

SWEET SWEATSHOPS - A REFLEXION ABOUT THE IMPACT OF SWEATSHOPS ON COUNTRIES' COMPETITIVENESS

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Review paper

INTRODUCTION

“Plainly put, first of all, decent people don't want to live in and support a society that is at variance with what they take to be basic moral principles. (...) The second reason why one's social system should have moral backing is that society without it is vulnerable to many critical and sceptical influences” (Machan, 2007, p. 10).

Tibor R. Machan insists: today, western people want to live in a honourable¹ world. Anthropologists like A. Peyrefitte (1995) and Bm. Friedman (2005) demonstrate that the level of morality of a society is closely linked with its level of economic development. The authors describe the way through which economic growth induces the elevation of moral aspiration of individuals, but also of communities. As business is a basement of the economic development, we can induce that it constitutes an important part of our modern social order. In fact many researchers, like K. Weick (2000), consider that, the way it is done, has a great impact on the feeling we experience, about the meaning of our own live. Business seems to be “a profession for human wealthcare” (Machan, 2007). In fact, business ethicists largely consider that business has to be a moral activity... even if they radically disagree about the means to pursue this goal, considering the school of thinking to which they belong.

Yet, this idea is not new. It was previously expressed by the Nobel Prize winner in economics, J. Buchanan (1994, 1) who wrote that ethical norms or principles are relevant de-

terminants of the welfare of all persons who have membership in an economic nexus. Still sooner, as early as the XVIIIth century, Montesquieu (1748) explained us that the more a society is developed, the less physical causes impact on them, the more moral causes govern it.

Within the diverse ways business is able to impact our day live, one of the most important is how it precludes to the organization of our working conditions. Few things are governing our standard of living and our comfort so much, that those linked to our work: the salary, off course, but not only. They determine our social statute, our level of social protection, numerous accessories of the salaries, ... (Castel, 1995). That is why so many laws and institutions do care about the conditions of work; even in emerging countries.² That is why, International Labour Organization (ILO) never ceases to remind us, that “work is not a good”³ and UN labour agency (2005) calls for “decent work in inclusive and equitable globalization”; and of course, why Europe, in the article 31 of the European Chart on fundamental Rights edicts “the fair and equitable conditions of work”... Everyone is considering situations like those described by Zola, in *Germinal*:⁴ dehumanizing, demeaning and demoralizing working conditions that often cost workers their health and sometime their life, as a sad reality forever forgotten.

This is a false impression. Unfortunately, for our research of respectability, wealth's

2 For Example, even CHINA, adopted a new regulation about labour law, which took effect on January first, 2008.

3 General Conference of ILO (2002): Recommendation 193 for the promotion of the cooperatives

4 E Zola (1885), *GERMINAL*, was inspired by the great strike (12 000 miners), which belongs 56 days in the coalmine of Anzin (France) from February 19, 1884.

1 As an ethical concept, the notion of honor presumes that there is a set of norms against which the question of whether or not an intended action is honorable can be assessed. (Arnold & Hartman, 2005, p. 214).

accumulation trends, financial and business scandals in the past few years, are at least troublesome...The simple fact of opening a newspaper or switching on TV sets, remind us that the worst is still a XXI^o century's reality. A quick research shows that poorest working conditions are not even practices only located in far-off lands! In fact, nothing seems to have changed since the XIX^o century. For example, in 2013, the collapse of Rana Plaza garment factory in Bangladesh still killed: 1100 persons this time (powell, 2014, 105)! Is business out of (self) control, like suggested by J. E. Stiglitz (2002; 2003; 2006)? Do we, as human being, have to accept everything for profit? The great crash of September 2008 seems to comfort those affirmations. Since, inequality is still more growing through the word, and it is becoming a major problem for economic stability.⁵ It is enough, to re-open (once again) the question about sweatshops.

But first of all, it is important to define that word.⁶

An essay to define sweatshops

“Sweatshop” is one of those commonly used words whose meaning varies greatly among users. For Laura Hapke, it is an Amer-

ican idea that periodically appears, disappears and resurfaces in the mind of people. The author tells us that the word comes from the end of the nineteenth century, when it replace the usual appellation “sweated labour” or “sweating system”, or else “system of sub contracts”: “Well before the industrial revolution the word “sweater” had entered the language to describe “one who works hard, a toiler, a tailor who work overtime at home for an employer” (2004, p. 17).

As if continental Europeans refute the existence of such a phenomenon, at least since the end of the XIX^o century, it seems that there is no correct translation of such an idea in others languages like French or German. For example, French generally call them “ateliers clandestins” which is far from the genuine idea. The question is of huge importance; in fact, one of the major reasons for continued existence of sweatshops may have to do with our inability to identify and name them as such (Radin, 2006, p. 262).

The point is: the concept of sweatshop grounds both on historical, legal, social and moral meanings. As précised by M. Zwolinski (2006), ultimately, the precise meaning of the term will vary depending on the context. Some of them are describe in the table below.

Table 1
Definitions of Sweatshops

Sources	Definitions of Sweatshops
AFL-CIO Union of needle trades, industrial employees (Hartman, Shaw and Stevenson, (2003, p. 194).	Sweatshops are “places of employment with “systematic violation of one or more fundamental workers rights that have been codified in international and US laws”
Brown Tom (1996, p. 12)	(taken literally) Sweatshops is a 19 th century terminology describing workers forced to endure long hours at millstone work accompanied by wretched work conditions and low pay. In England in the 1850s, a sweater was an employer or middleman who hired cheap labour, then abused them with deadly, monotonous work
Encyclopedia Britannica (1999)	Sweatshops are a set of workplaces practices “in which workers are employed for long hours at low wages and under unhealthy or oppressive conditions”

Note: Table 1 continued on next page

⁵ Problèmes économiques (2016), N°3129, Mondialisation et inégalités, La Documentation Française, Mars

⁶ When asking for “sweatshops” in Business Source Complete, data base, there are only 725 answers, of which only 249 come from academic papers. (up to date April 2016).

The Interfaith Centre on Corporate Responsibility	Determines that “a factory may be clean, well organized and harassment free, unless its workers are paid sustainable living wages, it’s still a sweatshop”
Radin, T. J. and Calkins, M. (2006, p. 262)	We rely upon a fairly representative description of sweatshops as work environments that violate law and where workers are subject to: 1- Extreme exploitation including the absence of living wage or long hours work; 2- Poor working conditions such as health and safety hazard; 3- Arbitrary discipline, such as verbal or physical abuse; and/or 4- Fear and intimidation when they speak out, organize, or attempt to form unions.
Zwolinski, M. (2006, p. 4)	“It is in the apparel industry that the form of production we now think of “sweatshops originally took form (...) This system of production, where apparel is produced in small amounts and only when demand is relatively secure, is another reason that most apparel production has not been mechanized (...) Thus the risk is passed from retailer to manufacturer to contractor and subcontractors, until ultimately, it is borne by the individual workers
US General Accounting Office	A sweatshop is a place of work where an employer “violates more than one federal or state labor, industrial homework, occupational safety and health, worker’s compensation, or industry registration law”

The definition of Radin and Calkins, will be used as a basis for this study.

However, a more contemporary approach of sweatshops can be envisaged to complete those “classical” definitions. Developed by T Brown (1996), it is maintained that “*today’s sweatshop is not so much a physical nightmare, but many would argue that it is having much the same results via psychological routes*” (1996, p. 16). For Brown, there is little emotional difference between a 1890’s unskilled worker, who is made feel expandable and a 1990’s worker with three college degrees, who is made to feel exactly the same; mainly after a downsizing of their firm (1996, p. 17). To support his arguments, he leans back against interviews as this one: “*We’re all starting to see some of the costs of unlimited cost-cutting. I guess this is our generation’s definition of sweatshops*”.⁷ Amazing, this idea is nevertheless interesting.⁸ Of course, except some rare cases, physical deplorable working conditions of XIX^o Century are gone, at least in the west. But, may we aggregate psychological pressures to physical distress? More and more sociologists and psychologists warn us about psychological pressure at work! How-

ever, the multiplication of people committing suicide on their work place,⁹ the burgeoning of trials for harassment,¹⁰ and the huge development of the feeling of general discomfort, of stress or of nervous breakdowns at work, seems to forbid too quick a rejection of such an approach. It should certainly be the subject of further researches.¹¹

According to the mainstream, sweatshops are wrong for a host of reasons. They perpetuate the violation of basic human rights (Radin, Calkins, 2006, p. 261) and promulgating mental and physical abuse, they contradict our considered notions of basic morality and strategic business purpose (Arnold, Hartmann, 2003). Yet, the purpose of this work is not to discuss further the morality of sweatshops; philosophers like Zwolinski (2007) have done it much better. The main objective of this study is to wonder about the economic utility of sweatshops. Are they essential to people who work in?; for their countries to growth up?; for the global industry to maximize its earning? In other economic

7A VP in an East Coast financial services corporation, condemning the direct result of downsizings and outsourcings, in Tom Brown, Sweatshops of the 1990s, Management Review, 1996, p. 12.

