

**University of Connecticut**  
**Report of the Task Force on Sweatshop Labor**  
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**Task Force on Sweatshop Labor**

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## **Task Force on Sweatshop Labor Executive Summary**

The charge for the task force is to review all aspects of the University of Connecticut's (University's) engagement with the issue of sweatshop labor and to formulate appropriate policy recommendations. The task force reviewed many of the University's records, read many of the reports, studies and codes of conduct issued by different organizations, and interviewed executives from the Workers Rights Consortium (WRC), Social Accountability International (SAI) and the Connecticut State Treasurer's Office. After extensive deliberations, the task force has reached the following recommendations:

1. The University's ultimate goal should be that, within a specific period of time, all products bearing its logo should be verifiably "sweat free". All licensees must commit to achieving verifiable "sweat free" products to maintain their licenses with The University. Without compromising the goal of "sweat free" products, the University might create a phase-in process to help small licensees meet the "sweat free" requirement.

To achieve this goal would require the following actions within the context of an international problem with a multiplicity and complexity on contracting relationships:

- a. Collaboration with like-minded universities through the Collegiate Licensing Company (CLC).
  - b. Revise the CLC Code of Conduct to add a provision on monitoring and to strengthen the provisions concerning child labor and wages. (We have prepared a revised code that the University can present to CLC members for adoption.)
  - c. Create a unit within CLC's auditing department to oversee the monitoring and verification that licensed products are made in factories complying with the revised CLC Code.
  - d. Develop specific standards and guidelines for monitoring, remediation and penalties for violations of the revised CLC Code of Conduct.
  - e. The University should lead the effort to ensure that these actions occur.
2. Disseminate as much information as possible about the University's efforts as well as those of other organizations including licensees. Information dissemination can take several forms:
    - a. The University can set up a webpage where information about the University's activities can be posted as well as provide links to the websites of other organizations.
    - b. Appoint a spokesperson who would communicate with campus groups and the media.
    - c. Organize a workshop/conference in the fall semester where representatives of different organizations and groups can participate.

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3. Monitor, evaluate and publicize the retail section developed by the UConn Coop for union made products.
4. The University should work with other collegiate licensors and licensees to establish a charitable fund to provide grants for educational, health and other social services for workers in factories manufacturing their licensed products.
5. The University should consider supporting academic research on many issues and questions in the debate over sweatshop labor. Several examples of potential projects are listed in the report.
6. President Austin should appoint a standing committee, including a staff member, to ensure that these recommendations are enacted and enforced. The staff member would also serve as the spokesperson included in recommendation 2b.
7. The University should notify all of its licensees of its intentions as soon as this report is accepted. Licensees should be given the website address where this report will be posted.

## **Task Force on Sweatshop Labor**

### **I. The Task Force Charge:**

For more than a decade many on campuses across the country and the world have expressed concerns about the use of sweatshop labor to make universities' licensed products. Many universities responded to these concerns by joining organizations such as the Worker Rights Consortium (WRC), the Fair Labor Association (FLA) and/or by working through the Collegiate Licensing Company (CLC) to push their licensees toward fair labor practices. The University of Connecticut (University) is a member of the WRC and CLC and supports the efforts of both to end sweatshop practices. In appointing this task force, President Austin stated the University's support of "the health, safety and dignity of all working people" and affirmed its "special commitment to the protection of these rights for the men and women involved in the production of goods that bear the UConn name". The President charged the task force to identify additional actions that the University could undertake and to develop specific policy and program proposals. Specifically the task force was to:

1. Review ongoing aspects of the University's engagement on the sweatshop issue, examining our engagement with the WRC; examine processes by which we convey information to the campus community about licensees with whom we are engaged; and evaluate our role as a center of information and advocacy.
2. Develop proposals to help students and other members of the community become better informed about this and other related issues pertaining to working conditions around the world.
3. Examine possibilities of engagement with other agencies, organizations, or individuals actively working on this issue.
4. Explore means of helping members of the community promote fair labor practices (including, for example, better labeling and information about products sold in University-affiliated facilities).
5. Explore other aspects of this issue that the Task force finds relevant to this charge.

The rest of the report has three sections. Section II describes the work done by the task force in carrying its charge. Section III reviews the major sweatshop labor issues and the efforts by several groups and organizations to deal with them. Section IV reviews the current activities of the University and lists the recommendations of the task force.



