have emerged to monitor human-rights abuses—and the problem appears to be too many potential monitors, not too few. Indeed, with the proliferation of monitoring agents comes the danger that consumers will be unable to gauge the reliability of competing labels.

Governments could help to solve this problem if they could agree on a common set of standards and procedures that all monitors would have to meet if a product were to bear the government-approved certification. Alternatively, as Fung and his colleagues have suggested, a rigorous and ongoing review could be carried out by creating a non-governmental, non-profit body to conduct spot checks of all monitoring agencies as a way of rating their reliability for the public. Conscientious consumers would then pressure firms to hire those monitors with the best record for high-quality monitoring, eventually forcing lower-quality, less reliable monitors to improve their performance or be driven from the "standards" market (Fung, O'Rourke, and Sabel 2001). A third possiblity—and perhaps the one with the best chance of being implemented in the near term—would be for the main social movement organizations trusted by conscientious consumers on these matters to agree on certification standards, a monitoring process, and a body to oversee them. If such a consensus could be forged, competing standards, processes, and monitors would probably be driven out of the "standards market."

The problems associated with effective monitoring remind us that none of the currently available approaches to eliminating sweatshops, including a market-based strategy, comes without practical problems. On balance, however, we believe that the challenges posed by monitoring are less daunting than those facing any of the alternative strategies, all of which suffer politically from charges that they require universal implementation in the form of a "big bang," may lead to the "perverse effect" of job loss for the very workers who are least able to defend themselves, and depend on a largely punitive strategy of whipping offending employers into line. In contrast, the sort of market-based strategy that we propose is more feasible because it is less vulnerable to these criticisms. It can be introduced into selective market niches rather than across the board; it is less likely to result in job loss since the money to pay for improved conditions comes from the pockets of consumers, not employers, and it rewards "good" employers rather than simply punishing "bad" ones.

Moreover, one danger in *not* adopting such an approach is that as northern consumers begin to learn more about sweatshop abuses in southern countries, they may forego purchasing from these countries. Their lack of information about specific production sites may lead them to an informal boycott of such products, punishing all producers and shrinking export markets. Adopting our approach may in fact increase the volume of north-south trade, in the same way that full disclosure via the SEC increases the volume of exchange on the stock market or quality control by the FDA increases the willingness of consumers to purchase products with which they are not personally familiar.

A market-based approach also has limits. Even assuming the presence of effective and trusted worldwide monitoring, the market-based approach would not be capable of eliminating sweatshop conditions in all factories where they currently exist, because most consumers would still make their purchases based on price and product quality alone. Thus, a large segment of the market would still be driven by a race-to-the-bottom logic in which some firms and perhaps entire countries come to specialize in the labor-repressive, sweated segment of the global market. Still, the importance of creating a market segment in which worker rights are respected should not be understated. On the consumer side, it is easy to imagine this segment of the market expanding its relative share over time, as corporations serving conscientious consumers target their advertising to promote increased awareness of worker-rights issues. On the producer side, unions formed within the relatively secure space of those firms that are producing for conscientious consumers may be able to break out of these enclaves to organize workers in other regions of the economy. The emergence and growth of such unions is perhaps the most hopeful scenario for extending and entrenching any improvements in worker rights and working conditions resulting from the creation of a market for the world's conscientious consumers. Strong labor organizations and aggressive international monitoring agencies might well emerge, serving as effective watchdogs to safeguard the gains won by workers newly freed from the shackles of sweated labor.

Notes

* The idea for this project was Monica Prasad's; the research itself is the result of a fully collaborative effort

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2 We employ the terms "global north/south" in place of the more conventional "developed/developing countries" dichotomy to signify that there is an important debate on the meaning of "development," and that, by some definitions and measures, the richest countries of the world are not the most developed.

3 The International Labor Organization's Declaration on Fundamental Principles and Rights at Work identifies four core rights and principles: (1) freedom of association and the effective recognition of the right to collective bargaining, (2) the elimination of all forms of forced or compulsory labor, (3) the effective elimination of child labor, and (4) the elimination of discrimination in respect of employment and occupation.

4 It is also true that unionization, though it usually reduced profits, is often associated with various cost-saving gains such as reduced labor turnover and greater labor productivity (Freeman and Medoff 1984). There are in addition a growing number of recent cases where unions have helped to build or expand consumer markets as a reward to those firms that are less resistant unionization, which could result in increased profits.

5 A further drawback of a punitive approach is that it can only be used once. If a threat of sanctions is exercised, the workers whose rights were the object of struggle may well lose their jobs, and unions or universities lose their leverage. Thus, it must be reserved for extreme cases, creating an all-or-nothing power dynamic. Subcontractors inclined to violate worker rights understand this logic, and act accordingly.

6 We do not take up here the complicated question of whether an end to child labor should be a part of the certification criteria. If it is, then our approach will also displace child workers. We believe that there are two ways in which our approach is nevertheless superior to the compulsory approach on this issue. First, our approach creates a bifurcated market in which not all firms seek to meet the certification criteria, and therefore

some space is left for children without parents, or from the poorest families, to be able to earn a living. Second, part of the premium collected from consumers may be used to create schools and orphanages for former child workers. In this way we allow those who have a "utility" for ending child labor to pay for alternative means of supporting the displaced children. But in the end we believe that child labor presents special problems that no approach to labor standards can solve on its own. Our suggestions seek to go beyond the debate on whether child labor is tolerable given the alternatives, and tries to look for practical solutions that minimize the negative consequences of ending it.

7 Other surveys have been conducted on this question, but these are the only three that we found with nation-wide samples.

8 We purchased our socks directly from the manufacturer, but let the store keep the proceeds of the sales. We also reimbursed the store for our use of their floor space, their bar-code system for tracking sales, and the time their employees spent facilitating our project. The total compensation to the store, including sales and reimbursement, was slightly more than four thousand dollars.

9 Our use of identical socks, which were in fact produced in the United States in a union shop, meant of course that the unlabeled socks were not actually produced under sweatshop conditions, although the absence of a GWC label, we believe, implied as much. Moreover, given the enhanced marketability of non-sweated products, consumers who trusted the labeling would likely infer that the unlabeled socks failed to meet the necessary production conditions to earn the GWC label.

10 Alternatively, our data are also compatible with the following interpretation: most consumers do not differentiate between the two racks and those who do differentiate prefer the cheaper unlabeled socks—perhaps because if they look closely, they realize that there is no difference between the two socks—while those who do not differentiate between the two racks choose randomly between them. While we acknowledge that this is a logical possibility we think it is unlikely as early results from the second phase of our research show similar patterns to that found in this study.

11 Thus, economist Mark Levinson, a critic of market-based strategies, argues that "the loss of revenue from consumers unwilling to pay more for a garment produced under good conditions is not offset by those willing to pay more" (2001:55). There are two aspects to this question, both of which are unfortunately beyond the scope of this project. First, at the macro level, Levinson's claim ultimately depends on accepting the neo-classical assertion that the economic stimulus resulting from improved wages will generate fewer new jobs compared to the number of existing jobs that are dis-

placed by higher labor costs. Second, at the level of the individual firm, the attractiveness of a market-based strategy to employers depends on the specific trade-off between the added costs of lifting workers out of poverty versus the gains from capturing a segment of the consumer market that supports higher prices for non-sweated products. We regard both of these as open empirical questions.

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