8 This idea is comforted by the papers of Zwolinski (2007, p. 710) and Arnold and Bowie (2003, p. 231)

9 Suicides linked to the work of people, are common since a very long time, and history points out many cases during the Great Depression. But according to the sociologist Pierre Cam (Dep. of Sociology, University of Nantes, France), committing suicide inside the firm, on the work place, is a new practice, very charged of sense making, that necessitate urgent studies.

10 At the beginning harassment was mainly a sexual offence; and more it becomes a moral one. On this question see Mf Hirigoyen (2000; 2004).

11 On this topic see Anne and Marine Rambach (2009)

words, the question is to wonder if sweatshops may be short run Paretian efficiency, favourable to the development of both trade and less developed countries; if they may be a factor of competitiveness?

Whatever the hypothesis, it seems that contemporary sweatshops are a by-product of globalization. Free market mechanisms it implies promote a great flexibility of work and induce a large deregulation of labour laws all around the world. Work, and more precisely, low cost work, is seen as one of the main competitive advantage of the firms and even of the nations. So is it interesting to analyse the actual participation of sweatshops to the global competitiveness (1) and to illustrate the limits of this position (2)

SWEATSHOPS: AN INSTRUMENT OF GLOBAL COMPETITIVENESS?

Il y a des conditions sociales à la poussée et à la réussite du capitalisme” (Braudel, 1988, p. 77).¹²

A quick look at developing countries, which narrowed the gap with western high-income countries, shows that they have generally done so by simultaneously raising wages and expanding employment opportunities (Heintz, 2004, p. 222). They successfully activate the social conditions of the capitalism succes. Facing this constatation, one can wonder if sweatshops are a solution to the huge necessity of growth of most of the southern countries. Even if only few scholarly defences of sweatshops have been published,¹³ some economists seem to think that the world needs more sweatshops (Walker, 2006).

Would sweatshops be, not only the evil that pro-Marxists economists¹⁴ and antisweatshop movements denounce? Even if outrageous excess occur, that should be condemned,¹⁵ in fact, numerous arguments have been tested in the literature to justify the practice. Among them, two of the most serious are the impact of

12 That may be translate : There is social conditions to the thrust and to the success of capitalism.

13 Exceptions: Zwolinski (2007), Maitland (1997), Powell (2014).

14 According to DG Arnold (2003, 244) , that is mainly the case of Wertheimer.

15 See the second part of this study.

sweatshops systems on the economic growth of the developing world (1) and the defence of sweatshops as an antipoverty weapon (2)

Sweatshops: A tool for economic growth?

Slow economic growth¹⁶ or worst, economic recession, are critical harms for most of the developing economies. They directly contribute to the poor living standard of populations. One of the main problems for those countries is that incomes have to grow faster than the population to allow the well being of people.

One commonly accepted way to express the rate of growth of total output in the economy, can be expressed as the sum of the rate of hours worked, and the growth rate of productivity: the output per hour work (Stiglitz and Walsh, 2002, p. 218). On this base, one interesting instrument to study the desirable level of growth rate is the OKUN's law which empirical validity over long period seems to be a consensus (Prachowny, 1993; Weber, 1995; Moosa, 1997; Attfield, 1998). This law is a macroeconomic tool that describes the relationships between output and unemployment, hence relating the level of activity in the goods market, to the level of activity in the labour market over the business cycle (Silvapulle and Mervin, 2004, 354). In practice, the relationship seems asymmetric¹⁷

16 For a global approach of the theories of economic growth see Abraham-Frois (2001, 1977, 1974). Peyrefitte (1995, p. 406) identifies 12 criteria of development: 1- The social mobility; 2- the acceptation or better, the research of innovation; 3- the homogenization of the society; 4- the tolerance to new ideas founded on the pluralism; 5- a bet on the instruction as a confidence in the intellectual development and in the cultural diffusion; 6- the search for a legitimate political organization; 7- the autonomy of the economical sphere; 8- a cooperative economy which exclude as few people as possible; 9- the recognition of public health as essential; 10- a controlled and reasonable birthrate; 11- a rational food supply furnished by a free and competitive market and 12- a control of any kind of violence through the police and the justice.

17 In fact, contemporaneous effects of GDP growth on unemployment is significantly higher in recession than in expansion and the shocks to unemployment tend to be more persistent in the expansionary regimes (Cuaresma, 2003, p. 440)

and non-constant due to the specificities of each country (Sögner, 2000). But a correlation may be demonstrated between economic growth and employment. Furthermore, Hazlitt (2006, p. 123) affirms: “*there is no limits to quantity of work possible. Work creates work*” and hence the virtuous circle of the growth.

Based on those economics relationships many politicians and intellectuals of the developing countries consider one only priority: create jobs. No matter their quality, no matter their safeness. The only thing that matters is to generate them as many and quickly as possible. Existence of sweatshops may be a good means to create jobs, even the worst one.¹⁸ It may be a (THE) tool of growth, as it has been a lever of growth, in the western countries, during the XIX^o century. The point here is to wonder if sweatshops are still the inevitable featuring of economic development that so many economists retort?¹⁹

The answer seems to depend on the economic theory mobilized.

The mainstream seems to consider that “*Sweatshops are a necessary condition to the economic development. Here is the view that, left to their own devices, market pressures will gradually increase productivity, ease sweatshops conditions, and push up adult wages, which will in turn allow families to support their children and eradicate child labour*” (Varle, 1998). In fact, most economists view, so-called sweatshops as a benefit to the Third World workers and recognize that the anti-sweatshop activists’ behaviour could reduce Third World employment and investment, thus making workers worst off (Powel and Skarbek, 2006). For Krugman, “*As long as you have no realistic alternative to industrialization based on low wages, to oppose, it means that you are willing to deny desperately poor people the best chance they have*

¹⁸ Considering the western value of what is a good job.

¹⁹ “As long as you have no realistic alternative based on low wage, to oppose its means that you are willing to deny desperately poor people the best chance they have to progress for the sake of what amounts to be an aesthetic standard- that is the fact that you don’t like the idea of workers being paid a pittance to supply rich westerners with fashion items” (Krugman, 1999, 85); see also Maitland (1997).

of progress for the sake of what amounts to an aesthetic standard.” (1999, p. 85) Far from those theoretical points of view, Moran (2002) reports many empirical cases of countries, or economic areas, which succeed in this way. They began to create sweatshops. Slowly, work became more and more specialised and richer and richer, to attain the lowest western standards; they succeed to develop. It can be remembered that, as soon as 1776, SMITH, in the Wealth of Nations, located and acknowledged the main sources of the productivity of an economy, as the efficient exploitation of the division or/and the specialization of labour.

Here lies a dichotomous argument of the contribution, or at least to the durable contribution, of sweatshops to the sustainable growth of countries. Jobs, even terrible jobs, provide some positive externalities for a society, benefits that accrue to others who are not parties to the transaction between a labourer and employer (Arnold and Hartman, 2005, p. 208). In the short run, sweatshops contribute to the under-utilization of labour resources: people are often kept in ignorance and low economic and sanitary conditions to maintain the best-cost competitiveness process of production. The main aim is to accumulate capital. If this situation is transitory, an enrichment of work and some education is provided to workers and permit the accumulation of knowledge. People may then access to more specialized and, as a result, to better and more competitive jobs in the international division of work. On the opposite, if the situation is stable at the lowest level, the firm and its works may decline facing the competition of new competitors with even lower costs.²⁰ Furthermore, a firm’s attempts to increase profit by keeping wages below the amount by which the employee’s labour increase profit, and by imposing unappealing and intolerable working conditions, should damage its ability to attract the kind of workers that the firm needs (Moran, 2002, p. 25).

²⁰ Many examples of such successes or failure of such development are provided in Moran (2002).

Except this general approach of sweatshops' contribution to growth, two specific situations have to be notice: the importance of the link between them and the financial direct investment²¹ and their impact on local taxation.

Sweatshops and Financial Direct Investment.

