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THE GLOBAL APPAREL INDUSTRY AND CATHOLIC SOCIAL TEACHING

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Each of us wears apparel produced mainly in the developing countries and largely under exploitative conditions. There are many governmental agencies, nongovernmental organizations, and multinational corporations attempting to relieve the plight of workers in these factories, without eliminating their jobs. Universities are in a unique position to help through the licensing of apparel bearing their trademark.

This paper addresses working conditions in the global apparel industry, and suggests ways a Catholic university is attempting to mitigate these conditions.

- The initial section will analyze the global pressures toward economic, political, and cultural integration and indicate how this systemic pressure affects the apparel industry. The extent of economic competition and the international division of labor combine to impose intense cost pressure on local apparel producers--pressure that leads to the observed sweatshop conditions.
- The second part of the paper turns to Catholic social teaching and how it calls for minimum standards in apparel production. Two particularly thorny issues--the requirement for a living wage and the right to organize--will be the focus of this section. It provides the rationale behind the Notre Dame Apparel Code provisions on these issues.¹
- The final section of the papers addresses the application of Catholic social teaching to conditions in apparel production through the Notre Dame monitoring procedures.

I. WHY DO APPAREL SWEATSHOPS EXIST?

1. THE GLOBALIZATION PHENOMENON

Globalization is the international integration of individuals and information networks as well as economic, social, and political institutions occurring at a rate and depth unprecedented in history. The accelerated development of information technology--telegraph to telephone to fax to internet--has been associated with a decrease in cost. The extent and speed

of the information web was highlighted by the recent impact of the "Love Bug" virus in just 24 hours.

The tight interaction among national economic systems precludes economic isolation as market barriers to trade and investment have been dismantled. Political, social, and cultural systems are subject to the same pressures toward integration and uniformity. As Kofi Annan noted, "Its [globalization's] integrative logic seems inexorable, its momentum irresistible" (p.9).

1.1 The Motives and Technology of Economic Globalization

Globalization is nurtured by two factors: the shift from government-led to market-led development and technological advancements that enhance production and marketing coordination on a global scale. Over the past two decades, many national governments have concluded, and others acquiesced, that open markets and competition are a more efficient way of increasing productivity than governmental planning and control. Marketization has occurred across Asia and Latin America as well as with the implosion of the former Soviet Union.²

Technology, the second factor, begins with the dramatic improvement in information flows that allow for the global coordination of economic networks among suppliers, manufacturers and consumers, as well as within the multinational enterprises themselves. Transportation efficiency and costs have improved to the point where material produced in one location can dependably be delivered to another for assembly or sale. Production technology now allows for the separation of component production from final assembly.

Governmental open-market policies supported by technological advances have led to the globalization of mass production. In this process, multinational enterprises search the world for new market opportunities and knowledge. For cost savings, they move production to the sites of immobile, inexpensive, unskilled labor, the process termed the international division of labor.[@]

A new production technology manufacturing (Tavis 1997, pp. 52-58) is changing the nature of globalized mass production. This technology is linking computer-aided design and computer-aided manufacturing to computer-integrated manufacturing. For those production processes amenable to programmable manufacturing, products can be produced one at a time at a cost competitive with the long production runs of mass production (*New Approaches*). The emergence of programmable manufacturing has enormous implications for countries that plan on cheap labor for development over the long term.

1.2 The Janus Face of Globalization

The sweep of globalization touches each of our lives. Some benefit. Some do not. There are two faces to this globalization. It has contributed to economic productivity and growth, but the distribution of its benefits is distorted.

1.2.1 Productivity and Growth

As Kofi Annan notes, "The benefits of globalization are plain to see: faster economic growth, higher living standards, accelerated innovation and diffusion of technology, and management skills, new economic opportunities for individuals and countries alike" (Annan, p. 9).

In the 22 years between 1975 and 1997, global real per capita income increased substantially. Both developed and developing countries shared in this growth with industrialized countries gaining 53 percent (from a base of \$12,589 in 1975) and developing countries gaining 51 percent (from a base of \$600).³

In addition to economic growth, other indicators of human development have improved. Poverty is being alleviated in the process. Statistically, it has been demonstrated that for every 1 percent increase in overall income, the income of the world's poor increases by the same amount (Dollar et al., pp. 3, 19-21).

1.2.2 Disparity of Benefits

Given the dramatic economic performance of our globalizing economy and the benefits associated with this growth, why do we encounter such resistance to globalization as reflected in the demonstrations at the World Trade Organization in Seattle and the World Bank and International Monetary Fund meetings in Washington? There are at least two reasons: One is the concern over the distribution of benefits. The other is the sense that the process is out of control--the sweeping power of the faceless market will push our industrial and social concerns aside.

The dislocation associated with economic globalization is tied to the rate of change of the process. The rapidity with which markets have opened, the intensity of the competition for a place in the market, all driven and supported by technological development, create enormous opportunities for those who have access and can cope with the globalizing institutions, but exploitation and marginalization for those who cannot. National and global distributions of income reflect these differences, particularly in access. In 1960, the most wealthy 20 percent of the world's population

received 75 percent of the world's income. The poorest 20 percent received just 2.3 percent. It is difficult to believe this distribution could widen but it did. In 1997, the shares were 86 percent and just 1 percent (*HDR 1992*, p. 36; *HDR 1999*, p. 2).

As noted earlier, the good news is that the overall distribution of income has improved enough so these people living in poverty has decreased from 34 percent of the world's population to 32 percent (*HDR 1997*, p. 33). Still, the number of people in poverty continues to increase due to increases in population. Defining absolute poverty as those living on less than \$1 a day, the number of people in absolute poverty has increased from 1 billion to 1.2 billion since 1995 (Olson).

1.3 Power Shifts

The change from government-led to market-led development outlined above has been associated with a fundamental shift in power from the nation state to the multinational enterprise, from the political system to the economic system.

1.3.1 Participation in the Political System

Overall, political systems have become more participatory at the national and local, grassroots level but less so on a global basis. Two dimensions have led to the broadening of political participation. The first is an increase in democratization--the democratic selection of national governments. According to the World Bank, "In 1974, only 19 countries--one in every four worldwide--were democratic. Today 117 countries--nearly two in three--use open elections to choose their national leadership, and two-thirds of the adult population in developing countries are eligible to participate in national elections," (*WDR 1997*, p. 111). The second factor is the decentralization (devolution) of national bureaucracies. As with national elections, people at the grassroots are demanding a voice in those governmental policies that affect them most, at the grassroots. Decentralization associated with democratization is reflected in Latin America where, in 1994, "Close to 13,000 units of local government are electing local leaders (such as mayors) compared with less than 3,000 in the late 1970s" (*WDR 1997*, p. 112).

Hence, with democratization, citizen participation in the political process has increased at both the grassroots and national levels.

Another factor providing participatory opportunities is the increasing presence of civil society in decision making at all levels of governance--grassroots to international. The institutions of civil society, the so-called

nongovernmental organizations (NGOs) have grown dramatically in recent years. At the grassroots, indigenous NGOs are helping to fill the vacuum left by authoritarian governments and the typical inexperience of newly elected local and state officials. At the national and international levels, the growing power of nongovernmental organizations rests and is enhanced by the increasing global determination to guarantee the human rights of people living under oppressive conditions.

Ironically, little of this democratically inspired participation finds its way to global political and economic governance. As the UNDP stresses, "Intergovernmental policy making in today's economy is in the hands of the major industrial powers and the international institutions they control-- the World Bank, the International Monetary Fund, the Bank for International Settlements" (*HDP 1999*, p. 34). The thrust of these efforts is to support globalization through the expansion and efficiency of open markets. The UNDP expresses its concern over the exclusivity of participation in these activities,

"Ad hoc and self-selected policy groups have emerged in the past decade to make de facto global economic policy outside the United Nations or any other formal system with democratic processes and participation" (*HDP 1999*, p. 34).

The net result of these trends is a loss of political and economic sovereignty on the part of national government, particularly for those in developing countries who do not have a voice in the "ad hoc and self-selected policy groups." This feeds the sense that, as noted earlier, "The sweeping power of the faceless market will push our individual and social concerns aside."

1.3.2 Economic Power

In the process of global marketization, the reach and concentration of multinational enterprises (MNEs) -- the instruments of economic globalization have increased dramatically. Foreign direct investment in 1997 was seven times the 1970's level. Between the mid- 1980s and 1997 the value added by MNEs increased from 5 percent of world GDP to 7 percent while the MNE share of world exports increased from a quarter to a third by 1995. These firms are joining internationally through mergers and acquisitions that more than doubled from 1990 through 1997. Cross-border mergers and acquisitions were valued at \$237 billion in 1997 (*HDR 1999*, pp. 31,32). And, these numbers do not include the burgeoning non-equity strategic alliances.

The result of this political and economic globalization is a decline in the sovereign political power of the nation state and an increase in the economic power of the multinational enterprise. With the decrease in the control of trade and investment associated with marketization, national governments have abrogated much of their regulatory power, a relinquishment exacerbated by multinational institutions such as the World Bank and regional economic associations on the one hand, and internal governmental devolution on the other. Associated with the same marketization is the freedom of action, the reach and concentration of the less-constrained multinational enterprises.

The lesson here is the increase in responsibility of these global enterprises associated with the increase in power.⁵

2. GLOBALIZATION IN THE APPAREL INDUSTRY

The apparel industry is an example of a sector caught in the early stages of the globalization of mass production. Information technology enhances the coordination of components produced in a variety of sites in the developing world to be assembled in still other locations. The dependability and cost of transportation ensures product delivery to markets in other, primarily industrialized, countries. Quality control is assured by modern organizational methods enabled by the ease of visits by contractors or headquarters staffs.

The factor that keeps apparel production stuck in the early stage of globalized mass production is production technology. Even though the weaving of textiles is fully automated, the sewing of garments is not. In footwear, the production of soles and other components of athletic shoes is automated, but their assembly is not.

Thus, competition has forced, and technology allowed, the transfer of apparel sewing and assembly to low-cost labor sites, predominately in developing countries. With cost as the increasingly dominant motive for the siting of this production, wage pressure is intense (Women's Wear Daily, pp. 2, 3, 5).

Leaders in developing countries welcome this production, the jobs it creates, and the developmental linkages it provides. Many governments view apparel production as an early step in industrialization. It allows them to use their low wage comparative advantage. Some, such as Korea, Hong Kong (1960s), and Taiwan (1970s) successfully used low wage production as an entering wedge into the global economic/financial system.

2.1 Industrial Structure: The Value Chain

The structure of the apparel industry value chain is presented in Figure 1. It lists the functions to be performed. Generally, but not always, more than one function is performed by a single company.

- Retailers

General purpose retailers such as Wal-Mart, Sears, and J.C. Penney are the dominant outlets for apparel in the United States. There has been a significant concentration in this industry. Four large retailers now account for two-thirds of all retail clothing sales in the United States (Appelbaum in Witte, p. 13). These companies often have their own brands such as Wal-Mart=s, Kathie Lee Collection.

- Manufacturer: Brand Marketers

Brand names such as Nike, Adidas, Reebok, Champion, Gear, or Tommy Hilfiger concentrate on pulling their products through the channels of distribution by brand imaging. Some of these manufacturers (cf., The Gap) distribute through their own retail outlets. Manufacturer, the common term for this category, is not a descriptive one. While they control the production, these firms may not own the facility. Nike, for example, subcontracts all its production.