## **II. Work Done by the Task Force:**

In carrying its charge, the Task Force engaged in the following activities:

1. Reviewed many of the University's documents pertaining to the sweatshop labor issue and received briefings from Ron Schurin, Executive Assistant to the President and task force member, about the history of the University engagement with the issue, including membership in the WRC. We also received briefings from Tim Tolokan, Associate Athletics Director for Licensing and Athletic Traditions and task force member, about the relationship with the Collegiate Licensing Company (CLC); and Bill Simpson, President and General Manager of the UConn Coop and task force member, about the UConn Coop experience with the issue and its plans to set up a section to sell union made products.
2. Briefed by Scott Nova, Executive Director WRC; Don Kirschbaum, Connecticut State Treasurer's Office; and Eileen Kaufman, Executive Director of Social Accountability International.
3. Reviewed codes, reports and studies issued by WRC, CLC, Social Accountability International (SAI), Fair Labor Association (FLA), International Labor Office (ILO), other universities, investors groups, corporations, etc.
4. Conducted a comparative analysis of the codes of conducts of CLC, WRC, FLA and SAI (SA8000). See attached Schedule.

## **III. General Observations:**

The issue of sweatshop labor practices has captured the attention of diverse groups, including university communities, individual and institutional investors, NGOs, international organizations such as ILO, faith-based organizations and corporations. Many of these groups have drafted codes of conduct, and established procedures for monitoring, enforcement and remediation. Many corporations (e.g., Disney, the GAP Inc., Nike, etc.) have instituted codes of fair labor practices for their suppliers and regularly conduct audits to ensure compliance with those codes. Some of these companies issue reports with the results of such audits (e.g. the GAP, Inc.) while others are reluctant to do so for fear of bad publicity if any problems are identified.

A serious, reoccurring problem centers on the difficulty of monitoring production facilities. The University of Connecticut deals with hundreds of licensees which, in turn, contract with various subcontractors. The subcontractors then contract with the factories that produce the licensed products. The CLC contracts with thousands of production sites. The multiplicity and complexity of contracting relationships explains why it is so difficult to verify the conditions under which any particular batch of products is made.

Currently, there is no monitoring entity that has either the resources or capabilities to ensure that appropriate standards are met in all production facilities. While many

licensees are now publishing the identities and locations of their individual production sites, universities do not possess the resources or capabilities to efficiently use that information. Moreover, the monitoring problem is further complicated by the issue of defining what constitutes abuses in countries with different cultures and levels of economic development.

Competition in the logo apparel market is most intense at the bottom of the supply chain; competition lessens as one moves up the supply chain. The factories that actually produce the licensed products operate with very thin margins. That is why many fear that efforts to help workers by instituting policies to increase wages and by improving working conditions could have the unintended consequence of shifting production to cheaper, less well-regulated settings and thus ultimately hurting those very same workers. This concern was voiced to university presidents in a famous letter by economists from the Academic Consortium on International Trade.

However, the task force found no evidence to support that claim for the types of recommendations we are suggesting -- especially for the collegiate licensed market. In fact, one recent study<sup>1</sup> estimates that a 100% increase in wages for apparel workers in Mexican and American factories would increase the retail price of a typical garment by only 2% to 6%. This same study cites polling data that suggests consumers from the United States are willing to pay 15% to 25% higher retail prices for "non-sweat" products. While that range may be high, it seems reasonable to conclude that consumers would be willing to pay even up to 6% more in price for logo apparel. Moreover, the experiences reported in the "Pilot Project for Licensing Labor Code Implementation"<sup>2</sup> suggest that some working condition code violations can be remedied virtually without any additional cost (e.g., providing safe fire exits, eliminating sexual harassment).

Yet the threat of a "race-to-the-bottom" among textile producing countries is more real now than ever. As of the 1st of January 2005, the special textile quota regime established under the General Agreement on Tariffs and Trade (GATT) was phased out -- effectively eliminating manufacturers' incentives to source clothing from a number of poor countries (e.g., Bangladesh) that may have tried to improve labor standards in areas such as child labor. Instead, manufacturers are increasingly shifting production to China, a new member of the WTO and a country with notoriously low wages and no independent trade unions. The losers are workers -- who find it hard to argue for better salaries and working conditions if employers can hold the threat of relocating to China over their heads. In this increasingly hostile environment, the task force has observed that the collegiate apparel market -- which accounts for less than 3% of overall textile production globally but is a high-profile segment of the market -- can make a significant difference in the fate of workers by acting collectively in defense of high labor standards.