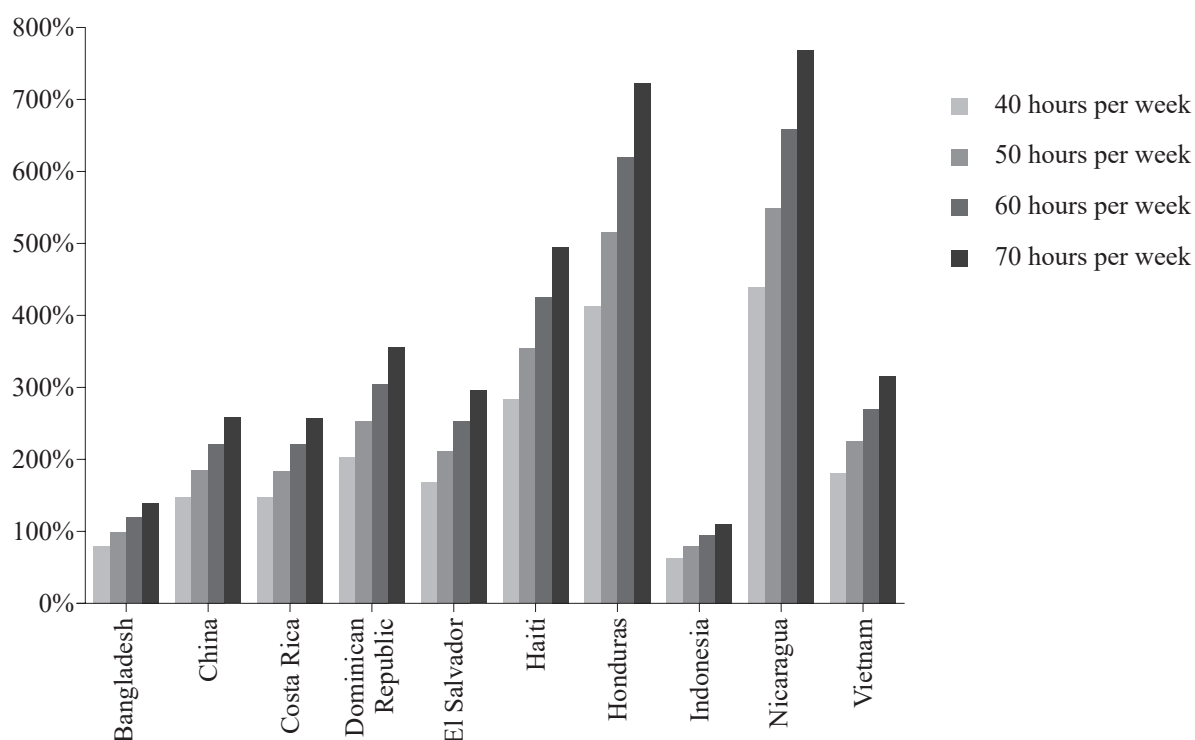
Today's interest for sweatshops is directly linked to the globalization and to the generalization of global supply chains (Arnold & Bowie, 2007; Radin & Calkins, 2006, Arnold & Hartman, 2003). Its huge importance is then, in direct relation which the amount of foreign/financial direct investment (Moran, 2002). Considering the lack of saving and the undercapitalization of every kind of business... in a word the weakness of economy, in most of the developing countries, the FDI's risks are numerous. One of the main is to substitute export-oriented industries, to any kind of other activity. Multinational enterprises that contract with sweatshops are often in position to eliminate competing firms in the host country. Sometimes they accomplish this by traditional economic competition, due to economy of scale and superior technology. In other cases, host country governments are willing to grant special privileges to multinational enterprises in order to make their country, a more "business friendly" environment. Consequently, one major question is to determine in which case sweatshops linked to FDI may contribute to sustainable growth of those countries.

Theoretical and empirical research suggest that one of the most effective ways to increase the competitiveness of de-
²¹ The term "Financial Direct Investment" is voluntarily used here to make a difference between long term Foreign direct investment which may participate to the growth of the country by its stability in the time, and financial investment which is often speculative and may quit the country as quickly as the enter into it. It is often the case in the apparel industry where the return on investment is very high and the investments modest.

veloping economies, and to improve job prospect, is to create better trained workforce through work experience and training (Arnold and Hartman, 2005, p. 207). That is exactly what FDI may permit. Precisely because multinational firms look for cost-competitiveness based on low wages, their interest is to optimize the work of their employee in accordance with the precepts of the microeconomics theory. Workers tend to be paid the value of the addition to final product value that they provide in their employment (Buchanan, 1994, p. 19). Yet, evidence indicates that multinational firms routinely provide higher wages and better working conditions than their local counterparts (Brown & Alii, 2003). Contrary to a common thinking, they are typically not attracted preferentially by countries with weak labour standards. One of the few studies documenting this point, found no consistent trade-off between wage and employment growth (Pollin & Alii, 2004). Furthermore, by limiting a firm's ability to attract and retain good workers, poor labour practice ultimately reduce both productivity and profits and erode rather than straighten, its competitive position in the market place. Thus, in nations with low labour standards, level of foreign direct investment were lower than might be expected on the basis of the country's others characteristics (Moran, 2002, p. 81).

One main problem, to find deeper way of reflection on this topic, is double: first, non-economists have performed most scholarly works on sweatshops. Second, even when done by economists, they mainly focused on wages. Among the few econometric studies demonstrating the benefits provided by multinational firms establishment,²² the study of Powell & Skabek (2006, p. 266) provides an interesting schema resuming the situation:

²² Refer: Aitken & Alii (1996) and Lipsey & Sjöholm (2001).



Graph 1. Apparel industry wages as a percent of average national income

Of course, this study is not perfect. Authors recognise important limits in the fact that no data document the average number of work, in the apparel industry they surveyed. Hence they estimated hours worked per week, between 40 and 70. Another important point has to be clarified: the comparisons of working hours are made on the ground of the formal sector. But the huge informal sector has lower wages and longer hours of work. And in this case, data are quite difficult to compile. Beyond those limits, it seems clear that sweatshops linked to the FDI may have a positive contribution on countries' development.

A huge problem is that this informal sector is often created with speculative funds. Those investors, contrary to the classical approach of FDI, do not look for durability of their investment. They just bet on the profitability of a temporal situation. They don't bother about people employed or pollution they generate. They just look to the quick maximum return on investment, and are always ready to give up the plot, and start over again and again. Those financial direct investment may then constitute a real danger for the stability and the potential growth the country.

Fortunately, it is not always the case, mainly when the local State does dismiss its respon-

sibilities. The sustainable economic growth may occur thanks to sweatshops, if developing countries have the willingness and the opportunity to capitalize on their low-cost advantage to attract foreign direct investment. Then, this capitalization will then ameliorate public finances of the state.

Sweatshops and taxation

As early as 1817, Ricardo linked the political economy and the taxation. Nowadays, many criteria used to determine the yearly "Global Competitiveness report", are based on the level of public expenditure.²³ To finance their essential expenditures, states have to perceive taxes. The level of taxation, even if it varies greatly through the world, and through the western countries, may be considered as an acceptable proxy of development.²⁴ Moran (2002) gives us some examples of such success stories.

²³ In the 2008-2009 report, criteria used are, for examples: "administrative infrastructure", "logistical infrastructure" (roads, railroads, airports, ports); "regulation of securities exchanges", "Human capacity" (quality and accessibility of education, of healthcare...), "political institutions"...

²⁴ On the link between taxation and development see (Gastellu & Alii, 1999) and more precisely, Moissoner, "Pression, structures fiscales et niveau de développement", pp 86-106.

One major problem for poorest countries' growth is not that they are incited by the International Monetary Fund and by the World Bank to establish free trade. That is the means these countries use to attract foreign investment in creating tax incentive zones. Often, these areas are submitted at no tax at all for a long period. Another main preoccupation is the way taxes are used to promote development.

Unfortunately, in most developing countries, the increasing basis of taxation doesn't mean more taxes and fair use of these taxes. Many difficulties crop up:

1. First of all they have no efficient administration to compound and collect the taxes;
2. Second, taxes have to be not diverted by corrupt administrations;
3. Third, they have to be used fairly, for sake of development.

Law, particularly tax law, and legal institutions despite their limits, have the possibility to redress poverty and inequality (Christians, 2007). But to reach this aim, tax heavens at the only profit of financial direct investment have to be reconsidered.²⁵ Reasoning in these terms enrol moreover taxation in the objectives for the millennium.

More basically, sweatshops increase global income. Stiglitz & Walsh (2002, p. 460) remind us that, as incomes rise in economy, the state taxes receipts grow. This growth may then be used to invest in public goods such infrastructures or education and health care ... those countries need so much!

It appears from the developments above that an appropriate use of sweatshops may be an interesting development lever. But this potentiality is far from a general result. Sweatshops may also be a diabolical means of stagnation, worst, of recession if they are not the tool to fight poverty and its consequences.

²⁵ All the more that the political coalition against tax heaven since September 2008 gain in power.

Sweatshops: An antipoverty weapon?

Since the very beginning of the phenomenon, all over the world, sweatshops's workers are mainly (very) young women coming from the countryside (Hapke, 2004). There the conditions of living, partly due to the global market for food and farm products, are extremely hard.²⁶ Often, people don't even earn their subsistence. In this context of extreme poverty, situations are hopeless and specially for women who are considered as a burden for their families.²⁷ Therefore, many have to leave their village without any education and technical competencies. In those conditions, there is no doubt that main alternatives to sweatshop work are even worst poverty, starvation, prostitution, dealing or so on... This is why, like Powell and so many economists, we will support "a comprehensive defense of sweatshops in the third world".