- Contractors, Wholesalers, Agents

The functions of contracting and supervising production are often combined in a single company. The process as undertaken by Ely & Walker, a Western shirt wholesaler, reflects the complexity of the arrangements. AThe sequence for a large order is: (1) agreement with the customer about the specifications of the product (quality, color, print, design, delivery times, price); (2) arrangement with an agent to have the textile woven and to reserve time at the factory for cutting and sewing; (3) delivery of material samples to the client; (4) arrangement of bank financing and letters of credit; (5) monitoring of production; (6) delivery free-on-board at shipping port location; (7) arrangement of shipment and U.S. customs clearance through an international freight forwarder; (8) final customer inspection at the Ely & Walker warehouse; and (9) client-directed delivery" ("Case 6, Sucontracting Apparel in Asia; The Ely & Walker Experience," in Tavis

1997, p. 327). Increasingly, retailers or manufacturers are attempting to absorb this "middleman" function.

- Producers

The patterns of ownership and control of producers vary a great deal. As noted, some are subsidiaries of the manufacturing multinational enterprises and part of the multinational enterprise network.⁶ In other cases, the multinational enterprise is a network of producers, as with Daewoo Enterprises. The massive Korean enterprise (currently in financial difficulty) owns and controls numerous production sites across the world. Smaller Korean apparel producers work in close association with one another. Still other producers are locally owned.

Important to these producers is the ease with which a plant can be moved from one location or country to another. Garment production, for example, takes place in warehouses with additional lighting, ventilation, restrooms, and electrical drops for each sewing station. The major investment is in the sewing machines or laser cutters which can be easily moved. These are the models of what have become known as "run away" multinationals.

The ease of shifting production locations significantly constrains the regulatory power of the nation state. Developing countries compete vigorously for investment. In reality, once most multinational assets are committed, there is a rebalancing of the power relationship toward the nation state. The ease of plant relocation in the apparel industry modifies this advantage, restricting the ability of the host government to increase regulation, or to intensify the enforcement of regulations already in effect.

2.2 Power and Information in the Value Chain

With the marketization and competition of globalization, the power increasingly rests with the consumer. With few exceptions, the apparel industry has become hyper price sensitive. This sensitivity is bombarded by the sales mentality encouraged by many retailers or by the "every day low prices" at stores such as Wal-Mart.

Using social conscience as a motivating factor, consumer surveys indicate that 25 percent of potential buyers consider whether clothing was made in a sweatshop and 55 percent are willing to pay higher prices to ensure their

purchase was not made in a sweatshop (MSNBC). The necessary condition for any kind of consumer activism, however, is dependable information. Potential consumers need useful information about the conditions to which they object, or the standards they wish to uphold. An example of information is the "RUGMARK" label affixed to Oriental rugs produced in India to certify they were not produced with exploited child labor (Golodner, p. 55).

Nongovernmental organizations form to provide information, raise consumer awareness, and suggest consumer actions. Numerous groups such as Campaign for Labor, United Students Against Sweatshops, and the National Labor Committee perform this function in the apparel industry.

To date, most of the power in the apparel value chain is exercised through the retailer or manufacturer: brand marketer. They anticipate consumer preferences and control production of owned affiliates, or through the contracting middleman. The contracts tend to be short term (for a given production run, generally one year or less), although the relationships tend to be more enduring through repeated contracts. Retailers/ manufacturers expend considerable efforts in developing producer efficiency and dependability. Still, the contracting retailer or manufacturer has the flexibility of changing the supplier, thus controlling the power balance of the individual relationship. The availability of competing retailers/manufacturers is a mitigating factor.

2.3 Resulting Production Conditions

The apparel industrial structures tap the large unskilled labor markets of developing countries. The combination of competitive markets and surplus labor has led to constant pressure on wages and working conditions--the so-called "race to the bottom." The low wages and working conditions in these "sweatshops"⁷ have been well documented.⁸ Still, people wait in long lines and pay substantial recruiting fees to get these jobs. They are clearly exploited--to be paid substantially less in underinvested working environments than their contribution (Tavis 1997, p.415). In spite of exploitation, in most countries, sweatshop workers are better off than their neighbors who are marginalized and have no access to comparable work.

The issues are: Is "better off" morally and legally adequate, and, if not, what individuals or institutions bear the responsibility to eliminate this exploitation? Host governments have the primary responsibility to protect the fundamental human rights of their citizens. Given their desire for initiating development based on cheap labor and the relentless market competition, governmental determination may be lacking. Given the abrogation of power associated with marketization, governmental regulatory power is often inadequate.

Responsibility then falls on the institutions with power in the value chain--retailers/ manufacturers, and producers. The moral principle is, "The greater the power the greater the responsibility" (Tavis, October 7, 1999).

The structure of the industry mitigates against this sense of responsibility. First, when production is in contracted rather than owned facilities, the sense of responsibility to employees and other constituents is often lacking. The retailer/manufacturer would not see the employees of the contracted production facility as deserving of the same commitment as those of the retailer/manufacturer. Second, contracted production, even within an ongoing relationship, loses the sense of long-term commitment associated with ownership. Whereas a firm might view employee training and empowerment as a means of enhancing productivity, the disintermediation of a contract interdicts that relationship. Finally, among the producers, particularly the multinationals headquartered in Asia, there is often a short-term view toward local employees with little focus on the possibility of enhancing productivity through improved wages and working conditions.

In the end, if exploitation is to be reduced, and fundamental human rights supported, the responsibility becomes that of the institutions with power in the value chain--the retailers and manufacturers: brand marketers.

II. HOW DOES CATHOLIC SOCIAL TEACHING ADDRESS THE SWEATSHOP ISSUE?

In order to interpret from a moral perspective the constellation of forces bearing upon the global production of apparel, it is necessary to provide an interpretive framework. In our case, the framework is that of modern Catholic social teaching. Different accounts of that teaching have been offered, each using a different key term. Charles has offered "natural law," Hollenbach "human rights," and Schuck "communitarianism."¹⁰ However, we find, first, that the natural law rubric indicates little of the content of Catholic social teaching, and, while there has never been a rejection of natural law's epistemological realism, it is far from clear that the natural law method indicated by Charles really guides the thought of post-conciliar documents. Second, while rights are important in Catholic social teaching, to use them as the primary interpretive rubric runs the risk of making the teaching look more like classical liberal thought than is warranted. Finally, to say that Catholic social teaching is communitarian, while generally accurate, is vague and can lead to misunderstanding given the use of that term for Christian and other social theories that are quite unlike Catholic social teaching. We find the concept of the common good to be best for articulating a synthesis of Catholic social teaching because, when detailed, it specifies the content of Catholic communitarianism in a way that incorporates the other key terms in the social teaching. In what

follows, we will set out an understanding of the common good that, when elaborated, includes all of the other key elements of Catholic social teaching. We will then bring this interpretation of Catholic social teaching to bear on five instrumental issues relating to the global production of apparel: the right to a living wage, the right to organize, the rights of women, the rights of conscience, and the problem of consumerism.

1. THE COMMON GOOD AND MODERN CATHOLIC SOCIAL TEACHING

The definition that, with some variation, modern Catholic social teaching provides of the common good is that it is "the sum of those conditions of social life which allows social groups and their individual members relatively thorough and ready access to their own fulfillment"¹¹ The next question that arises is that of just what the conditions of fulfillment are. For Catholic social teaching, the core condition is a kind of unity in plurality that the documents articulate using the analogous terms of "harmony," "order," "balance," and "solidarity." The documents bring these terms to bear on the full range of social relationships, from employer and worker to church and state to rich and poor. Leo XIII, for instance, utilizes the concept of harmony to move from a claim about God's created nature to one about the cooperative relationship between church and state to yet another about the different aspects of the person. "Even in physical things...the Almighty has so combined the forces and springs of nature with tempered action and wondrous harmony that no one of them clashes with any other, and all of them most fitly and aptly work together for the greater purpose of the universe. There must, accordingly, exist between these two powers [of church and state] a certain orderly connection, which may be compared to the union of body and soul in man."¹² Pius XII develops the idea of harmony most fully in his 1957 Christmas address, "The Divine Law of Harmony." "For the sake of the common good, the chief basis of action, not only of Christians but of all men of good will, should be order and divine harmony of the world. Their preservation and development should be the supreme law which ought to govern the important meetings among men." Creation, to continue the musical metaphor, is "a wonderful symphony, composed by the spirit of God," and each person is called to be a performer of the divine symphony."¹³

While Pius XII moves freely between the terms "order" and "harmony," John XXIII's *Pacem in terris* emphasizes exclusively the former, but the fundamental claim is the same: "Both in living things and in the forces of nature, an astonishing order reigns."¹⁴ The Second Vatican Council's *Gaudium et spes* retrieves the language of harmony and balance. "Peace results from that harmony built into human society by its divine Founder, and actualized by men as they thirst after ever greater justice."¹⁵ Although Pius XII was the first to use the term "solidarity," it is John Paul II who

develops it most thoroughly, arguing that the descriptive fact of interdependence -- of unity in plurality -- carries with it a normative correlate that bears on the full range of social relationships. Solidarity is above all a question of interdependence, sensed as a system determining relationships in the contemporary world, in its economic, cultural, political, and religious elements, and accepted as a moral category. When interdependence becomes recognized in this way, the correlative response as a moral and social attitude, as a 'virtue,' is solidarity. This then is not a vague compassion or shallow distress at the misfortunes of so many peoples, both near and far. On the contrary, it is a firm and persevering determination to commit oneself to the common good."¹⁶ This range of application and ubiquity of the terms harmony, order, balance and solidarity are indeed evidence that these are the terms that give the concept of the common good its basic substance. It is the core of a social theory traceable to Thomas Aquinas, as Pius XI was well aware: "Order, as the Angelic Doctor well defines, is unity arising from the apt arrangement of a plurality of objects; hence, true and genuine social order demands various members of society, joined together by a common bond."¹⁷

The question then arises as to what social arrangements best produce harmony. Over the course of modern Catholic social teaching, the understanding of what leads to unified diversity undergoes a fundamental shift - there is, if you will, a modulation in the harmony. The earlier documents emphasize the importance of hierarchical structuring across the full array of social spheres. Persons and groups must properly relate "higher" and "lower" persons, groups or orders, or else disorder is the presumed result. Later documents -- in a gradual and selective way -- shift to relative egalitarianism: the presupposition that equality best facilitates harmony and that therefore it is inequality that must be explained.¹⁸

What is first of all of concern is equality of access to the conditions of flourishing. The more recent documents interpret this access as persons' and groups' participation in - as opposed to marginalization from - the various social spheres. This shift does not take place to the same degree in all social spheres, but rather primarily in the economic and political spheres, and it is not an absolute shift, but one of which arrangement - hierarchy or relative egalitarianism -- enjoys the presumption and which bears the burden of argument whenever it is posited. Thus, for instance, although Leo XIII moves from a claim about natural inequalities to support of social inequality, by the papacy of John XXIII it is held that different abilities do not justify social stratification, but rather entail the obligation on the part of the fortunate to aid others. "No justification is ever found for those who surpass the rest to subject others to their control in any way. Rather they have a more serious obligation which binds each and everyone to lend mutual assistance to others in their efforts for improvement."¹⁹ With Leo, the gap between rich and poor is legitimate to

such an extent that each group is to practice its own distinct virtues. The rich are to exercise "charity" and "generosity" while the poor are to display "endurance" and "tranquil resignation."²⁰ By John Paul II, the gap between rich and poor becomes a major concern and a moral scandal. "This fact is universally known. The state of inequality between individuals and between nations not only still exists, it is increasing. It still happens that side by side with those who are wealthy and living in plenty there exist those living in want, suffering misery...This is why moral uneasiness is destined to become more acute."²¹

