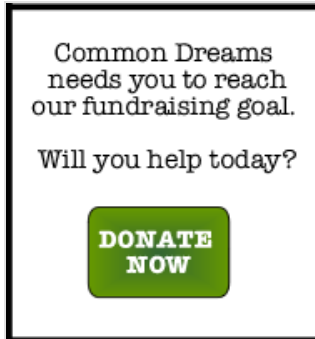


Tuesday, June 25, 2013

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At the NPR Democratic candidates' debate in Iowa on Tuesday, the topic of global sweatshops finally reared its head. But the way debate moderators framed the issue revealed ignorance about the realities of globalized trade and labor. And despite significant focus on U.S. trade with China throughout the evening, no candidates confronted the moderators' contentions directly.

An Iowa caller asked whether Americans would be willing to pay \$600 for TVs instead of \$300 for Chinese-made TVs. NPR's Michele Norris accepted the caller's logic and followed up by asking the candidates if they are willing to use their leverage to improve labor standards in China, "even if it means that consumers have to kiss those \$300 televisions goodbye?" NPR reporter Steve Inskeep piled on. Referring to "the \$300 TVs versus the \$600 TVs," he asked, "Are any of you willing to state frankly" that if the U.S. cracks down on Chinese labor standards, "Americans are going to pay more for consumer goods at Wal-Mart. Is anyone willing to state frankly that that is the tradeoff?"

Barack Obama took the bait. He hadn't met a single worker in Iowa, he said, who "wouldn't rather pay a little bit more for sneakers at Wal-Mart and still have a job."

Whether he knew it or not, Obama was right, although he didn't directly challenge the reporters' contention that improving labor standards could double the cost of Chinese-made consumer goods in the U.S.

Improving labor standards would, in fact, only cost American consumers a "little bit" more, but it would dramatically improve the living conditions of Chinese workers.

The reality is that U.S. companies that manufacture sneakers, clothing, toys, and other goods can afford to significantly increase Chinese workers' wages without American consumers feeling any pain.

According to Jeff Ballinger, a labor studies professor at Webster University and an expert on sweatshops, Chinese workers only earn about one percent of the retail price of the clothing they produce. The Chinese workers who produce a Nike sneaker that costs \$70 in American stores earn only 60 to 80 cents per sneaker, Ballinger said. He added that doubling that wage would bring Chinese workers up from that subsistence level to a "living wage" by Chinese standards. If Nike passed that wage increase on to U.S. consumers, the retail price of that sneaker would increase from \$70 to no more than \$71. Just like Obama said, a "little bit" more.

Ballinger calculates that Nike could afford to double the wages of the estimated 160,000

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workers who produce its sneakers around the world -- about 40% of them in China -- without raising the consumer price at all. Nike sold about 280 million sneakers, cross-trainers and running shoes last year. Doubling manufacturing workers' wages in China would cost Nike, which last year had revenues of almost \$14 billion a year, only \$210 million a year.

During the 1970's, most Nike shoes were made in South Korea and Taiwan. When workers there gained new freedom to organize and wages began to rise, Nike moved most of its production to China, Indonesia, and Vietnam-- countries with weak labor laws and where workers are easily abused.

Nike products are made in giant factories owned by contractors, who operate under standards set by Nike management in Oregon. Nike tells its contractors what designs and fabric to use, and how much they'll pay for each sneaker. Nike knows in advance what Chinese workers will earn under that arrangement. Nike sets the rules.

If Chinese workers earn only 60 to 80 cents of a sneaker that sells for \$70 in U.S. stores, who gets the rest of the money? The contractor in China pays for the materials, machines, overhead, and earns a profit. The U.S. retailers (dominated by large chains like Wal-Mart) pay for shipping, overhead, and advertising, and take a big slice in profits. Nike, of course, pays for designing the shoes, marketing and publicizing the brand so that every American recognizes the swoosh, and makes a huge profit. The Chinese workers get the scraps.

"Labor costs in the Third World are so small as a percentage of the retail price of products, and as a percentage of the revenues of US corporations, that the wages of overseas sweatshop workers could be doubled or tripled with little or no increase for American consumers," explained Scott Nova, executive director of the Workers Rights Consortium, a nonprofit labor rights group. "The corporations have made it very clear, however, that they will not pay a living wage - unless consumer pressure or public regulation compels them to do so."

For more than a decade, consumer, student and labor activists have held Nike's corporate feet to the fire, protesting its abusive sweatshop practices. In response, Nike has adopted "corporate social responsibility" standards, and made some improvements, but they are too weak and poorly enforced. The U.S. is the China's largest trading partner. Companies like Nike and Wal-Mart, who depend on their public image to generate consumer loyalty, will raise the standards of their Chinese workers if they are required to do so by trade agreements with the U.S. and other countries.

All the Democratic candidates agreed that the U.S. should "get tough" with China on environmental and labor standards. But cracking down on China also means challenging some of America's largest companies that move jobs to China to take advantage of cheap labor. As John Edwards said at Tuesday's NPR debate, U.S. trade policy has "catered to the interests of big corporate America" rather than U.S. workers and consumers.

Improving the living and working conditions of manufacturing employees in China -- or Mexico, Bangladesh, or other low-wage countries -- need not be at the expense of American workers or consumers. Using America's leverage to give workers in those nations the right to organize unions, a living wage, and safe workplaces benefits Americans. Wall Street and the WTO would prefer to foster a "race to the bottom," pitting US workers against those in low-wage countries. But if we're going to have a global market for US- made products, we need to help raise the wages and living standards of workers in China, Mexico and elsewhere.

Surveys show that American consumers are willing to pay more for consumer goods if they know they are made under decent conditions. Sweatshops -- or what Sen. Chris Dodd called "slave labor" -- are not inevitable or even necessary, in the U.S. or anywhere else.

The Democratic candidates should commit to supporting legislation that would require companies that manufacture goods for the US market pay its workers a living wage and respect their right to organize and have safe workplaces. The U.S. should put the legal responsibility on American corporations that import goods from China and elsewhere to make sure its suppliers comply with these workers' rights and, as in the recent controversy with Chinese toys, guarantee that these products are safe for consumers.

The candidates should support campaigns and policy proposals by United Students Against Sweatshops, the Worker Rights Consortium, the National Labor Committee, and UNITE HERE, the clothing workers union, to rid the world of sweatshops and allow American consumers to shop with a conscience.



Peter Dreier is E.P. Clapp Distinguished Professor of Politics, and director of the Urban & Environmental Policy program, at Occidental College. His most recent book is ***The 100 Greatest Americans of the 20th Century: A Social Justice Hall of Fame*** (2012, Nation Books). Other books include: ***Place Matters: Metropolitics for the 21st Century*** and ***The Next Los Angeles: The Struggle for a Livable City***. He writes regularly for the Los Angeles Times, The Nation, and American Prospect.

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