In a wonderland, the dream of an instant jump between underdevelopment and western standards: general establishment of systems of social security, globalization of minimum wages... in three words: eradication of poverty, would be an ideal. In the real world we live in, it is a utopia; maybe a dangerous illusion. The gap is wild.²⁸

Based on A. Sen's works, Social Watch, an Uruguayan ONG²⁹, created a "fundamental needs index" based on three variables affordable in nearly every country: the number of children who die before being 5 years old; the proportion of children who went at primary school, and the level of births assisted by health professionals. Results show a critical situation.³⁰

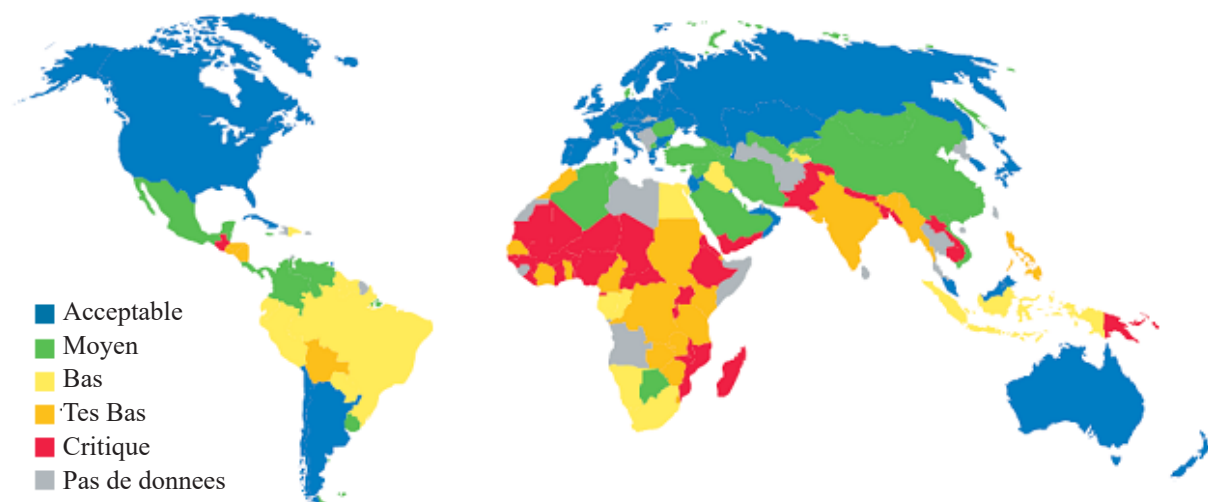
²⁶ Powell (2014, a), specially chapter 4 « Don't cry for me. How sweatshops wage compare to alternatives.

²⁷ Not only woman have less physical strength for the hard work of the countryside but also, in most countries it is used to give a grant for the marriage of his daughters. Those grants are often the straightest way to ruin for many very poor families.

²⁸ One note of optimism is nevertheless given by the first aim of development for the millennium which was approved by 189 nations in 2000: until 2015, diminishing by half the 1999's level of poverty.

²⁹ Social Watch is a network of non-governmental organizations in more than 70 countries that monitors progress and setbacks in the fulfillment of internationally agreed commitments against poverty and for gender equality. Its yearly report is the world's most highly recognized independent study on social development. <http://www.socialwatch.org>

³⁰ Source: Global Watch Report, 2008. Colours signification: Blue: Acceptable ; Green :means ; Yellow : low ; Orange : very low, Red: critic; Grey: no data.

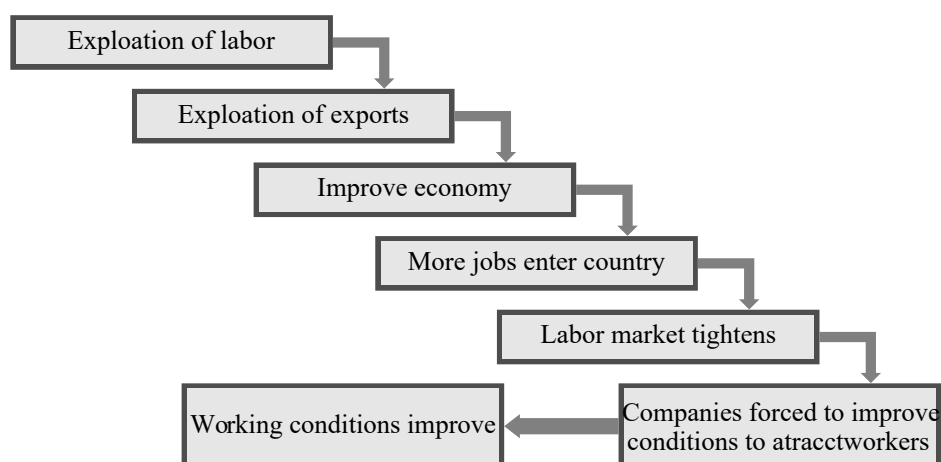


Picture 1. fundamental needs index

Despite this situation, most economists insist on the fact that one main effect of implementing better standards of work can be a loss of the much-needed employment opportunities (Rothbard, 1995). Even if many violent critics are developed against those affirmations (Sengenberger, 1994), some non-liberal observers share those fears (Heintz, 2004, p. 224). Moreover, in our context of globalization, durable economic growth will occur only if developing countries can capitalize on their low cost advantage to attract foreign development. Huge quantity of cheap work is their main wealth.

There is no doubt that work is the only way to create wealth. And that creation is the best way to improve the well being and the eco-

nomie security of people. Complexity of the problem of world labour standards cannot hide a basic fact: developing countries need both more and better jobs. Their populations are still growing and they have to feed, to care to, and to educate more and more people. In this situation, *“bad jobs and bad wages are better than no wage at all.”* (Krugman, 1999) The point is far from being new: *“each time that the income growth faster that the population, that means when the medium earnings growth for each individual, one can note, separately or conjointly, the followings effects: 1° an increase of the minimum income; 2° a diminution of the inequalities in the proportion of the income.”* (Pareto, 1909, p. 392). In other more contemporary words, Arnold and Hartman (2006) summarize the situation as follow:



Scheme 1. The case for Sweatshops

Lessons of economic growth history, seem to demonstrate the rightness of this scheme. Except the amazing cases of the Asian dragons, Moran (2002) gives us a panel of successful stories according to witch this anti poverty battle frame works. Nevertheless, this global approach of the question is poorly used. Most scholarly works related to sweatshops by economists still focuses on wages of employee. From this point of view, even economists critical to sweatshops usually do not dispute that multinational firms pay more than the domestic firms in most cases (Miller, 2003, p. 101). Furthermore, after numerous scandals, many multinational corporations, especially in the apparel and footwear sectors, now meet the duties of the ethical treatment of workers in the global supply chain (Arnold and Bowie, 2007). That should be enough to conclude that sweatshops are better than the average conditions of work in most poor countries, even if Powel and Skarbek (2006) still wondered recently: “are the jobs worth the sweat?”.

It is doubtful that the answer to such a question may come from a western ethocentric view of the situation. Our datas show that even if western industry (mainly apparel one) has been widely criticized to exploit Third World workers, those one are better off than most of their countrymenn (Powell and Skarbek, 2006, p. 266). Beyond this obvious answer, two other facts have to be considered to consider if or not sweatshops may be an anti-powerty weapon: first, sweatshops workers accep generally freely this kind of work; second, Moran (2002) described an interesting relationship between sweatshops and female emancipation. Let us go further on those questions.

Workers acceptation of the sweatshop's working conditions.

Many searchers note that sweetshop labour is in high demand (Hajewski, 2000; Moran, 2002). Indeed, *for the most part, individuals who work in sweatshops choose to do so*

(Zwolinski, 2007, p. 689). As pointed out by the author, this acceptance seems to contradict the global moral denunciation of sweatshops' working conditions and *perhaps even to view them as, on the net, a good thing*. Consequently, it may be affirmed that economically, even if it is far from being an absolute first best choice, sweatshops seem generally to be an acceptable second best choice.