The key difficulty with inequality is that it hinders and even denies groups and persons the ability to participate in the life of the associations and institutions that constitute civil society. The repeated call in the later documents for society to be so shaped that groups and persons can indeed "participate in," "share in," or "take part in" its activities is so frequent that participation itself becomes the new norm guiding assessment of the health of the common good that, in other words, groups and persons in fact have access to the conditions of flourishing.²² The oppositional term is "marginalization."²³ The connection between equality and participation is such that documents in this time period often couple the terms, as when Paul VI refers to the aspiration to equality and the aspiration to participation as the two forms of man's dignity and freedom.²⁴

It is also clear that these documents do not hold equality to be an end in itself. Paul VI goes on to issue a warning. [T]he more fortunate should renounce some of their rights so as to place their goods more generously at the service of others. If, beyond legal rules, there is really no deeper feeling of respect for and service to others, then even equality before the law can serve as an alibi for flagrant discrimination, continued exploitation, and actual contempt. Without a renewed education in solidarity, an overemphasis on equality can give rise to an individualism in which each one claims his own rights without being answerable for the common good.²⁵ John Paul II concurs: equality serves a solidarity that "seeks to go beyond itself" such that "one must be ready for sacrifice, even the ultimate one: to lay down one's life for the brethren."²⁶

Thus far, then, we see that the common good is the sum conditions for flourishing, that the primary condition is a unified plurality in society articulated through the terms harmony, order, balance, and solidarity, and that, in the later documents and particularly with regard to the political and economic spheres, the social arrangement considered to most contribute to solidarity is a relative egalitarianism that facilitates active participation in the various spheres of life. We are now in a position to understand correctly other key terms in modern Catholic social teaching. Unlike in classical political liberalism, for instance, rights are not those claims that result from isolated individuals contracting with each other to form a state

for private benefit. Rather, starting with the common good affirms that persons are, as the teaching claims, from the start "social."²⁷ For instance, from birth persons are already in a familial community of mother, father, and siblings or persons standing in for them. Such families are in webs of relationships with other families and intermediate associations, such as neighborhoods and parish communities. States indeed protect and promote rights, but in this understanding, rights are, in the words of the United States bishops in *Economic Justice for All*, the minimum conditions for life in community."²⁸ Rights protect and promote persons= and groups= ability to interact as moral and social agents with other persons and groups -- to participate -- in the various spheres of society. The right to vote, for instance, is not a protection of my ability to do whatever I want, but a minimum condition for my flourishing through participation in the political sphere on behalf of the common good. Or, for another example, it is difficult to imagine anyone flourishing in society without being able to read, and so there is a right to education as a minimum condition for participation in a wide array of social spheres.

Because on this account persons are from the start and always social B that is, interrelated and interdependent B Catholic social teaching also differs from classical liberalism in its emphasis on duties. Any right on one person=s part involved a duty on the part of other persons, associations, and institutions. The primary duty is that of solidarity, harmony, order, or balance, understood now not simply as the way things most fundamentally are, but also as the way things ought to be. Each of the accounts of harmony and its analogues discusses how society has yet to fully manifest this good. This is why, according to Pius XII for instance, each person is not an audience member, but rather is a "performer of the divine symphony," which is a "work on earth." It is also why John Paul II insists that with solidarity the recognition of interdependence has a correlative response as a moral and social attitude" that is "a firm and persevering determination to commit oneself to the common good."

It is possible to draw on Catholic social teaching to further detail the general duty to solidarity in three ways. Doing so will then allow us to look at the specific concerns of the sweatshop issue. One way in which the teaching provides further direction for the duty to solidarity is through the concept of the "option for the poor." The social teaching has always had a concern for the poor.²⁹ However, the more recent documents have taken up the language of "option for the poor."³⁰ With the above synthesis in view, we can discern the meaning of the term in these documents. If one's understanding of the requirements for human flourishing involves the participation of all persons in the full array of social spheres, then the first place one looks if one is concerned about the common good are those groups and persons that have been excluded - "marginalized" is the term used - from such participation. We see here that while poverty understood

as marginalization has much to do with material deprivation, it also concerns the non-material ways in which persons and groups are excluded. John Paul II is clear on this point: "The fact is that many people, perhaps the majority today, do not have the means which would enable them to take their place in an effective and humanly dignified way within a productive system in which work is truly central. They have no possibility of acquiring the basic knowledge which would enable them to express their creativity and develop their potential. They have no way of entering the network of knowledge and intercommunication which would enable them to see their qualities appreciated and utilized...In spite of great changes which have taken place in more advanced societies, the human inadequacies of capitalism and resulting domination of things over people are far from disappearing. In fact, for the poor, to the lack of material goods has been added a lack of knowledge and training which prevents them from escaping their state of humiliating subjection."³¹ What makes the understanding of "option for the poor" in Catholic teaching different from how it is understood in much of liberation theology is that there is little indication of an "epistemological privilege" of the poor - an inherent ability to read God and world with greater clarity on the part of the poor - in the official teaching.³²

The second way in which the teaching guides the duty of solidarity is through the principle of subsidiarity. Present as an idea from the start but first articulated as a principle of Catholic social teaching in *Quadragesimo anno*, the basic insight of subsidiarity is that those persons, associations, and institutions most proximate to a problem-situation are the best able to respond because they are most likely to have a fine-grained sense of the texture of the problem. The actions of more remote institutions, however well-intentioned, can often lead to the opposite effects of those intended precisely because of that remoteness. In the context of what we have said thus far, we can see that subsidiarity, with its emphasis on localness or proximity, also facilitates the active participation of persons. It is important to note, however, that the role of the larger and more remote institutions are not to abandon the persons and associations that are most proximate, but rather are to play a supportive role (The latin root for subsidiarity, *subsistere*, means to "support."). Public education in the United States is an excellent example: while the primary role and responsibility in the education of children is that of the parents, the state "supports" this process by providing a primary and secondary school system. Situations *in extremis* -- when the closer and more intimate groups fail -- allow for direct intervention by the more remote institutions, but this is not intended as a permanent remedy. Excessive direct involvement leads to the atrophy of the intermediate associations. Foster care in the United States has the right idea, even if it is poorly executed: the presumption is that parents best care for their own children; in extreme situations, the state can intervene, but even here it is with the intention of ultimately

returning the children to their parents. Permanent removal and alternative placement is a last resort.

It should be added that the concern is not simply over state intervention in other spheres of life and activity, but also over a) the excessive intervention of any sphere in another (for example, economics into politics through lobbying and Political Action Committees) and b) the excessive intervention of large institutions *within* a particular sphere (for instance, when a large chain store with low overhead drives out small businesses which were already meeting consumer needs). If "option for the poor" is a *Apriority principle* guiding who our attention should be directed to first, subsidiarity is a regulative principle, that is, it regulates how the various persons, associations, and institutions in society are to interact and proceed in attending to the persons and groups in need.

A third part of Catholic teaching that guides solidarity is not itself a principle, but is rather a strong presumption in favor of a gradualist approach to change - a greater inclination towards evolutionary rather than revolutionary change on behalf of the common good. Unlike the earlier documents, such as Leo XIII's *Libertas* and *Immortale Dei*, the later documents do not rule out revolution absolutely, but even here the presumption is decidedly on the side of gradualism. Thus John XXIII in *Pacem in terris*, writes that "to proceed gradually is the law of life in all of its expressions." Paul VI in *Populorum progressio* notes that while the work of justice must be started with "haste," it must be done incrementally. It should advance smoothly if there is not to be the risk of losing indispensable equilibrium." John Paul II's *Laborem exercens* calls for "proportionate progress."³³ Why this gradualism? If order, balance, harmony, and solidarity constitute the core condition for flourishing, then a major concern is going to be disorder, imbalance, disharmony, and fragmentation. Thus Paul VI's concern over losing equilibrium, which might occur if change is too rapid. At the same time, it must be noted that, understood correctly, this is no counsel for continuing the status quo. The question is over the rate of change, not whether change ought to occur. The proper context for understanding the gradualism is the *exitus et reditus* framework & the dynamic of all things being created by an destined to return to God - for Catholic social teaching. This is evident in Pius XI's *Quadragesimo anno*: "For it is the moral law alone which commands us to seek in all our conduct our supreme and final end....If this law be faithfully obeyed, the result will be that particular economic aims, whether of society as a body or of individuals, will be intimately linked with the universal teleological order, and as a consequence we shall be led by progressive stages to the final end of all, God himself, our highest and lasting good."³⁴ In this theological context, acquiescing to the status quo is an affront to God. John Paul II is most direct on this point. "Anyone wishing to renounce the difficult yet noble task of improving the lot of

man in his totality, and of all people, with the excuse that the struggle is difficult and that constant effort is required, or simply because the experience of defeat and the need to begin again, that person would be betraying the will of God....This path is long and complex, and what is more, it is constantly threatened because of the intrinsic frailty of human resolutions and achievements, and because of the mutability of very unpredictable and external circumstances. Nevertheless, one must have the courage to set out on this path, and, where some steps have been taken or a part of the journey made, the courage to go to the end. In the context of these reflections, the decisions to set out or continue the journey involves, above all, a moral value which men and women recognize as a demand of God's will, the only true foundation of an absolutely binding ethic."³⁵

It is in this context of summoning the courage to undertake the arduous path of the reform of the conditions of apparel industry workers that we proceed now to bring Catholic social teaching as understood above to bear on the problem of those conditions. Doing so raises five distinct issues that we will discuss in this paper: the right to a living wage, the right to organize, the rights of women, the rights of conscience, and the problem of consumerism.

2. THE RIGHT TO A LIVING WAGE

The right to a living wage runs throughout modern Catholic social teaching. *Rerum novarum* holds that the employers "great and principle obligation is to give to everyone that which is just...To defraud anyone of wages that are his due is a crime which cries to avenging anger in heaven." Leo makes clear that a just wage is more than simply what to persons happen to contract. He argues that there is a dictate of nature more imperious and more ancient than any bargain between man and man, that the remuneration must be enough to support a wage earner in reasonable and frugal comfort. "³⁶John XXIII's *Pacem in terris* provides a somewhat more technical definition in stating that a living wage is sufficient to give the worker and his family a standard of living in keeping with the dignity of the human person."³⁷ When we recognize the fact that persons are inherently social, then we also understand that such dignity is realized through participation in the various spheres of society. The right to a living wage then, is a right, in response to work performed in the economic sphere, to remuneration that enables such participation. *Gaudium et spes* is clear on this point: "[P]ayment for labor must be such as to furnish a man with the means to cultivate his own material, social, cultural, and spiritual life worthily, and that of his dependents." The living wage must not be due to overwork "It too often happens, even in our day, that in one way or another workers are made slaves of their work. This situation can by no means be justified by so-called economic laws." The work week which results in the living wage must allow workers

Asufficient rest and leisure to cultivate their family, cultural, social, and religious life."³⁸ In other words, the living wage must serve the participation of persons in all spheres of society if it is to be a right that is indeed a minimum condition for life in community.