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<sup>1</sup> Pollin, R., Burns, J., and J. Heintz, 2004. "Global Apparel Production and Sweatshop Labour: Can Raising Retail Prices Finance Living Wages?," *Cambridge Journal of Economics*, 28, 153-171

<sup>2</sup> Joint University/CLC Project, "Pilot Project for Licensing Labor Code Implementation", Final Report October 3, 2000.

Indeed, we have a final observation concerning the various groups that universities work with on the issue of labor standards. We believe that coordination and collaboration between these groups is desirable and possible. After all, every one of these organizations shares the same primary goal of promoting fair labor practices across the globe. Furthermore, many of the organizations have complementary activities. For example, the WRC does extensive work at specific sites where one of its main activities is to help workers organize. SAI certifies auditing bodies which, in turn, certify factories for fair-labor practices; SAI also accredits and trains auditors. FLA accredits monitors and provides them with monitoring guidelines. The CLC works with collegiate licensors and their licensees to ensure that licensees outsource from factories that have fair labor practices. Coordination and collaboration among organizations could take several forms:

1. Standardize their codes so that there is agreement on what are considered fair labor standards. Standardized codes make the monitoring process more efficient, and eliminate the complaints by companies that there are too many codes and guidelines to determine which one to follow.
2. Coordinate activities so as to eliminate duplication and leverage the resources of each organization. CLC can coordinate audits. WRC focuses on remediation and SAI licenses auditors and certifies factories that pass the audit. FLA could coordinate with SAI the accrediting of monitors and issue reports about companies' efforts to improve working conditions. An interesting example of collaboration is the "Joint Initiative on Corporate Accountability and Workers Rights"<sup>3</sup>, sponsored by Clean Clothes Campaign (CCC), Ethical Trading, Fair Labor Association (FLA), FairWear Foundation (FWF), Social Accountability International (SAI) and Workers Rights Consortium (WRC). The goals of this project are to maximize the effectiveness and impact of the work of the participating organizations by ensuring that resources are directed as efficiently as possible to improve the lives of workers and their families. The project will test key code elements, monitoring methods and remediation strategies. The project has been started with a pilot in Turkey that involves European and US companies and their garment suppliers, as well as trade unions, NGOs, industry and employers' associations and other interested parties. In addition to improving working conditions in the Turkish factories, the purpose of the pilot is to develop a shared understanding of how codes contribute to improved labor practices and identify models for continued cooperation between the participating organizations.

The University should follow with interest the activities of these organizations and groups. However, we feel the University's best opportunity to achieve "sweat free" licensed products is to work with other universities through CLC. This statement is elaborated in the next section where we discuss the recommendations.

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<sup>3</sup> Joint Initiative on Corporate Accountability and Workers' Rights, Second Floor, Cromwell House, 14 Fulwood Place, London WC1 6HZ, UK.

#### IV. What Should UConn Do?

The University has been active in the efforts to publicize and redress the sweatshop conditions through its membership in WRC, one of the two anti-sweatshop organizations active in universities across the country. The University is also a member of CLC, which serves as a liaison between collegiate licensors and licensees. CLC has a code of conduct for licensees, which is included with its licensing agreements and which licensees are expected to follow, and has conducted a pilot audit of the implementation of this code (See footnote 1). However, the task force believes that the code should be strengthened, and the monitoring provisions enhanced. The University has also been willing to engage campus student groups championing the cause of sweatshop labor. The union-made section at the UConn Coop is an example of the response to the students' demands.

The following recommendations, in addition to the efforts and initiatives already undertaken by the University, should provide a comprehensive strategy to achieve "sweat free" licensed products:

1. The University's ultimate goal should be that all its licensed products are verifiably "sweat free".

To achieve this goal all licensees must commit to achieving verifiable sweat free products within a specified period of time to maintain their licenses with the University. Without compromising the goal of "sweat free" products, the University might create a phase-in process to help small licensees meet the "sweat free" requirement.

Achieving the goal of "sweat free" products would require collaboration with like-minded universities through the CLC. The first step is to revise the CLC Code of Conduct to add a provision on monitoring and to strengthen the provisions concerning child labor and wages. (We have prepared a revised code that the University can present to CLC members for adoption.) Currently, the CLC has no way of knowing whether collegiate licensees comply with the CLC's Code of Conduct. Hence, we propose that CLC creates a process to monitor compliance with its Code. The process can be supervised by a unit to be established within the CLC auditing department. To guide the work of this unit, specific standards and guidelines should be developed for monitoring, remediation and penalties for violating the revised code. The unit can contract with auditing organizations to conduct audits of compliance with the CLC Code. UConn should lead the effort to ensure that these actions occur.