Miller (2003, p. 103) violently challenges this affirmation. He himself sums up his argumentation as follow: “*As taught my seminar on sweatshops, I settled on a more effective response to the mainstream economic argument. It is simply this: their argument is irrelevant for determining if a factory is a sweatshop or workers are exploited. Sweatshops conditions are defined by the characteristics of a job. If workers are denied the right to organize, suffer unsafe and abusing working conditions, are forced to work overtime, or are paid less than a living wage, then they work in a sweatshop, regardless how they came to their job of if alternatives they face are worst yet*”. However no mainstream economist seems to contest that!³¹

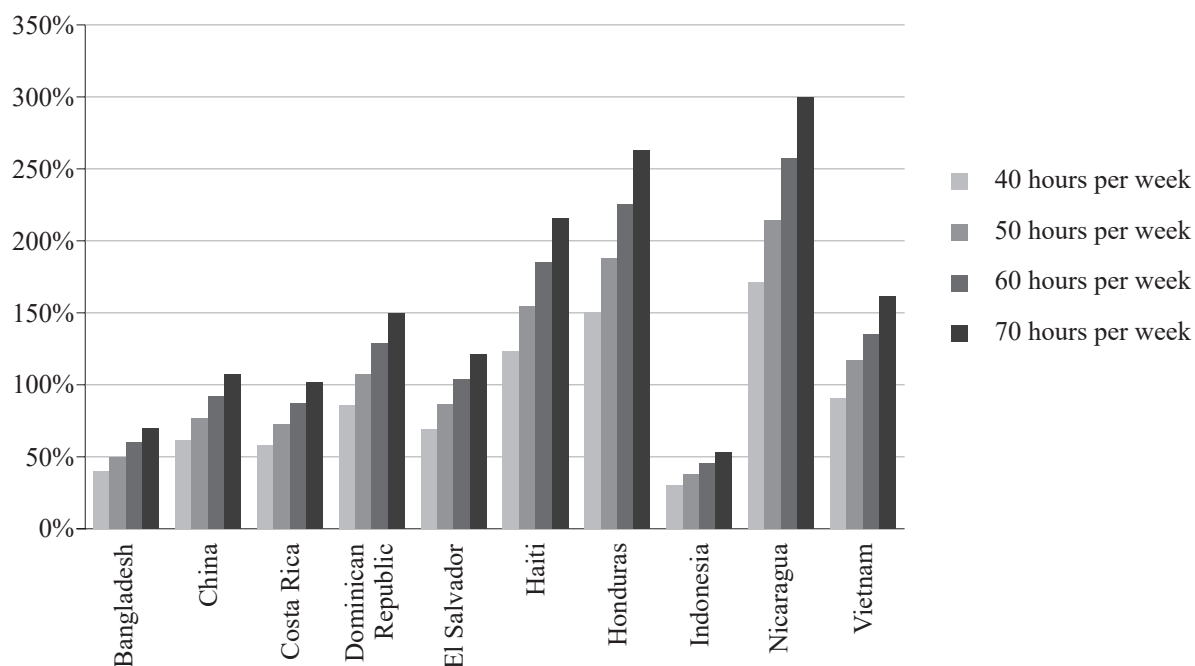
In fact, the theory of choices teaches us that if on the first hand choices are a method of exercising autonomy, on the other hand, it also signals information about agent's preferences; even when choice is made under conditions far below the full autonomy. For those individuals, this kind of decision is a means to optimize their utility function according to the alternative potentialities that are extreme poverty, starvation, prostitution, illegality ... In other words, accepting to work in a sweatshop is generally a true choice under the constraint of the worker situation. It is a *strong claim of liberty* and the loss of some rights or the absence of due diligence from the employers may appear as *a consequence of the autonomy of this choice, not an objection to*

31 Fortunately some of the Miller's developments are much more pertinent for example when he writes “historically, the organization of factory workers has been one of the most powerful force for changing politics in the democratic direction that Kusnets outlines”; one can nevertheless doubt that this is the way to prove that (mainstream) economists are wrong about sweatshops.

it (Zwolinski, 2007, p. 692). Few pages latter, the author precise: *Labour which falls short of a living wage can still help a worker feed their family, educate their children, and generally make their live better than they would have been without it. This is a morally significant benefit, and one of our system of moral*

norms should at the very least permit it, if not encourage (Ibidem, p. 700).

Let's not forget that even if very low, sweatshops in multinational firms pay generally better that the average wage in the country, as demonstrate by Powel & Starbek (2006, p. 267):



Graph 1. Apparel industry wages as a percent of average national income per worker

It finally appears that low wage manufacturing enriches rather than exploits workers. This approach of sweatshops is reinforced by a globally unknown phenomenon concerning most sweatshops' workers: women. Sweatshops may contribute to their emancipation.

Sweatshops: a way to female emancipation.

Since their apparition, sweatshops are mainly female works; often homemade female jobs. The simple fact that sweatshops' wages permit women to earn their live could be sufficient to justify their existence in countries where people have more and more difficulties to survive and where alternative means of living are worst yet. They may finally give a viable alternative to the poorest in from off the

enslavement of women sold to survive of to pay debts...³²

In sweatshops, women are generally less paid than the same male made work and sometimes just enough to survive. Sometime, this difference may be justified because it reflects women's lower productivity and skill level. But survey evidences show that this is not generally the mater. When going to school is not forbidden to them, girls generally work harder and have better results than boys. Often, the plan managers believe that young women can be paid less simply because they are more passive and docile that male workers (Moran, 2002, p. 12). The argument is also used that women "*require no more than a supplement to maintain the family income*"

³² In many poor countries, when parents are not rich enough to feed their daughter or to constitute their endowment, when they have huge debts they can't reimburse, they purely and simply sold their children.

despite the evidence that many of them are the only source of household income because divorced, widowed or single. Except the first one, which could be justified on economic grounds, others are formally and morally condemnable.

However, an amazing result of sweatshop's development in the less developed countries, seems to be the growing emancipation's leverage of many young women. "*According to surveys of female workers in Asia and Latin America, factory work offers a measure of autonomy, status and self-respect that is otherwise hard to obtain*" (Moran, 2002, p. 15).

Consequently, sweatshops' advantages for women could be compared to the one earned by the significant women's adhesion to Calvinism in the sixteenth Century. Through Calvinism women have accessed to knowledge, communication, exchanges, capacities' development, and fructification of talents which were inaccessible to them through Catholicism. Through sweatshops' work, today's women may attain the same freedoms at the hands of isolation, autarky, obscurantism ... that many traditional cultures keep women in, in the less developed countries.³³ Even if this historical comparison is daring, less controversial facts of the recent history demonstrate that women's emancipation has a huge impact on the society and on the economic growth.

Moreover, the social benefit of women's employment, even in low-skill export plants, may extend beyond increased status and autonomy on the individual level. As a result of higher female participation in the labour force, a higher proportion of household income is directed toward basic family needs such as health, nutrition, and education. Contrarily to men who spend a large amount of their earnings for their personal needs or pleasures, women generally give priority to their family and more precisely to their children's needs. With more money dedicated to their food and their education, children are in better health condition and more skilled.

³³ This comparison is inspired by the analysis of Peyrefitte (1995) on the impact of Calvinism on economic growth and emancipation of women.

This supplementary earning may then contribute to reduce the intergenerational transmission of poverty.

Furthermore working in factories has also other indirect positive effects on demography. It seems to be an efficient means to reduce nativity in countries where population's growth is a huge problem. First, to keep at work the best elements, information on contraception and sexual illnesses are often diffused in sweatshops: it may raise awareness about family planning, thereby lowering fertility rates. Second, breaking the organization of the traditional society and given independence to women toward their family, sweatshops appear to have for effect to militate against early marriage, (Moran, 2002, p. 15-16).

To conclude on this point, it can be sustained that generally speaking, the existence of sweatshops have a positive impact on the reduction of poverty through two ways; in the first hand, they create a great deal of employment that won't exist until and generally they pay higher wages than the average income of the country. For this reason sweatshops may contribute both to the country's growth and to the poverty's reduction of many people. On the second hand, sweatshops seem to have a positive impact on the evolution of mentalities toward women. This advancement may also bear two advantages: the extra earning of women is mainly used for basic needs of family and children and the women will contribute more and more to the success of their economy.

Of course, even if generally true, those conclusions are quite optimistic. They rest on the hypothesis that sweatshops will evolve toward normal industry and about all, on the hypothesis that they are not purely exploitative and then induce long term effects that will eradicate all hope of growth.

SWEATSHOPS: A BRAKE FOR THE GLOBAL COMPETITIVENESS?

"L'entreprise économique qui s'édifierait sur la ruine physique et morale de l'homme

tournerait le dos à son principe vital. (...) Une réalisation qui piétine ceux qui l'ont rendue possible est une victoire sans vainqueur." Peyrefitte (1995, p. 407).

In practice, many surveys show that despite the advantages that sweatshops' economics present for the instant competitiveness, some of their long-term consequences may constitute a brake to the long run development. At this point, the question is not to analyse the ethical point of view of such practices, but to consider objective facts that may sooner or longer penalize the firms or the countries that recourse to the worst sweatshops practices.