It is important to point out that a living wage is consistent with even while it limits a market economy. The living wage is often described as an "economic right," and because such rights are often linked to Marxist thought,³⁹ the misunderstanding can develop that the living wage is incompatible with the market economy. However, Catholic social teaching accepts limited market economies. Crucial for understanding this position correctly is the distinction, always held in theory but made most clear by John Paul II, between the free market on the one hand and capitalism on the other. In *Laborem exercens*, he defines the free or market economy as a market economy which is situated in a comprehensive society such that there is recognition of the primacy of the whole person over simple material well-being and of the common good over individual interest. Capitalism, by definition, reverses these priorities. "Precisely this reversal of order, whatever the program or name under which it occurs, should rightly be called 'capitalism.'"⁴⁰ This is the correct framework for interpreting the oft-cited paragraph 42 of *Centesimus annus*, where the Pope raises the question of whether the fall of communism means victory for capitalism. "The answer is obviously complex. If by capitalism is meant an economic system which recognizes the fundamental and positive role of business, the market, private property and the resulting responsibility for the means of production, as well as free human creativity in the economic sector, then the answer is certainly in the affirmative, even though it would perhaps be more appropriate to speak of a *business economy, market economy, or simply free economy*. But if by capitalism is meant a system in which freedom in the economic sector is not circumscribed within a strong juridical framework which places it at the service of human freedom in its totality, and which sees it as a particular aspect of that freedom, the core of which is ethical and religious, then the reply is certainly in the negative."⁴¹

The relationship between the juridically circumscribed market economy on the one hand and the priorities of the whole person over solely material well-being and the common good over individual interest on the other is this: it is precisely when the market overruns its boundaries (in violation of subsidiarity) and invades other spheres of social life that materialism and individualism become predominant. Drawing on a term from Paul VI, John Paul II calls such a phenomenon "consumer society," a theme in Catholic social teaching to which we will return.

It is helpful to look at the right to a living wage and other economic rights such as the rights to work, housing, and food in comparison to the

political realm, particularly as it involves war between nations. Economic rights serve as an integral part of John Paul II and Catholic social teaching's "strong juridical framework" that sets limits on the violent excesses of the market in a way analogous to how the just war doctrine is an integral part of the juridical framework that sets limits on the violent excesses of political interaction. The United States bishops note that the just war principles such as non-combatant immunity and proportionality mark the outside boundaries of acceptable activity, and thus constitute "universally binding moral principles."⁴² Being on the same level of generality, the rights understood as economic rights clearly hold the same universally binding status. Like with the just war criteria, one can disagree on their precise application in a particular circumstance - for instance, on the question of whether the present minimum wage in the United States constitutes a living wage (most read the evidence as indicating that it does not) - but the principle itself is binding on all persons.

It is precisely the distinction between the free market and capitalism and the affirmation of economic rights a limits on the market that enables the reader to make sense of John Paul II's claim in a single paragraph of *Centesimus annus* both that the "church acknowledges the legitimate role of profit" and that it is unacceptable to say that the defeat of so-called 'Real Socialism' leaves capitalism as the only model of economic organization."⁴³ It is noteworthy that the positions of commentators on both the right and the left constitute dissent on these points. While some (but not all) liberation theologians outright reject the free market/capitalism distinction, North American "neo-conservatives" fudge the distinction as a way of making it appear as if *Centesimus annus* affirms a form of capitalism that rejects economic rights. Neither is in accord with official doctrine.⁴⁴ The neo-conservative Michael Novak, for instance, claims that now there is "only one form of economics," and that therefore, "We are all capitalists now, even the Pope."⁴⁵ John Paul II's own texts, obviously, describe a different Pope.

If the right to a living wage is universally binding, then the next questions are a) how to measure it? And b) how to implement it? Much more will be said in response to these questions in part three of this paper, but it is worthwhile revisiting the three things in Catholic teaching that give guidance to the duty of solidarity. The option for the poor on behalf of the common good is obviously the impetus behind the support of the living wage. The principle of subsidiarity suggests that those closest to the situation are the best able to respond except in those circumstances where they are prevented from doing so. In this case, other, more remote entities may directly intervene. It is our judgement that the workers in the apparel industry factories are not yet to the point where they are able to negotiate a living wage with the owners. Therefore, as an interim measure, it is not only legitimate but mandatory for the universities whose logos appear on

the apparel to use whatever power is at their disposal to bargain on behalf of the workers while striving at the same time to empower the workers themselves to eventually take over this task. In the meantime, the gradualism of Catholic social teaching suggests that taking a dialogical approach to the corporations and manufacturers - that is, to work through negotiations - has a greater possibility of reaching, even if not immediately, the living wage for the workers than an all-or-nothing approach that promises swift termination of contract if the demands are not met. Still, the possibility must be kept in view that if there are repeated failures at remediation, and it becomes clear that the corporation or manufacturer in question is not bargaining towards a living wage in good faith, then termination of contract between corporation and university may be required. The analogy here is with the just war criterion of last resort: all other means of conflict resolution must be exhausted before taking the extreme measure. As with the case of Nike and the University of Michigan, it may be that the corporation finds the terms of being a moral entity are too stringent and terminates or refuses to renew the contract.

3. THE RIGHT TO ORGANIZE

As indicated above, the principle of subsidiarity favors that the bargaining be done by workers themselves, suggesting that the right to organize - a right that ideally leads to the wherewithal to bargain on equal terms - is a moral requirement. It should be understood, however, that the right to organize stands on its own quite apart from any reference to the living wage. If relatively egalitarian participation in the various spheres of life is the primary social condition that contributes to human flourishing, then the right to associate with one's peers in the form of economic organization - including but not limited to the formation of unions - clearly is a minimum condition for such participation. In other words, active participation in the various spheres of one's life is itself life-giving quite apart from whatever may result from such participation. The right to associate and organize is thus a fundamental and not simply an instrumental right. This is an important point because the question is sometimes posed -- particularly in regards to China -- as to whether it is a fully legitimate workplace if, for instance, all of the usual results of good-faith bargaining are present - limited work-weeks, a living wage, health benefits - but there is no freedom of association. The answer from Catholic social teaching is in the negative. One can be a very well-treated slave, for instance, but it is still a form of slavery if one cannot freely associate with one's peers or with another employer.

Like the right to a living wage, the right to association, including its specification in the workplace as the right to organize, runs throughout modern Catholic social teaching.⁴⁶ The roots of this claim are in the view that persons are intrinsically social. Leo XXIII, for instance, argues from

At the natural propensity of man to live in society" to a natural right" to "the formation of associations."⁴⁷ In his assessment of associations that help meet the needs of those in want, Leo comments, "The most important of all are workmen's associations." Seventy-two years later, we find the same reasoning in John XXIII. "From the fact that human beings are by nature social, there arises the right of assembly and association." Such associations must be considered the indispensable means to safeguard the dignity of the human person."⁴⁸ In other words, they serve as necessary minimum conditions for participation in society. Indeed, so important is the call for workers to be able to "share in" the goods of the workplace that the popes frequently use the strong word of "partnership" with owners and management, even to the point of worker ownership and management of the means of production. In the words of John Paul II in *Centesimus annus*, the role of unions is not only in negotiating contracts, but also as 'places' where workers can express themselves. They serve the development of an authentic culture of work and help workers to share in a fully human way in the life of their place of employment."⁴⁹

The Fair Labor Association calls for the right to organize but allows for a "special country" exception. This allows trade with companies that manufacture, for instance, in China. The argument is that the best way to change China's practices is through continued trade. It is possible for one to exercise prudential judgment from Catholic principles and still trade with China, but this is legitimately the case if and only if it is determined that such trade is leading in the direction of the recognition of the right to organize. Given that the "special exception" is in fact extended to any country that does not have the right to organize without much analysis of the particulars, we find that the exception is dubiously granted. Notre Dame's Task Force recommended and President Malloy accepted the position that the exception in these circumstances tends to swallow the rule." Therefore, the University of Notre Dame's code of conduct allows no exceptions. What reinforces the position against granting exceptions is the fact that the right to organize is not simply an instrumental right - that is, a right based simply on what else it can achieve - but a fundamental right that itself aids human flourishing.

It is important to recognize that both the right to a living wage and the right to organize are fundamental rights because there is a temptation to trade one off for the other. We have already mentioned that one argument put forward is that the right to organize is not important as long as other rights such as the living wage, good working conditions, and health care are recognized. Another view is that universities and other organizations should pursue the right to organize for workers but not the living wage. From the perspective of Catholic social teaching, this is a false trade-off. It is possible to make the prudential judgment that the best means for having the right to a living wage recognized is for universities to pursue it

indirectly through support of the workers' right to organize, but this is saying something quite different than that the right to a living wage ought not be protected or promoted at all. At their best, the two rights can reinforce each other. Workers protected under the right to organize can negotiate for recognition of the right to a living wage and workers' progress toward a living wage is one good way to assess whether the right to organize is being subtly (or not so subtly) suppressed.

4. THE RIGHTS OF WOMEN

If the rights to work, to organize, and to a living wage are indeed universal rights, it would follow that they apply equally to women. However, worldwide, the wages of women remain far behind those of men. The Code of Conduct for University of Notre Dame Licensees states the following with regard to gender concerns: "While Notre Dame recognizes and respects cultural differences, all workers must be employed based on their ability to do the job, rather than on personal characteristics. We insist on doing business with licensees who share this value. Workers must not be discriminated against on the basis of their race, ethnicity, religious belief or affiliation, age (except with respect to the child labor requirements set forth herein), disability or gender."⁵⁰

The question which arises for the authors of this paper is that of whether the gender theory in Catholic teaching supports or undermines this policy position. In the social teaching, references to earning the living wage assume that the wage earner is male. When the topic is work by women in the economic (as distinct from the domestic) sphere, such work is allowed, but with the proviso that it must not undermine the woman's role as wife and mother. No such provisos are stated -- or are stated only exceptionally rarely -- with regard to the man's role as husband and father.⁵¹ More recent documents begin to stress the rights of women, including rights in the workplace, and there are rare mentions of both men and women earning a family wage,⁵² but the weight of the texts is decidedly on the view that men are to earn the living wage in the economic sphere and women are to care for children in the domestic sphere. In other words, women may have a right to work in the economic sphere, but no real vocation to do so. To the extent that they are active in the economic sphere, it is less to earn a living wage than to contribute what John Paul II calls the "feminine genius" to society outside the home.⁵³ The idea of feminine genius is based on the gender distinction between male and female in terms of male/female diads of active/passive, head/heart, law-giving/self-giving. It is our concern that the view of women as distinctively self-giving and as having, by their very nature, their primary vocation in the home in practice works against and even undercuts outright the call - found, for instance, in John Paul II's own "Letter to Women"⁵⁴ - for women to have equal rights in the workplace. In practice, the gender theory and the policy

recommendations cut in opposite directions.

5. THE CONSCIENCE CLAUSE

Thus far, our attention has focused on justice B rendering each his or her due - for persons quite distant, economically as well as geographically - from Notre Dame. But if Notre Dame is to be consistent in its retrieval of Catholic teaching, it must bring it to bear on its own community as well. The next two points - the conscience clause and the problem of consumerism - attend to this concern. With each of these points, the authors go beyond the work that the university's Task Force has taken up thus far.