We believe the CLC is best qualified to oversee the monitoring of compliance with its Code because it is the liaison between collegiate licensors and their licensees. More importantly, the CLC's Code of Conduct sets the standard for fair labor practices contracted between licensors and licensees. Entrusting the supervision of the monitoring process to an organization other than CLC would mean bringing a fourth partner to the relationship between licensors, licensees and CLC. This would result in a cumbersome process. CLC already has an auditing unit that audits licensees' sales, and expanding that

unit's mission to oversee monitoring compliance with the Code would be less costly than creating a new entity. Furthermore, CLC already has experience with auditing compliance with the labor provisions of its Code as it has an audit conducted by Verite in five countries in 2000 and reported in the "Pilot Project for Licensing Labor Code Implementation" (see footnote 1).

The proposed actions represent a major task that would require the University to work with other institutions that are active in addressing the issue of sweatshop labor, such as Georgetown University, to get these reforms adopted by CLC.

As a short term measure, we recommend that the University joins the University of Arizona in signing Rider 1A to Schedule I of the CLC Code. (Notably, the University has already signed Rider 1 on Full Public Disclosure and Rider 2 on women's Rights.) A copy of Rider 1A is attached to this report.

If it becomes apparent that the strategy recommended in this report will not achieve the goal of verifiably sweat-free licensed products in the specified period of time, the University should reserve the right to use other means to achieve its goal. Furthermore, the University should continue to monitor the activities directed toward "sweat free" products in the collegiate and commercial environments. We expect that with the continued attention and focus on this problem, new solutions will be developed that the University may choose to adopt.

2. It is important to disseminate as much information as possible about UConn's efforts as well as those of other organizations including licensees. Information dissemination can take several forms:
  - a. The University should set up a webpage where information about its activities can be posted as well as provide links to the websites of other organizations.
  - b. Appoint a spokesperson who would communicate with campus groups and the media.
  - c. Organize a workshop/conference in the fall 2005 where representatives of different organizations and groups can participate.
3. The creation of the section for union made products in the Coop is a good initiative that should be publicized. It should also be monitored and evaluated. Hopefully, there will be no need for such a section when the University achieves its ultimate goal of "sweat free" licensed products.
4. The University should work with other collegiate licensors and licensees to set up a charitable fund to provide grants for educational, health and other social services for workers in factories that manufacture their licensed products.
5. The University should support academic research on many issues and questions in the debate over sweatshop labor. For example, some argue that living wages and

good working conditions contribute to efficiency and improved productivity. Employee empowerment is an accepted concept in many industries such as the auto industry. Other researchable issues include the relationships between human rights, labor organizing, global markets and fair competition. Potential research topics could include:

- a. The impact on productivity of living wages and investments in occupational safety, worker training – variation across industrial sectors, regions, etc.
  - b. Unionization: relationship to productivity and variation by country, industrial sector, gender dynamics, etc.
  - c. The costs of enhanced monitoring and certification for individual suppliers: variation by company size, industry, etc. Is social responsibility “affordable”?
  - d. Consumer responsiveness to “ethical” labeling/marketing schemes. Could insert questions into major survey instruments (General Social Survey, etc.); should consult with Roper Center on proposal development.
  - e. Living wage – how to define it cross-nationally, inter-temporally, etc.
  - f. Mechanisms for translating product price increases into direct wage gains for manufacturing workers.
  - g. Worker perceptions of corporate social responsibility – does it make a difference on the shop floor? Worker surveys necessary; company case studies.
  - h. Impact of the January 2005 GATT Multifibre Agreement (MFA) phase-out on select countries; prospects for industrial development, social impact analysis (gender analysis especially necessary), etc.
  - i. The impact of “fair trade” legislation (such as Connecticut State Legislature Bill 1148, discussed by the Task Force) on economic and social development in key US states and/or sourcing countries directly or indirectly affected.
6. President Austin should appoint a standing committee, including a staff member, to ensure that these recommendations are enacted. The staff member would also serve as the spokesperson included in recommendation 2b.
  7. The University should notify all of its licensees of its intentions as soon as this report is accepted. Licensees should be given the website address where this report will be posted.