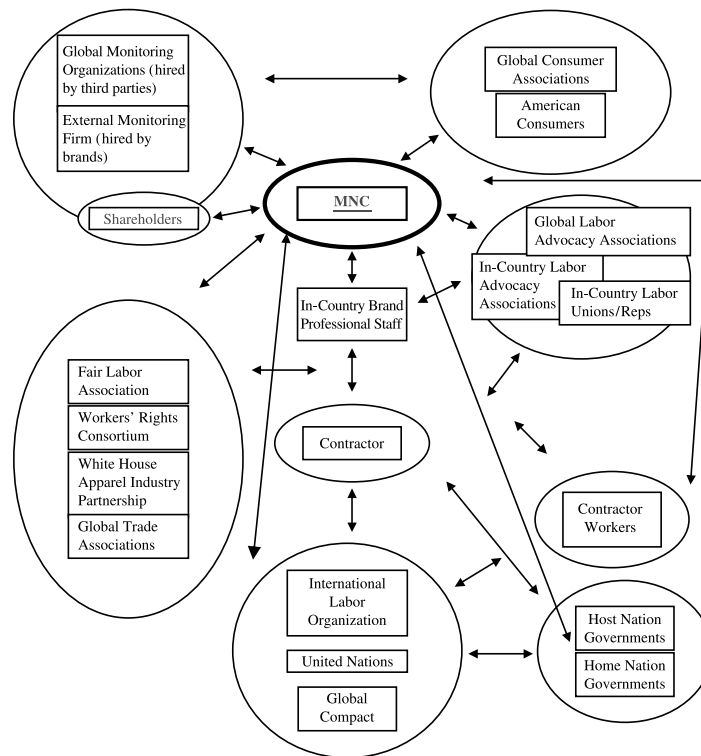
The idea that will be developed in this section is that whatever the advantages of the sweatshops' practices on the short run, they may be overwhelmed both by the conscientious strike they face and by the long term consequences that the worst of them induce in the long run development of people's employability. Those considerations may impact greatly the long run consequences of those short run advantages.

Many approaches of those risks are investigable; a choice has to be done. Only two

points will be examined here. First, the development of more and more antisweatshop legislations in a context off spreading interest of western people for human rights seems particularly important for the duration of the practice. Second, many surveys point out the impacts of the worst forms of sweatshops on the future of health and employability of the concerned populations; it may constitute a huge long term Damocles' Sword on the head of any sustainable development.

Development of the antisweatshop bans.

One of the amazing results of the search for honorability that western people develop is a kind of myopia or of ethnocentrism that prevails in the way they consider any form of non-western labour conditions. Western people's bans of sweatshop are dogmatic; no matter if they do support advantages for the development of many countries. To illustrate this approach, Arnold & Hartman (2003, p. 434) present an alternative apparel and footwear supply chain system chart, which can be systematized, to any multinational firms that used sweatshops:



This study's limits prevent from analysing this system in details. So once again choices have to be done. Under the increasing pressure of Human Rights defenders (institutional or private), western countries but also some of the developing ones, are increasing the legislative arsenal to fight against every kind of sweatshops practices. No matter the true reasons of those legislations³⁴, the fact is that they will have a growing effect on the profitability of sweatshops practices; they may be a major raison to annihilate the sweating systems' competitive advantage. More generally speaking, Arnold & Bowie (2002, p. 227) remembered to us that "*lawlessness contribute to poverty and is deeply interconnected with human and labour right violation*".

Therefore, (1) it will be interesting to consider first the multiplication of the antisweatshop laws and regulations and (2) then to dwell on the particularly sensible question of the worst practices susceptible to harm health of workers.

The multiplication of antisweatshop laws.

Legal ban is the most obvious way in which sweatshops may be fought. One important point is that nowadays, laws against sweatshops can be met in western countries. Furthermore, many laws that regulate sweatshops exist in the less developed countries. Even if they are poorly enforced or completely ignored (Arnold and Hartman, 2006), due to the insufficiencies of resources of the enforcement administration and a deliberate policy of the government officials to attract multinational firms, the fact has to be pointed out.

In practice, the first effective law against sweatshops appears in the middle of the 90' under the willingness of the US secretary of Labour R. Reich. He took legal actions under the Hot Goods Provision

³⁴ In fact, many states, and even WTO consider sweatshops like an unfair competitive practice. Nevertheless a strict ban on the importation of goods produced in sweatshops is quite tactful to impose. Such a practice may be considered like protectionism (Singer, 2004).

of the Fair Labour Standard Act (FLSA). These clauses allowed the department of labour to fine and size the goods of manufacturers and retailers who knowingly sell merchandise manufactured by companies violating the FLSA.³⁵ Unfortunately, Reich's administration faced an important lack of means. So, in 1995, the State Secretary switched its strategy to use the power of the public awareness. Since then, legal and media³⁶ pressures against sweatshops are increasing (George, 2015).

In 2002, a first procurement law intending to cover international workers was adopted by New York City. This law asserts that purchases of apparel and textile goods, by city agencies might only be made from a responsible manufacturer. Of course, from a legal point of view, the term "responsible manufacturer" is far from being obvious. But the legislation has evolved and became quite precise on the meaning of the terms. Since this first text was enacted, some thirty other antisweatshop procurement laws have been voted. More and more, they seek to cover workers abroad. "*By using international indices to tailor standards to each country, antisweatshop laws epitomize national treatment and non discrimination*" (Barnes, 2007, p. 448).

More globally, there is a long history to attempt to harmonize international labour standards via trade agreements such as the North American Free Trade Agreement (NAFTA); the General Agreement on Tariffs and Trades (GATT)³⁷ and now the World Trade Organization (WTO). Even if the main preoccupation of those agreements is more to preserve western economies' cost based competitiveness, than human rights, the uses of international principles drowned up by the ILO prevent accusa-

³⁵ This clause allowed the department of labor to fine and sizes the goods of the manufacturers and retailers who knowingly sell merchandise manufacturing by companies violating the FLSA.

³⁶ Since 1996, Department of Labour issues regular reports of health and safety violations in the apparel industry : "No sweat garment Enforcement Report "

³⁷ On this point refer to Brown & Alii (1996)

tion of protectionism, paternalism, or imperialism and emphasize the connection between antisweatshop laws and international consensus that no one should condone certain abhorrent practices (Barnes, 2007, p. 455). On the contrary, the deviancy from the ILO principles below will be used more and more by western nations as a means to preserve their work through legally justified protectionism. According to Plasa (2015), it seems, at least, possible to “reconciling international trade and labour protection”, building a bridge between those standards.

ILO established a list of principles, which synthesize a relatively universal acknowledgement:³⁸

1. Workers have to be paid enough so that full time work will support a family of a specific size (...);
2. Working conditions have to be just and favourable;³⁹
3. Prohibition of discrimination in work (mainly wage discrimination for an equal work);
4. Prohibition on child labour and fixation at 14 years old of the minimum age to work;⁴⁰
5. Prohibition of forced labour;⁴¹
6. Prohibition of slave labour;
7. Free right of association including the possibility to organize and to bargain collectively in contract negotiations has to be respected.⁴²

For Harnold and Hartman (2005, p. 211), those standards suggest that there is considerable agreement about what rights ought to be respected. In fact, the poor ratification rate of many ILO conventions tends to prove that this

is not so obvious.⁴³ Even when largely ratified, ILO conventions are poorly respected.⁴⁴ Many poor countries consider that those standards discriminate them. They view them as a means used by western countries to prevent developing world from using its cost-competitive advantage. Hence, for Barnes (2007, p. 449), more than respect of human dignity, antisweatshop laws represent a necessary development in local government efforts, to ensure that they do not reward low labour standards, in the increasingly globalized economy. For this author, if local antisweatshop laws are pre-empted, suppliers who pay their workers inadequate sums will have an advantage over suppliers who observe higher labour standards. Worst, if antisweatshop law can only apply to domestic suppliers, there is a real risk that supply contracts will go primarily to those suppliers based abroad which will not be held to follow the same minimum standards.

In those conditions the incitation to fraud the law or the conventions is huge. Illegality may be the source of massive cash incomes. In the balance, direct legal risk is quite light. Therefore, much more than from the prohibitions of the law, the actual pressure against sweatshops comes, in fact, from civil society.

The development of antisweatshop pressures from civil society.

The first signs of civil society activism against sweatshops appear in the early 30', in the United-States. In 1933, activists were able to persuade the United-States Congress to add a fair labour standard provision to the National Industrial Recovery Act (NIRA). Even if declared unconstitutional in 1935, this act was important. It drew up the way of future laws against sweatshops, when it specified that imports would only be permitted from nations

43 For examples, Convention 138 of 1973 concerning the minimum age (14 years old) to work was only ratified by 57 states in 1997;

44 Two texts may be cited as examples: conventions N°87 (1948, 121 ratifications in 1977) & N°98 (1949, 137 ratifications in 1997) concerning respectively the freedom of association & the right to organize and the one to organize and bargain collectively.

38 The integrality of the ILO conventions is located at: <http://www.ilo.org/ilolex/english/convdisp1.htm>

39 In other words, number of hours worked each day has to be limited and the working environment has to be healthy. Convention C 1 of 1919 limits the hours of work in industry 8H/Day; 48 H a week.