A conscience clause, which we urge Notre Dame to adopt, would, subject to discussion, read something like the following: "If a coach or athlete after careful examination and discernment cannot in good conscience wear the officially contracted apparel, he or she may wear a situationally appropriate alternative." The case for a conscience clause rests on three points. The first concerns the primacy of conscience in the moral life. A traditional way of articulating this primacy is through the case of the ignorant conscience: it is better that a person of erring conscience follow the dictates of that conscience than for that person to do the objectively right thing when he or she thinks that it is wrong. It is best that the person do what he or she thinks is good or right. Thomas Aquinas discusses the point by saying that the will "at variance with reason, whether right or erring, is always evil." More recently, the Second Vatican Council speaks of conscience as our "most secret core and sanctuary" where we are "alone with God," who summons us to "do good and avoid evil." To obey one's conscience "is the very dignity of man; according to it he will be judged." This does not mean that what our conscience tells us is always right, only that it should be obeyed. While conscience "frequently errs from invincible ignorance without losing its dignity," if we ignore our own considered judgements of what is good and evil, we cut at the core of the moral life. Some thinkers add the qualifier that it is better that the person be coerced to do what is judged (by others) to be right in cases where following the erring conscience would lead to "scandal," that is, would bring shame upon the person and the Church. We will return to this addendum.

The second point that supports the conscience clause is the secondary or instrumental nature of the licensee's relationship to sport. This is not to say that contracting with apparel companies does not have significant benefit for university sports teams - for instance, allowing universities to hire a high-powered coach with the incentive that he or she can draw non-salary

income from such contracts. It is simply to point up the fact that such money is not intrinsic to the performance of the sport. At best, income from such contracts is what is called an "extrinsic good." Moreover, not wearing the apparel of a particular company for reasons of conscience can hardly be considered a scandal. In cases where there is conflict between what is intrinsically good and what is instrumental, the former ought to be allowed to take precedence. At Notre Dame, Pat Garrity, now a professional basketball player, was allowed to wear Nike shoes (with the swoosh covered) instead of the university-contracted adidas brand for reasons of comfort. It seems that if the university can allow alternatives for comfort, it can allow alternatives for conscience.

The third point is that a legally explicit conscience clause will help avoid scandal. At St. John's University, a graduate assistant soccer coach, James Keady, felt that he could not in good conscience wear Nike apparel, and refused to do so. What followed from there is a subject of dispute. Keady claims that St. John's, a Catholic university, gave him the ultimatum of "wear the Nike apparel or resign." St. John's disputes this claim. It is now being settled in the courts. The parties have gone beyond mere disagreement to calling each other untruthful. Without judging who has the story right, it can be viewed as a scandal whenever members of the Body of Christ call each other liars. A conscience clause would have avoided this situation.

Analogy with the question of conscience regarding war can further clarify what is at stake. As late as 1956, Pius XII said that lay Catholics could not be conscientious objectors; war is too grave a matter to leave up to individual conscience.⁵⁵ The Second Vatican Council changed this to allow for conscientious objection - that is, the legal recognition of the objection to all wars. Since then, the Church has been pressing for legal recognition of "Aselective conscientious objection": the objection on just war theory grounds that some wars may be just, but the one in question is not. Without such legal recognition, selective conscientious objectors are treated as criminals.

A coach or athlete could be an economic selective conscientious objector: while affirming the market economy in general, he or she may still object to the specific practices of a particular company. Without the legal recognition of this view, such a person is left to the whims of his or her coach or athletic director. Perhaps even more significantly, no such conscience clause would communicate to the world that Notre Dame regards relations with the apparel companies to be a matter more grave than war.

6. THE PROBLEM OF CONSUMERISM

The second area of concern regarding the practices of Notre Dame's community has also not been taken up by the Task Force, but this is in large part because the concern rests beyond its purview. The role of the Task Force is to make policy recommendations to the President of the university for a legally binding Code of Conduct for contracted licensees. The problem of consumerism is not very well addressed through juridical measures such as a code. It is best conveyed pedagogically through explanation and exhortation in homilies, in the classroom, and in other university contexts, such as the President's Address to the Faculty. However, even though attending to the problem of consumerism lies beyond the role of the Task Force, it is important to recognize that Catholic social teaching still has much to say about it.

It is a widely held position in the United States that limitless consumerism is a good thing. Persons who hold this position argue that the gap between rich and poor is morally irrelevant; the key is simply greater production of overall wealth such that even the poor are better off.⁵⁶ What drives such increased production is consumer demand. W. Michael Cox, Vice President of the Federal Reserve Bank of Dallas makes such a case for consumerism. We need not worry about recent instability in the stock market, he argues, because consumerism in the United States provides a steady source of economic growth. He writes, "Americans are the world's most dedicated consumers. We've been on a buying spree for five decades. We've spent on everything - clothing, electronic gadgets, travel, entertainment, services of all descriptions. Our houses got bigger and better equipped, from kitchen to garage. Vehicle ownership per capita jumped 83 percent in the past quarter century. One television used to be enough, but now three-quarters of the households in the United States have two or more. Americans long ago moved beyond the basic needs of food, clothing, and shelter. These categories today command just 37 percent of the household budget compared to 76 percent in 1901. Yet there is always something more we want to buy, given the right price. Who can doubt it when we're paying for bottled water, free-range chickens, liposuction, pet orthodontists, and psychics...We're already seeing markets emerge for satellite-based navigational devices, computers that listen to us, custom-fitted shoes and jeans, and cellular phones that ring anywhere on Earth. Admittedly, this five-decade buying spree has had a few lulls, but I'm not worried about one now."⁵⁷

What does not occur to Cox is that this seemingly endless quest for more and more of ever more specialized and refined items and services is itself a moral and spiritual malady. Recall John Paul II's definition of capitalism - as distinct from a market economy - as that form of market economy that places material well-being before the whole person and individual self-interest before the common good. A consumer society is that society where the market ethos expands to every area of life - for example, pre-

nuptial contracts, sports stadiums named after corporate sponsors instead of public figures or landmarks, and the harvesting of organs for profit B overtaking other orders of value so that the only value left is material gain for the self.

Catholic social teaching makes clear that the problem of the rich-poor gap for Catholic social teaching goes beyond the fact of the gap to include the concern that excess availability and valuation of goods carries with it its own liabilities quite apart from how many goods other persons do or do not have. John Paul II is to the point: "Side by side with the miseries of underdevelopment, themselves unacceptable, we find ourselves up against a form of superdevelopment, equally inadmissible, because like the former it is contrary to what is good and true to happiness. This superdevelopment, which consists of the excessive availability of every kind of material goods for the benefit of certain social groups, easily makes people slaves of 'possession' and of immediate gratification, with no other horizons than the multiplication or continual replacement of the things already owned with others still better. This is the so-called civilization of 'consumption' or 'consumerism,' which involves so much 'throwing away' and 'waste.' An object already owned but now superseded by something else is discarded, with no thought of its possible lasting value in itself, nor of some other human being who is poorer. All of us experience firsthand the sad effects of this blind submission to consumerism." Such effects include a "radical dissatisfaction," while "deeper aspirations remain unsatisfied and perhaps even stifled."⁵⁸

While consumerism -- the overdrive for material goods -- does, as Cox suggests, create jobs, it carries with it as part of its worldview a disregard for the conditions under which such goods are produced. Indeed, good consumers want their goods cheap. Thus the success of Wal-mart and other chains known to place draconian pressure on manufacturers to provide a product at an extremely low price regardless of the impact on the wages of the workers. Consumerism, therefore, is both intrinsically morally problematic for those who view the world in this way and disconcerting in terms of its impact on workers in the apparel industry. Given that codes of licensee conduct are not good instruments for attending to this problem, universities must find creative ways to communicate to faculty, staff, and students the moral and spiritual liabilities of living in a consumer society.

III.HOW CAN CATHOLIC SOCIAL THOUGHT HAVE AN IMPACT ON SWEATSHOP CONDITIONS?

Thus, Catholic social teaching has a great deal to say about the exploitation of workers in apparel production. Implementing change to

meet the strong but general mandates of CST, however, calls for a substantial amount of prudential judgment. This section focuses on that implementation through factory monitoring. The immediate goal of a university monitoring effort is to ensure that products bearing its logo are produced under nonexploitative conditions. Given the competitive cost pressures on the industry, effective monitoring is an absolute necessity if standards reflecting CST are to be achieved.

1. UNIVERSITY POWER IN THE VALUE CHAIN

The university power in the apparel value chain is exercised through the retailer or manufacturer: brand marketer (Figure 1). Universities enter into licensing contracts with the retailer or manufacturer for the production and sale of apparel bearing the university logo, for which the university is paid a royalty. As a component of this agreement, the university may require the retailer or manufacturer to meet the provisions of a university code (See appended University of Notre Dame Code.).

The power of the university relative to the retailer/manufacturer thus depends on the market value of the logo. Overall, the value of university logo apparel has decreased in recent years, although they still account for \$2 billion in sales each year. Sales are concentrated in a few universities. Hence, even though university logo sales are a small fraction of total apparel sales in the United States (about 0.6 percent), they are substantial and provide a wedge into the amelioration of the abuse in apparel production.

2. APPROACHES TO MONITORING

All monitoring must begin with an internal management process. Analysis, feedback, and change are central components of any management system. In many cases, sub-standard working conditions can be tied to flawed company policies and procedures rather than intentional abuse. If one could assume ethical intentions and effective systems, external monitoring would not be necessary. In this way, an important component of external monitoring is an evaluation of management systems as well as production conditions.⁵⁹

There are a variety of external monitoring approaches with a good deal of contention among the various sponsoring organizations.⁶⁰ In all of these efforts, the goal must be remediation. The core purpose is to enhance the quality of the job, not to terminate production or force the factory to move to another location. This is the delicate balance to which all monitoring activities must be keenly aware.

Monitoring is undertaken by both the profit and not-for-profit sectors.

Global Accounting Firms:

Global accounting firms have practices devoted to compliance audits--auditing production sites to ensure compliance with codes established by the firm's clients. The primary expertise of the accounting firm is its ability to audit managerial procedures and records. These firms also interview workers on site as part of the audit.

Nongovernmental Organizations (NGOs):

The expertise of NGOs is their knowledge of local labor conditions and their ability to interact with plant employees. Most NGOs monitor through plant visits. Some, however, monitor on a continuous basis. Grupo de Monitoreo Independiente en El Salvador (GMIES), for example, has a member who spends full time monitoring the working conditions at the Mandarin International plant in El Salvador--on the shop floor, attending management meetings, and visiting workers at the site. The goal of GMIES is to encourage membership in the union although, in the interim, GMIES tends to serve as a surrogate union.

Notre Dame was the first university in the United States to commission an accounting firm to audit plants where Notre Dame logo items are produced. Even though the firm uses accountants from the local community for these audits and conducts confidential worker interviews on site, the University Task Force has concluded that a more extensive input from the workers is desirable. Thus, the University has adopted a dual monitoring approach in an attempt to draw upon the human relations skills of the nongovernmental organization as well as the procedural and record auditing expertise of the accounting firm.⁶¹ A pilot project to test the monitoring procedure is being initiated in Mexico this August. Based on the Mexican experience, guidelines will be revised and committees formed for other regions.

The guiding principles for Notre Dame monitoring committee structure are subsidiarity and building trust through dialogue. At core, working conditions are the responsibility of factory management. The monitoring procedure will first assist them in revising their policies and procedures. As with subsidiarity, however, when necessary change is not forthcoming through plant management, it will be assisted from higher levels.

To the extent possible, monitoring and remediation will be conducted in an atmosphere of collaboration, not confrontation. Plant visits, for

example, will be undertaken jointly by accountants from PWC and NGO representatives as equal partners. The same holds for the interaction among committee members, plant management, and workers.

The anticipated responsibilities of the committee will be as follows: Within guidelines, the regional committee will undertake monitoring and remediation as recommended by the University on a case-by- case basis. The procedures for monitoring and reporting will be standardized for each plant visit. Beyond that, the schedule of plant visits--which ones are to be announced and which unannounced, and the frequency of return remediation visits--will be recommended by the committee. An integral part of the process will be an effective complaint system. The focus is on remediation, not reprisal, so disclosure beyond the committee will probably be rare. The last resort would be the cancellation of the University's contract with the licensee.

3. IMPLEMENTING A LIVING WAGE REQUIREMENT

Implementation of a living wage requirement is an exercise in prudential judgment. No other requirement would have such an immediate impact on costs. While improvements in working conditions tend to be more a matter of managerial determination or capital availability than cost,⁶² an externally imposed wage increase flows directly to the bottom line. Beyond the cost impact, implementation is a complex process, involving three requirements.

1. Measuring the living wage
2. Allocating the associated increase in cost
3. Channeling the increased remuneration into the local labor market.

The Notre Dame Task Force is reflecting on these requirements in considering whether to recommend the inclusion of a living wage clause in the Code.⁶³

3.1 Measuring a Living Wage Standard

There are two methods of estimating threshold wage levels. One is a multiplier approach. Measurement of the poverty line in the United States is an example. The base is the cost of a subsistence diet for a family. At the initiation of the data series diet was determined to represent one-third of a subsistence income. Then, over time the cost of a subsistence diet is

recalculated and multiplied by three to determine poverty thresholds. Some minimal adjustment for geographic regions have been added over time. The advantage of this measure is its simplicity.⁶⁴

The alternative is to study the cost of living in specific locations at specific times. The Center for Reflection, Education, and Action (CREA) ties these costs directly to wages in measuring a Purchasing Power Index (Rosenbaum). The metric is the number of working minutes it takes to purchase an item at a specific wage level. When combined, the hours of work needed to purchase the food, clothing, housing, transportation, and other items necessary for an adequate standard of living indicate the adequacy of the specified wage.

The Purchasing Power Index allows for comparison of different wage levels within a country such as a minimum or a living wage. The Purchasing Power approach is also amenable to comparison among locations and over time as a measure of inflation's diverse impact and its unique impacts on different components of subsistence consumption.⁶⁵

3.2 Allocation of Increased Cost

Given the international division of labor in the apparel industry, production wages are low. Indeed, low wages is the factor that attracts the apparel production. There are multiple examples of desperately low wages.

The production labor cost component for apparel varies substantially depending upon the item. Based on ad hoc evidence, a reasonable estimate would be that production labor for university logo apparel on average represents about 5 percent of the sales price.⁶⁸

Based on a 5 percent assumption, a doubling of wages would not increase the price dramatically, as long as the dollar increase in wages was directly added to the price of the item without being multiplied by a middleman, manufacturer, or retail markups. For example, the price of a \$50 sweatshirt would increase to \$52.50 if production wages were doubled.

Who should absorb this cost? It seems that the market would absorb much of it for high end expensive items sold in college bookstores. While data are limited, the demand elasticity for these items is assumed to be low (Witte, pp.33-34). For less expensive apparel in discount retail outlets, the elasticity would be greater. In all cases, one would expect the price impact to be mitigated if the consumer were notified of the reason for the increase, particularly for high priced items in college bookstores.

Cost absorption at other points in the value chain would depend on policy and negotiations. The view of the authors is that each component of the chain, including the university, should absorb some component of the cost. Our hope is that Notre Dame, since it is basing a contemplated wage requirement on Catholic social thought, should be willing to share the burden.

3.3 Issues in Raising Local Wages

Implementing a living wage standard is not simply a matter of paying more to the workers. Abruptly increasing wages for one segment of a local labor market can be disruptive.⁶⁹

The problem for universities is that few factories are devoted exclusively to the production of particular logos and contracted production locations change periodically. The ideal is to have the increased remuneration for the logo producing workers Aripple@ to others in the factory and then to other plants. A sudden major change would probably create a high wage enclave and wage compression with little ripple effect (Pokin and Moore in Witte, pp. 33-36). Given the structure of the apparel industry it is also possible for retailers/ manufacturers to simply shift logo contracts to high wage areas. Thus, a living wage standard must be a target to be approached gradually.

There are other opportunities for funneling increased remuneration back to the workers in the form of group benefits. Based on the principle of solidarity, the added benefits could be channeled to programs that support all plant employees or the community. Education or training for all plant employees could be an example. Others could be on-site child care, transportation, additional medical care for workers and their families.⁷⁰

With moral imagination the list is long. The difficulty with any of these programs is, of course, management. Who will manage and oversee the activity? For monitoring efforts that create trust, these kinds of programs may be possible.⁷¹

4. THE RIGHT TO ORGANIZE

The right to organize is a contentious issue in most countries. There tends to be substantial difference between the law and its implementation in both common law and civil law regimes. In formulating and applying a code of conduct, the issue is to determine where to draw the line in the spectrum of the law and its implementation. This is an example of Catholic social thought and prudential judgment.

In some countries, such as China, Iran, Saudi Arabia, and Afghanistan, for example, the law denies the worker right to organize.⁷² In others, although the right is legally mandated, it is not enforced. In El Salvador, for example, while the right to organize is a clear legal requirement, its implementation in the Free Trade Zones, where the apparel is produced, appears to be minimal (Hoye). The lack of enforcement appears to be more than the reflection of an understaffed Labor Ministry. According to a number of respondents, the Labor Ministry is more active outside the Free Trade Zone. Indeed, there is a sense across a broad span of Salvadorian society that to enforce labor standards could lead to the loss of jobs, and be a betrayal of the national interest.

Indeed, in most developed countries, if one were to set the right to organize, assured by the efficient enforcement of appropriate law, there would be precious few acceptable production sites. The Notre Dame Code draws the line at the legal right to organize (Code Section). Apparel produced in China would be the most affected.⁷³

Chinese labor legislation and policy are at the heart of China's fundamental transition from the paternalism of the self-proclaimed "worker's state" to labor's participation in a market economy. Since the People's Republic of China replaced Taiwan as the Chinese representative to the United Nations, the shift in labor legislation and practice has been undertaken in association with the International Labor Organization. It has been a fitful relationship with many starts and stops (Kent, pp. 117, 145).

In the early years of industrialization, Chinese workers were organized in work units of the state-owned enterprise (SOE) where they were employed. The SOE provided housing, ration coupons, and social insurance. Since dismissal from work meant expulsion from the work unit, firings or layoffs were rare. Much of the employment of the enterprise was devoted to the maintenance of the work unit.⁷⁴ The Party was deeply involved in the management of enterprise production as well as the work unit.

Work units are being deemphasized with the marketization in China, the privatization of the SOE and of housing. Control of the workforce is being wrested from the Party and unemployment is increasing rapidly. Chinese officials are deeply concerned about the political implications of an unhappy and unemployed workforce.

In 1989, Tiananmen Square was a major setback in the evolution of the worker's right to free association in China. At that time, the Workers Autonomous Federation, the first independent union movement in the People's Republic of China, was brutally put down (Kent, pp. 128-129).

In response to criticism of Chinese labor rights, Chinese authorities state that the freedom of association is guaranteed by the Chinese Constitution.⁷⁵ The right of the workers to form or join trade unions other than the All-China Federation of Trade Unions (the government-run trade union) was to be carried out according to the law,⁷⁶ where the law does not specify that the union could be established without previous authorization or that a worker could join a union of his or her own choosing as required by the ILO⁷⁷ (Kent p.118).

The most recent legislation, the 1994 Labor Law (implemented in 1995) confirms the authoritarian control of Chinese officials.^{78,79}

IV. CONCLUSION

This paper began with the severity of the systemic pressures that lead to sweatshop conditions in apparel production. These pressures will increase with continuing globalization rather than soften. Business firms across the value chain as well as numerous associations and nongovernmental organizations are addressing these issues with a focus on working conditions, employment practices, and minimum or prevailing wages.

Universities are in a unique position to penetrate this system in a small way through their control over logo production. For one set of universities, the standards are guided by Catholic social thought. While CST condemns exploitation in the form of substandard working conditions, and employment practices, it explicitly raises two issues that expand the envelope of anti-sweatshop activism--a workers' right to organize and a living wage. The right to organize is embedded in national law and in its enforcement. While most standards distinguish between the right of free association and the right to organize, CST is clear that the standard is higher and more specific one of the right to organize. As a legal mandate, the right to organize is relatively easy to measure. Over time, one measure of the effectiveness of the right to organize is the prevailing wage.

A living wage standard is far more difficult to measure, to absorb in the value chain, and to pay. Determination to pay a living wage must be matched with patience.

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Figure 1

Apparel Industry Structure

Functions in the Value Chain

Consumers

Retailers

Manufacturers: Brand Marketers

Contractors

Wholesalers

Agents

Producers

APPENDIX A

CODE OF CONDUCT

for

UNIVERSITY OF NOTRE DAME LICENSEES

I. Introduction: The University of Notre Dame du Lac ("Notre Dame") is committed to conducting its business affairs in a socially responsible manner consistent with its religious and educational mission. Notre Dame expects nothing less of its business partners and licensees. Therefore, Notre Dame will not do business with those who engage in business practices or follow work place standards inconsistent with this Code of Conduct.

II. Application: This Code of Conduct shall apply to all Licensees of Notre Dame. Throughout this Code, the term "Licensee" shall include all persons or entities who have entered a written License Agreement with Notre Dame, as well as their respective contractors, subcontractors, vendors, manufacturers, sublicensees and any related entities throughout the world which produce or sell products or materials incorporated in products which bear the name, trademarks or images of the University of Notre Dame du Lac. This Code of Conduct constitutes a "Guideline" for Notre Dame Licensees pursuant

to Paragraph 14 of Notre Dame's License Agreement for national licensees. It is applicable and mandatory with respect to every Licensee of Notre Dame.

As a condition of being permitted to produce and/or sell licensed products bearing the name, trademarks and/or images of Notre Dame, each Licensee must comply with this Code of Conduct. If the University of Notre Dame, in its sole discretion, determines that any Licensee has failed to comply with this Code, then the University may either terminate its business relationship and License Agreement with the Licensee or require that the Licensee implement a corrective action plan on terms acceptable to Notre Dame.

III. Work Place Standards and Practices: Specifically, Notre Dame Licensees must operate work places and contract with employers whose work places adhere to the following minimum standards and practices:

A. Legal Compliance: Notre Dame Licensees must comply with all applicable legal requirements in conducting business related to or involving the production or sale of products or materials bearing the name, trademarks or images of Notre Dame.

B. Environmental Compliance: Notre Dame Licensees must share Notre Dame's commitment to the protection and preservation of the global environment and the world's finite resources and conduct business accordingly.

C. Ethical Principles: Notre Dame Licensees must be committed in the conduct of their business to a set of ethical standards which are not incompatible with those of Notre Dame. These include but are by no means limited to honesty, integrity, trustworthiness, and respect for the unique intrinsic value of each human being.

D. Employment Standards: Notre Dame will only do business with Licensees whose workers are in all cases present at work voluntarily, not at risk of physical harm, fairly compensated and not exploited in any way. In addition, the following specific guidelines must be followed:

1. **Wages and Benefits:** Licensees must provide wages and benefits which comply with all applicable laws and regulations and match or exceed the prevailing local manufacturing industry practices.

2. **Working Hours:** Licensees must not exceed prevailing local work hours in the country where the work is to be performed, except with respect to appropriately compensated overtime. In any event, Licensees must not require in excess of a sixty-hour week on a regularly scheduled basis.