40 ILO, Conventions N° 138, 1973 & N°182, 1999.

41 ILO, Conventions N°29, 1930; N°105, 1957.

42 ILO, Convention N°87, 1948 & N° 98, 1949. For a debate on whether having union may be a guarantee that workers are adequately represented, see WAGSTAFF & PAREIRA (2004).

that guaranteed workers the right to organize and bargain collectively, limited maximum working hours and provided minimum wages. This kind of action, through lobbying, is still used and keeps its importance. It is comforted in two ways to fight to death, every kind of sweatshops, everywhere in the world. A first method is to make pressure on public opinion. A second one, more discreet, but none less efficient is to build norms.

The direct fight: how to increase public awareness.

Nowadays, public awareness seems to be the ultimate weapon. In fact, very few states in the world are really democratic, even in those countries, corruption (Hazlitt, 1946), and conflicts of interests are quite frequent. In the USA the shield against those calamities is (theoretically) the fourth power; but in most countries the independence of the press is a huge problem. In those conditions peoples are the solution. Aren't they the definitive source and the final aim of the law?

Public awareness is then capital because it can act through two ways.

1. As individual, each citizen has a freedom to choice, and particularly to choose between products build in decent conditions or in inhuman conditions. Consumers care more and more about how the goods, they buy, are made (Rock, 2003, p. 24). New markets for ethical products are in development and ethical consumers look for (Wheale & Hiton, 2007).

Pollin & Alii (2004) found in that the retail price necessary to absorb the cost of rising wage unto a living wage, are small and that US consumers are willing to pay it. Investigations show that european consumers will also be ready to pay more, sometimes substancially, for ethical products (Rock, 2003, 24). One can observe a true willingness of a new kind of consumers, to avoid buying goods made under poor labor conditions.

Considering this trend, Prasad & Alii

(2004) propose a market-based strategy that relies on "*conscinetious consumers*" to slow the global rise to the bottom induced by the multiplication of sweatshops. For their enquiry, those authors labeled socks indicating that they were produced under "good working conditions" and placed them near other of the same kind displayed with no label. After incrementing the price of labeled socks, they found that most consumers prefer the cheapest socks but that 25% of them agreed to pay, up to 40% more, for labeled socks.

1. Collectively, through associations or non governemental organisations, those same citizens now have the power to constraint the bigests firms around the world. Antisweatshops actions and movement provide more and more information about how products are made. Whence Freeman concludes that there is a latent demand for "good" labor practice "because there is a overwhelming empirical evidence that people act as if fairness toward others is part of their utility function." (1998, p. 6).

As firms have increasingly turned to outsourcing to increase their bottom line performance, they have become critically vulnerable to attacks on their reputation by sweatshop critics. Nike, Addidas, GAP, Shell and many other companies have tested this kind of determination from the "new consumers". They are able, thought boycotts and violent strike, to damage the so hard to construct, corporate image. Each those attacs costed millions of dollars; they sometime nearly acculate firms to banqueroute. But Barnes precise that this movement goes beyond the direct strike. For him "*A growing movement in the US centred on using the western consumer preference for goods manufactured under acceptable working conditions is pressuring producers, suppliers, governments and international bodies to change various labour practices and conditions. This movement incorporates an array of projects and measures representing the*

conviction that adequate labour standards ought to be universal and that they are attainable” (2007, p. 426).

All those civilian actions have a result, which reinforces the power of the antisweatshop laws and regulation. But this outcome is not unique. A new kind of self-regulation is emerging and reinforcing every day, for now two decades: it is called soft law and aims to create a better world.

The indirect fight: how to build a better world.

One efficient contemporary trend to achieve a better world is to use “soft law” in the aim to short-cut state law. In other words, to face the slowness and the conflicts of interest which preclude to the adoption of the law, one can use a market type procedure, to build a private law. Those private rules use two complementary juridical tools to be as powerful as the state law. The legal tools are the codes of conduct and the social normalization. To enforce them: no law, strictly speaking, but a kind of private justice: the public awareness. It may be an implacable judge.

The incredible expansion of codes of conduct.

In the USA, Most of the firms have adopted codes of conduct. *“Firms in industries most vulnerable to sweatshops charges, particularly apparel and toys, generally have adopted codes specifics to their supplier relationships”* (Rivoli, 2003, p. 227). The rest of the western world’s, MNFs followed.

In fact there is often a great hypocrisy in the adoption of those codes. First, the great majority of their requirements relate to matters already protected by the labour laws of most countries. Second, at least in the USA, they have generally been adopted for bad reasons: in case of legal prosecution, the US law disposes lighter sanctions against firms which have adopted those codes.

But even with their ethical limits, codes of conduct are “soft law”. If that means, they cannot be directly enforced by jurisdictions, they are not necessarily without any binding strength. Nowadays, the price to pay when a firm is convinced to break its word, may be huge: is no more a fine; it is the ruin of its image. That’s why the problem becomes more and more tactful. One of the main disadvantages of soft laws is that firms cannot hide any more themselves behind the (hard) Law⁴⁵ to limit their liability. Firms are no more liable only for their own comportment. Through their global supply chain, they may also have to respond for their nth subcontractor’s one. That is why, an always greater number of companies like Adidas or Salomon, created a worldwide network of social and environmental affairs professional which comprise its standards of engagement team (Arnold & Hartman, 2005, 216). According to Burnett and Mahon (2001), *“codes and monitoring have proliferated. (...) The new industry of code monitoring has quickly become very complicated, with firm’s own internal efforts now usually supplemented by a second and a third parties: hired monitors, those who accredit monitors and those, generally local actors, who submit relevant information’s to either or both. This rapid complication count as evidence that no current monitoring arrangement can solve the information asymmetry problem for consumers...”*

This expansion of codes of conduct, concern not only industries. Many purchasers have also adopted ethical purchasing guidelines or codes. This movement has such a success that *“local government in the US adopted a set of laws that prohibit procurement of particular goods or services that do not adhere to specific labour standards.”* (Barnes, 2007, p. 427).

Shared between professionals and consumers, codes of conduct are a reality that cannot be ignored nowadays. Unfortunately their important loopholes limit their effective range. However, in the largest firms, codes are re-

⁴⁵ The firms (MNF) have the possibility to influence Hard law through lobbying.

inforced by self-constraints that firms accept through the multiplication of social norms' implementation.

The significant development of social normalization.

Social normalization takes place in a context of globalization, where firms need to institute social norms to comfort their image of respectability. Due to the lack of really binding international business and social laws, companies have to create their private norms to create and comfort their consumers' confidence.

That is the reason why private norms or "standards", did appear, first in the telephony industry. Nowadays, the private actors of the normalization are quite numerous. One can find it at the international level,⁴⁶ at the European level⁴⁷ and even the national level⁴⁸. More and more the internal legislations make the use of a norm, an obligation.⁴⁹ Common in the technical area, norms are also becoming a standard in the social area. Only the most famous international social norm SA 8000, will be presented below.

Social Accountability Standard 8000 (SA8000)

Social Accountability International (SAI) was created in 1997. It convened an expert advisory board to develop standards and systems to address workers' rights. SAI regroup representative of trade unions, human right organizations, academia, retailers, manufacturers, contractors, consulting, and accounting & certification firms. Its aim is to cooperate to develop the Social Accountability 8000 Standard, which ambition is to create tools for "assuring human workplaces". This standard was first published in late 1997 and revised in 2001.

SA 8000 largely used the ILO's norms, the Universal Declaration of Human Rights

46 ISO is the most common international norm

47 In Europe, the norm CE is largely used.

48 For example in France the AFNOR

49 For example, in France, the MNFs have to publish yearly a social monitoring.

and the UN Convention on the Rights of the Child, but it is larger.⁵⁰ Consequently, the system also includes:

1. Factory-level management system requirements for on-going compliance and continual improvement.
2. Independent, expert verification of compliance by certification bodies accredited by Social Accountability Accreditation Services (SAAS).
3. Involvement by stakeholders including participation by all key sectors in the SA8000 system: workers, trade unions, companies, socially responsible investors, nongovernmental organizations and government.
4. Public reporting on SA8000 certified facilities and Corporate Involvement Program (CIP) annual progress reports through postings on the SAAS and SAI websites.
5. Harnessing consumer and investor concern through the SA8000 Certification and Corporate Involvement Program by helping to identify and support companies

50 A summary of the Standard elements : Child Labor: No workers under the age of 15; minimum lowered to 14 for countries operating under the ILO Convention 138 developing-country exception; remediation of any child found to be working ; Forced Labor: No forced labor, including prison or debt bondage labor; no lodging of deposits or identity papers by employers or outside recruiters ; Health and Safety: Provide a safe and healthy work environment; take steps to prevent injuries; regular health and safety worker training; system to detect threats to health and safety; access to bathrooms and potable water; Freedom of Association and Right to Collective Bargaining: Respect the right to form and join trade unions and bargain collectively; where law prohibits these freedoms, facilitate parallel means of association and bargaining ; Discrimination: No discrimination based on race, caste, origin, religion, disability, gender, sexual orientation, union or political affiliation, or age; no sexual harassment; Discipline: No corporal punishment, mental or physical coercion or verbal abuse; Working Hours: Comply with the applicable law but, in any event, no more than 48 hours per week with at least one day off for every seven day period; voluntary overtime paid at a premium rate and not to exceed 12 hours per week on a regular basis; overtime may be mandatory if part of a collective bargaining agreement; Compensation: Wages paid for a standard work week must meet the legal and industry standards and be sufficient to meet the basic need of workers and their families; no disciplinary deductions ; Management Systems: Facilities seeking to gain and maintain certification must go beyond simple compliance to integrate the standard into their management systems and practices.

that are committed to assuring human rights in the workplace.