3. **Child Labor:** The use of child labor is not permissible and will not be tolerated. Workers can be no less than 14 years of age and not younger than the compulsory age to be in school in the country where the work is to be performed.

4. Prison or Forced Labor: The use of forced labor and prison labor is not permissible and will not be tolerated. Labor supplied by prisoners working within the United States pursuant to a lawfully authorized work program sponsored by the United States government or a government of one of the fifty states shall only be permissible if the Licensee obtains Notre Dame's prior written consent.

5. Health and Safety: Licensees must provide workers with a safe and healthy work environment. If residential facilities are provided to workers, they must be safe and healthy facilities.

6. Non-Discrimination and Respect for Life: While Notre Dame recognizes and respects cultural differences, all workers must be employed on the basis of their ability to do the job, rather than on personal characteristics. We insist upon doing business with licensees who share this value. Workers must not be discriminated against on the basis of their race, ethnicity, religious belief or affiliation, age (except with respect to the child labor requirements set forth herein), disability or gender. The sanctity of human life must be respected in all relations with workers. Specifically, no worker shall be required to undergo pregnancy testing, practice birth control or terminate a pregnancy as a condition of employment or continued employment at any time or for any reason.

7. Disciplinary Practices: Licensees must not use or tolerate corporal punishment or any other form of psychological or physical coercion.

8. Human Rights: Products and materials bearing the name, trademarks or images of Notre Dame shall not be manufactured or produced in any country where the human rights environment, as determined by Notre Dame, in its sole discretion, would prevent the conduct of business activities in a manner that is consistent with this Code of Conduct.

9. Legal System: Products and materials bearing the name, trademarks or images of Notre Dame shall not be manufactured or produced in any country where the local legal system would prevent Notre Dame, in its sole discretion, from adequately protecting its name, trademarks, images or other interests or from implementing any provision of this Code of Conduct.

In addition, after June 30, 2001, products bearing the name or other trademarks of the University of Notre Dame shall only be manufactured in countries where all workers enjoy the legal rights to associate freely, form independent labor unions and collectively bargain with their employers concerning wages, hours, working conditions and other terms and conditions of employment. In order to satisfy the minimum requirements of this recommendation, any country where Notre Dame licensed products are manufactured must satisfy one or more of the following: (1) be a signatory to International Labor Organization ("ILO") Convention No. 87; (2) be a signatory to I.L.O. Convention No. 98; or (3) have adopted its own national laws which provide all workers within the country (including but not limited to foreign workers) legal rights to free association and to form and join organizations of their own choosing (including unions) without anti-union

discrimination, prior authorization or interference by public authorities or others. Employer created, mandated or sponsored organizations, such as company unions, do not satisfy this requirement.

10. Political, Economic and Social Environment: Products and materials bearing the name, trademarks or images of Notre Dame shall not be manufactured or produced in any country where the political, social or economic environment would threaten Notre Dame's reputation and/or commercial or other interests.

IV. Documentation and Inspections. It shall be the responsibility of each Notre Dame Licensee to ensure its compliance with this Code of Conduct and to verify that its business partners, subcontractors and others involved in the production or manufacture of products or materials bearing the name, trademarks or images of Notre Dame are in compliance with this Code of Conduct. Each Notre Dame Licensee shall maintain on file such documentation as may be needed to demonstrate its compliance with this Code of Conduct and shall make the documentation available for Notre Dame's inspection upon request.

A. Monitoring Compliance: Each Notre Dame Licensee shall provide the University and its designated representatives with physical access to all facilities where Notre Dame licensed products are made, in whole or in part, whether by the Licensee or by third parties with whom the Licensee or its agents or representatives contract, in order to monitor and verify compliance with this Code of Conduct. Upon request, and on January 1 of each year, every Licensee shall promptly provide the University with the following information concerning each such facility where Notre Dame licensed products are made: (1) the name, address, telephone number and facsimile number of the facility; (2) the name, address, telephone number and facsimile number of the owner(s) of the facility; (3) the name and job title of a contact person at the facility; (4) a detailed description of the type and quantity of all Notre Dame licensed products made, assembled or processed, in whole or in part, at the facility; (5) a summary description of the Licensee's relationship to the owners and/or operators of the facility (e.g., company owned, contractual); and (6) any other information the University deems necessary to effectively monitor and verify compliance with this Code of Conduct.

It shall be the Licensee's responsibility under this agreement to promptly notify the University whenever it creates or ends relationships with new entities or facilities for the manufacturer or assembly, in whole or in part, of Notre Dame licensed products. If the Licensee should fail to do so, and the University incurs any expense as a result of the Licensee's failure to notify Notre Dame pursuant to this paragraph, then the Licensee shall reimburse the University for all such expenses.

ENDNOTES

1. The authors are members of the University of Notre Dame Task Force on Anti-Sweatshop initiatives. In discussing the activities of the University, we will attempt to distinguish between our own views, those of the Task Force, and University policy.

2. For an extended discussion of the shift from government-led to market-led development, see Tavis 1997, pp. 129-149.
3. These numbers do not include Eastern Europe and the CIS countries, HDR 1999, p. 154.
4. For a discussion of civil society, see Tavis 2000, pp. 22-26.
5. For an extended discussion of the power shifts, the associated responsibility, and a model for implementation, see Tavis 1997.
6. For a discussion of these networks and the relationship of the individual subsidiary (business unit) to the enterprise, see Tavis 1997, pp. 126-129).
7. Hartman et al., define sweatshops as follows, "The Encyclopedia Britannica defines the term sweatshop based on a set of employment practices: 'a workplace in which workers are employed for long hours at low wages and under compliance with national labor law.' According to the U.S. General Accounting Office, a place of work with an employer that violates more than one federal or state labor, industrial homework, occupational safety and health, workers' compensation, or industry registration law is a sweatshop. Other groups add to compliance the concept of labor rights. The AFL-CIO Union of Needletrades, Industrial and Textile Employees defines sweatshop as a place of employment with 'systematic violation of one or more fundamental workers' rights that have been codified in international and U.S. law." Some would say that a variety of substandard labor practices needs to be present before a place of employment can be called a sweatshop. Others, such as the Interfaith Center on Corporate Responsibility, require only a single questionable practice: '[though] a factory may be clean, well-organized and harassment free, unless its workers are paid a sustainable living wage, it's still a sweatshop.' The word sweatshop is emotive and carried prejudicial connotations" (page 5).
- 8 . Among the many sources of information on working conditions in the apparel industry, see ACampaign for Labor Rights@ labor alerts (www.summersault.com/~agj/clr, and National Labor Committee (www.nlcnet.org).
- 9 . It needs to be emphasized that not all apparel production takes place under sweatshop conditions. For example, see the Mattel Independent Monitoring Council For Global Manufacturing Principles (MIMCO) Audit Report for 1999.
- 10 . See Roger Charles with Drostan McLaren, *The Social Teaching of Vatican II: Its Origin and Development* (San Francisco: Ignatius Press, 1982); David Hollenbach, *Claims in Conflict: Retrieving and Renewing the Catholic Human Rights Tradition* (New York: Paulist Press, 1979); Michael J. Schuck., *That They Be One: The Social Teaching of the Papal Encyclicals* (Washington, DC: Georgetown University Press, 1991).

- 11 . Gaudium et spes, 26. See also 74, and Mater et magistra 65, Pacem in terris 58, Dignitatis humanae 6, Populorum progressio 42, and Sollicitudo rei socialis 38.
- 12 . Leo XIII, Immortale Dei 14.
- 13 . Pius XII, "Christmas Address of 1957: The Divine Law of Harmony," 244-45, 237, and 242, in Yzermans.
- 14 . Cf. John XXIII, Pacem in terris, 1-5.
15. Second Vatican Council, Gaudium et spes 78. Cf. also, for instance, 8, 10, 35, and 56.
- 16 . Cf. John Paul II, Sollicitudo rei socialis, 38-40.
- 17 . Pius XI, Quadragesimo anno 84, citing Thomas Aquinas, Summa Contra Gentiles 3, 71 and Summa Theologiae I, Q. 65; A. 2, C.C.
- 18 . See Drew Christiansen, AOn Relative Equality: Catholic Egalitarianism After Vatican II, @ Theological Studies 45 (1984): 651-75.
- 19 . John XXIII, Pacem in terris 87. Compare Leo XIII, Rerum novarum 14-15.
- 20 . Leo XIII, Rerum novarum 14, 18, 20, and 24.
- 21 . John Paul II, Dives in Misericordia 11; cf. also Sollicitudo rei socialis 14, and Centesimus annus 33.
- 22 . For the language of "Participate in," "Take part in," and "Share in," see, for instance, John XXIII, Mater et magistra 49, 61, 65, 75-77 and Pacem in terris 26, 40-41, 56, 73-74, 79, 145-147, 150; Second Vatican Council, Gaudium et spes 9, 31, 60, 65, and 71; Paul VI, Populorum Progressio 1, 6, 27-28, 30 and Octogesima adveniens 13, 22-23, 41, and 47; John Paul II, Redemptor hominis 17, Laborem exercens 14, 22; Sollicitudo rei socialis 15, 17, 33, 39, 44-45, and Centesimus annus 35, 43, and 46.
- 23 . Cf., for instance, John Paul II, Centesimus annus 33 and 42.
- 24 . Paul VI, Octogesima adveniens, 22.
- 25 . Ibid., 23.
- 26 . John Paul II, Sollicitudo rei socialis 40; cf. also Centesimus annus 41.
- 27 . Cf. Leo XIII, Rerum novarum 37, 38, Immortale Dei 3, Libertas 21; Pius XI, Quadragesimo anno 118, Divini redemptoris 29; John XXIII, Mater et magistra 60, 219, Pacem in terris 23, 31, 46; Second Vatican Council, Gaudium et spes 12, 24-25, 32.

- 28 . National Conference of Catholic Bishops, *Economic Justice for All* (Washington, DC: United States Catholic Conference, 1986): 79ff.
- 29 . Cf. Donal Dorr, *Option for the Poor: A Hundred Years of Vatican Social Teaching* (Maryknoll, NY: Orbis Books, 1983).
- 30 . Cf. John Paul II, *Sollicitudo rei socialis* 42; *Centesimus annus* 11, 57-58.
- 31 . John Paul II, *Centesimus annus* 33.
- 32 . Art. In collection on bishops letter on this.
- 33 . John XXIII, *Pacem in terris* 161-62; Paul VI, *Populorum progressio* 29; John Paul II *Laborem exercens* 18.
- 34 . Pius XI, *Quadragesimo anno* 43.
- 35 . John Paul II, *Sollicitudo rei socialis* 30 and 38.
- 36 . Leo XIII, *Rerum novarum* 17 and 34. Cf. also, for instance, Pius XI, *Quadragesimo anno* 63-75, *Divini redemptoris* 52-53; John XXIII, *Mater et magistra* 31, 33, 68-72, 112, *Pacem in terris* 20; Second Vatican Council, *Gaudium et spes* 67; John Paul II, *Laborem exercens* 19.
- 37 . John XXIII, *Pacem in Terris* 20.
- 38 . Second Vatican Council, *Gaudium et spes* 67.
- 39 . See, for instance, Hollenbach, *Claims in Conflict*.
- 40 . John Paul II, *Laborem exercens* 7.
- 41 . John Paul II, *Centesimus annus* 42.
- 42 . National Conference of Catholic Bishops, *The Challenge of Peace: God's Promise and Our Response* (Washington, DC: United States Catholic Conference, 1983): 9.
- 43 . John Paul II, *Centesimus annus* 35.
- 44 . For more on this point see Todd David Whitmore, "Capitalism, the Free Market, and the Difference Between Them," "The Loyal Dissent of Neo-Conservative Economics, Parts I-III," AA Response to the Loyal Dissent of Neo-Conservative Economics," "The Moral Significance of the Rich-Poor Gap," "The Moral Threat of Consumerism," "The Moral Limits to Private Property," "The Maximum Living Wage, Parts I-II," and AA Reply to Mr. Novak." All are at www.ne.edu/~cstprog. Go to the web page and click on "Observer Columns."

45 . Michael Novak, *The Catholic Ethic and the Spirit of Capitalism*, 101, 103, and note 14.

46 . Cf. Leo XIII, *Rerum novarum* 36-43; Pius XI, *Quadragesimo anno* 29-36; John XXIII, *Mater et magistra* 22, 100-103 and *Pacem in terris* 23-24, Second Vatican Council, *Gaudium et spes* 68; Paul VI, *Octogesima adveniens* 14; John Paul II, *Laborem exercens* 8, 20, *Sollicitudo rei socialis* 15, and *Centesimus annus* 7, 15, 35, and 43.

47 . Leo XIII, *Rerum novarum* 38 and 37.

48 . John XXIII, *Pacem in terris* 23-24.

49 . John Paul II, *Centesimus annus* 15. For the emphasis on workers "sharing" in the goods of the workplace, on "partnership" in the workplace, and on worker ownership and management of the means of production, see also, for instance, Pius XI, *Quadragesimo anno* 65, John XXIII, *Mater et magistra* 32, 75-77, 82-103, Second Vatican Council, *Gaudium et spes* 68; John Paul II, *Laborem exercens* 8, 13-15.

50 . See Appendix A, no. 6.

51 . For the assumption that the male is the living wage earner and the proviso (absent for men) that women work only when it is fitting with the role as spouse and parent, see Leo XIII, *Rerum novarum* 10, 33, Pius XI, *Quadragesimo anno* 71; John XXIII, *Mater et magistra* 45, 71, *Pacem in Terris* 19; Second Vatican Council, *Gaudium et spes* 60, 67; Paul VI, *Octogesima adveniens* 13-14; John Paul II, *Laborem exercens* 19, *Centesimus annus* 4, 8, and 34. The one exception that I have found that stresses the father's role in the home is *Gaudium et spes* 52.

52 . See, for instance, John XXIII, *Pacem in terris* 41 (which is undercut by 19) and Second Vatican Council, *Gaudium et spes* 34 (which is undercut by 60 and 67).

53 . For a more detailed analysis of this dynamic, see Todd Whitmore, "Cairo, Beijing, and Beyond: A Problematic Aspect of Catholic Teaching on Gender," in Maura A. Ryan and Todd David Whitmore, eds., *The Challenge of Global Stewardship: Catholic Responses* (Notre Dame, Ind.: University of Notre Dame Press, 1997).

54 . John Paul II, "Letter to Women."

55 . Pius XII, "Christmas Address of 1956: Communism and Democracy," in Yzermans, ed., *The Major Addresses of Pope Pius XII, Vol II* (St. Paul: The North Central Publishing Company, 1961): 225.

56 . It is noteworthy that, contra John Paul II, Michael Novak holds the gap between rich and poor to be morally irrelevant. Novak attempts to square his position with the Pope's by saying that when the latter refers to the gap, he intends it only "metaphorically." See Novak, *The Catholic Ethic and the Spirit of Capitalism*, 152-53.

57 . W. Michael Cox, "The Consumer Will Prevail," The New York Times (October 2, 1998).

58 . John Paul II, *Sollicitudo rei socialis* 28; cf. also *Redemptor hominis* 16.

59 . The MIMCO procedure is initiated by a Management Compliance Report. "This document is prepared by the plant manager and provides data on the plant's compliance in considerable detail with regard to all the [200] standards pertaining to the GMP [Global Manufacturing Principles]" (Sethi, p. 139).

60 . Groups concerned with monitoring include associations such as the Fair Labor Association and the Workers Rights Consortium, global accounting firms such as PriceWaterhouseCoopers or Ernst & Young, nongovernmental organizations such as Verite, the Interfaith Center on Corporate Responsibility (which advises on monitoring efforts although does not provide monitoring), and GMIES, the full-time monitoring of the Mandrin factory in El Salvador.

61 . MIMCO also uses dual monitoring with PriceWaterhouseCoopers and Verite, Inc. Representatives of both institutions jointly conduct plant visits. In the MIMCO case, however, the auditor and NGO are directed by an MIMCO representative. The MIMCO teams consist of eight to twelve people for a plant visit including three or four auditors from PWC, three or four Verite interviewers, two or three academic experts in sampling, and one or two MIMCO council members. In 1999, MIMCO conducted eight audits, all in plants wholly owned by Mattel or where Mattel contracts for 100 percent of output. Given the much larger number of audits anticipated by Notre Dame, plant visits of two to four monitors are anticipated.

62 . Ivar Aavatsmark, the President of Ely & Walker noted, "I'm not going to use a factor with unsafe or unclean working conditions. In my experience, these substandard conditions are inefficient with regard to price and quality. I can always get my products at the same price from someone who is a little more attentive and more reliable" (Tavis 1997, p. 333).

63 . The authors participated in the Living Wage Symposium sponsored by the Robert M. LaFollette Institute of Public Affairs at the University of Wisconsin-Madison November 19-21, 1999 (See the Bibliography for the report). In February 2001, Notre Dame will host a conference for colleges and universities interested in forming a Living Wage Association.

64. For information on this measure see <http://www.census.gov/hhes/www/poverty.html>

65. Notre Dame is currently exploring the usefulness of the Purchasing Power Index. The University is supporting CREA in the study of a region in Mexico where Notre Dame apparel is produced.

66 . The MIMCO is outstanding in its measurement of workplace standards. As for wage concerns, the focus is on compliance with local law and Mattel policies on overtime work. An effective component is worker understanding of pay stubs. There is no evidence of an evaluation of wage level adequacy.

67 . The application of a living wage standard would increase the labor costs in virtually every production location and dramatically in some.

68. Applebaum stated, "The wage portion of the cost of clothing is small--about 6 percent of the total cost of an item that is manufactured in the United States and considerably smaller for import" (Witte, p. 12).

The data on the production of Disney's "101 Dalmatians" outfit for children sewn in Haiti, as reported by the National Labor Committee, was far lower--\$.06 labor cost for an item selling for \$19.99. This appears to be on the low end. A cowboy shirt sewn in China for Ely & Walker would have a labor cost closer to 5 percent. Discussions at a factory in El Salvador indicated about 6 percent production labor content for an authentic basketball jersey.

69 . An example of high wages disrupting labor markets occurred at the Dolefil Plantation in the Southern Philippines. When the plantation paid higher than the prevailing wages in the community, it drew talent such as school teachers and government employees to work in the pineapple fields. See "The Dolefil Operation in the Philippine Islands," Case #1 in Tavis 1997.

While the disruption of a labor market is a valid point, it cannot be used as an excuse for not increasing wages to a living wage standard. Corporate representatives sometimes stress the "disruption" that progressing towards a living wage might cause while ignoring the fact that their moving manufacturing to the location in question in the first place -- thus making more industrial what was beforehand a more agricultural economy -- would have been similarly disruptive. Instead, such representatives often argue that such a move has been a benefit because it improves the lot of the persons there. It seems to us arbitrary to assert, without further argumentation that the initial disruption is, without question, beneficial because it has improved the lives of the workers while the second disruption (that caused by progressing towards a living wage), though it would improve the lives of the workers even more, is cause for such great alarm that it should not be undertaken. If anything, the second would seem to be less disruptive because it takes place within a single kind of economy and is not part of a transfer from one type to another.

70 . One factory in El Salvador provided family medical care on one Saturday a month by the doctors associated with the factory clinic.

71. In reviewing the MIMCO audit reports, it is interesting to note how much education and training is taking place.

72. The classification of countries that do not legally allow the right to organize is analyzed and published by the U.S. Department of State, Bureau of Democracy, Human Rights, and Labor, Country Reports on Human Rights Practices.

73 . Of the imports into the U.S., 59 percent of footwear comes from China, and 9 percent of non-footwear apparel (U.S. Department of Labor, pp. 4, 5).

74 . Adams reports, "In Changchun, for example, First Automobile Works employed only 20 percent of its 60,000 workers in the production of automobiles; the remaining 80 percent were employed in pursuits from barbering to day care to policy work" (Schermerhorn et al., as reported in Adams, p. 7).

75 . Discussions of human rights between China and the West are plagued by a difference in emphasis. While the individualistic culture of the West stresses civil and political rights, the Chinese communal culture stresses economic and social rights (Tavis 1997, p. 427, note 4).

76 . The ACFTU does not meet the standards of the International Labor Organization. Its role has been described as "Apart from ensuring the maintenance of social services and decent housing, it [ACFTU] was mainly a mechanism to exhort workers to increase production. The workers was expected to obey the rules of the enterprise and accept the guidance of the Party and of management" (Kent, p. 32).

77 . In response to a complaint lodged by the International Conference of Free Trade Unions in 1998, the Chinese response was "Collective bargaining is practiced in over 90,000 enterprises covering over 40 million employees" in China, and "The unionization rate of enterprise employees has reached 80 percent." However, as before it insisted that the independent organizations of workers referred to in the complaint were "not actually unions, but rather groups of individuals who, instead of defending workers' interests, are devoted to illegal activities endangering state security. The prohibition of such groups, therefore, ensures a better defense of worker's fundamental interest" (Kent, p. 135).

78 . The 1999 MIMCO Audit report includes worker interviews about harassment by management for union-related activities. The reports on the three audited Chinese plants indicates: ". . .most workers were either not very conscious of, or were reluctant to talk about the freedom of association or unionization issues" (pp. 74, 111). "Workers by and large were reluctant to express opinions on the issues of unionization..." (p. 93). Given the contention over unions in China, worker silence is not a surprise. It seems likely, however, that the harassment that occurs is through the activities of governmental officials rather than the managers in these two township enterprises and one private enterprise producing on contract for Mattel.

This worker reaction in China is very different from the situation in El Salvador and Honduras where attempts at unionization have met with substantial managerial harassment, firings, and a strong reaction from the free trade zone authorities in Honduras.

79 . The International Confederation of Free Trade Unions is highly critical of the current situation in China. ACurrently China is at a crisis point in labor rights that may well have a determining impact on the future direction of the rule of law. The wholesale dismantling of SOEs, downsizing of the bureaucracy accounted at the Ninth National People=s Congress in March 1998, is creating an unemployment crisis of unparalleled dimensions--a jobless figure of 28 percent by the year 2000.... All attempts to organize independent workers= organization have resulted in the arrest, sentencing or extended detention without trial of those involved@ (ICFTU).

80. For the purpose of this recommendation, the term “manufactured” shall not only include making or processing raw materials into finished products or goods but also screen printing, embroidery, sewing, assembly and any process by which the University’s name or other trademarks are applied to a product or good.

81. This international convention is a multilateral treaty which was adopted in 1948. It establishes the right of all workers and employers to form and join organizations of their own choosing without prior authorization, and lays down a series of guarantees for the free functioning of organizations without interference by the public authorities.

82. This international treaty was adopted in 1949. It provides for protection against anti-union discrimination, for protection of workers’ and employers’ organizations against interference by each other, and for measures to promote collective bargaining.