6. Training partnerships for workers, managers, auditors and other interested parties in effective use of SA8000.
7. Research and publication of Guidance in the effective use of SA8000.
8. Complaints, appeals and surveillance processes to support the system's quality.

Norm SA 8000 use is not required; it is a free choice from firms. If they choose to, organizations have two options for its implementation: certification to SA8000 and participation in the Corporate Involvement Program (CIP). If a facility meets the Standard, it will earn a certificate attesting its social accountability policies, management, and operations. Companies that operate production facilities can seek to have individual facilities certified to SA8000 through audits by one of the accredited certification bodies. SA8000 certification is conducted by organizations accredited and overseen by Social Accountability Accreditation Services (SAAS). Both certified and accredited organizations undergo semi-annual review and revisits.

Of course, this system is not a panacea. Many reproaches have been made to it: may the firms or the facilities be informed or not, of the visits of accreditation inspectors? Have these inspectors really the means to do their work? Do they visit the actual factory or facility?... Whatever the reproaches, the fact is that the SA 8000 is nevertheless a progress, even a little one, to ameliorate working conditions in sweatshops.

Legal or civil, many ways of action are used to constraint the use of sweatshops by western firms, or by companies, which sell on western markets. All abuse from those preeminent firms may result in a serious hazard on their image. That is one of the main reasons why they care more and more on the way they produce. That is also why, like two centuries ago, sweatshops may be a means of development. But unlike what happened in the past, all kind of excess is nowadays

forbidden.⁵¹ Sweatshops may constitute the path on the ladder of growth only if, it is one (short run) step and if it avoids the worst forms of working conditions that may break all chance for a sustainable growth.

Long run consequences of the worst working conditions

“Ni rire, ni pleurer, comprendre.” Spinoza.

Largely studied for a long time, long run consequences of the worst working conditions in sweatshops may be polarized around two main societal preoccupations which may deeply impact the long term growth of countries: (1) the first one concerns the public health and (2) the second considers problems linked to the work of children.

The public health consequences of worst sweatshops.

Long run global health problem should be the consequence of a concentration of the work's worst conditions in some sweatshops. Those condemnable work's environments may have numerous sources (Powell, 2014b): bad housing and bad food are generally linked with the extremely low level of wages; exhaustion and premature old age are linked to the absence of due rest; many illnesses result from the sanitary conditions of work...⁵² Of course, a bad or even, a dangerous living environment, for example in Bhopal, is joining those dreadful conditions of work.

The phenomenon is not new. As soon as 1840, the French doctor Villerme (1840), draw up the sadness of the health consequences of the brand new French industrialization. He called them: “les ravages sociaux”. Engels (1845) did the same concerning England. Fifty years later, Florence Kelley (1892) resumed quite concisely the situation of XIX^o centu-

⁵¹ At least, it is forbidden for a western industry to be surprised the hand in the basket.

⁵² For examples: eyes troubles are quite frequent in the population of dressmakers who work in bad enlightened shops; lung troubles are not reserved to minors...

ry sweatshops in the USA: *“it is needless to suggest that the sweatshops districts as they have been described are the natural abodes of disease and the breeding place of infection and epidemics. While the system does not create those conditions, it penetrates the regions where they exist and thrives upon an atmosphere with which a higher form of industry could not breathe. It is true the normal or ordinary death rate in the wards mentioned is not conspicuously greater than in others; possibly the vital statistics of certain localities within wards might show the actual and relative effects of bad sanitation more forcibly; at least, disease and all death laden agencies pervade these communities, and if they have escaped pestilence in the past, they still may be ripening for plague in the future.”*⁵³

More than a century old, and not a wrinkle!

Since then, a lot of studies by the International Labour Organization or by the World Health Organization were made in the poorest countries...and even in the richest.⁵⁴ They show again and again the same kind of consequences even if pathologies have changed...

1. Too long days of work are the source of a lot of direct or indirect diseases: exhaustion, headache, alcoholism ... but it is also the source of many accidents due to the diminishing of care...
2. The exposure to dangerous toxic chemical or airborne pollutants, are common,⁵⁵ particularly in shoes and toy factories (Rivoli, 2003, p. 226). For example, it is often the case with toluene, which is a solvent largely, used in industry as paint solvent, cleaning agent, coat-

⁵³ The article continues with a description of the main diseases by genders: “in men the debility takes the form of consumption, either of the lungs or intestines, and of complete exhaustion and premature old age; the girls become victim s of consumption, dyspepsia, and live-long pelvic disorders”

⁵⁴ During our research to write this paper, we were very surprised to see that most academic papers concerning sweatshops concern the situation in the USA or are related to the USA. It also appears that sweatshops exist in nearly every country of the OCDE in which investigations have been proceed

⁵⁵ Ernst & Young proceed for Nike to a environmental and labor practices audit of the Tae Kwan Vina factory (Near Ho Chi Minh City, Vietnam). They report a dangerous exposure to toluene (6 to 177 times what is allowed by Vietnamese law) at this 10 000 persons facility. (Arnold and Bowie, 2003, p. 231)

ings, adhesives... US Environmental Protection Agency diffuse a complete list of toluene’s effects on human body (US EPA, 2005, p. 11-12):⁵⁶

- Oral exposure may cause “severe central nervous system depression, severe abdominal pain, diarrheal, and haemorrhagic gastritis”
- Concerning inhalation exposure: “Toluene abusers who have been exposed for long periods of time exhibit a variety of neurologic manifestations, including ataxia, tremor, anosmia, sensor neural hearing loss, dementia, corticospinal tract dysfunction, abnormal brainstem auditory-evoked potentials, and epileptic seizures (...) Optic neuropathies with dyschromatopsia, blindness, changes in pattern visual-evoked potentials, pendular nystagmus, ocular flutter, opsoclonus (irregular rapid eye movement), bilateral internuclear ophthalmoplegia, and retinal impairment have been reported in participants who chronically sniffed toluene or toluene-based glue (...) There were several pathologic findings and organ weight changes in the liver, kidney, brain, and urinary bladder. In males, absolute and relative weights of both the liver and kidney were significantly increased ($p < 0.05$) at doses greater than or equal to 446 mg/kg-day.
- 3. The perpetual repetition of the same movement often causes neuromuscular troubles...

The list is endless; only the ILO draws it up exhaustively. Sometimes, conditions are even worst. They may cause the workers’ death. The implements’ lake of safety is the source of many accidents, some incapacitating, others are lethal. For example, Arnold & Bowie (2003, 231) denounce dangerous practices. They point out the fact that, in factories ⁵⁶ <http://www.epa.gov/NCEA/iris/subst/0118.htm> (verified April 16, 2009) For a complete study of the effects of toluene see: US EPA (2005), Toxicological review of toluene <http://www.epa.gov/ncea/iris/toxreviews/0118-tr.pdf>

throughout the world, workers are locked on to keep from leaving the factory. When fires break out workers are trapped. This is what happened in 1993 when a fire broke out at the Kader Industrial Toy Company in Thailand. More than 200 workers were killed and 469 injured. (...). And it happens again and again.⁵⁷

Trying to fix this situation is the aim of the convention concerning the promotional framework for occupational safety and health leaded by the ILO (2006, b). That is undoubtedly a progress. Unfortunately, Miller remarks that *“when labor law protection are limited and international labor conventions are neither ratified nor respected, then insisting the law should be fully obey do little to prevent sweatshop abuse.”* (2003, p. 97). Yet, the World Health Organization has the power to edict sanitary norms binding worldwide; one can think that it has the power to stop all the worst forms of work. Furthermore, ILO’s norms may be incorporated in the WTO’s commercial ones and so become binding. Unfortunately, nobody has nowadays the possibility to enforce and still less to monitor the application and such norms.⁵⁸

Studies have been made concerning the global impact of work’s sad sanitary conditions, on the national growth’s level. Ruhm (2005) specifies: *“higher mortality during temporary expansions need not imply negative effects of permanent growth. The key distinction is that transitory increases in output usually require more intensive use of labour and health inputs with existing technologies, whereas lasting changes result from technological innovations or expansions in the capital stock that have the potential to ameliorate any costs to health. Individuals are also more likely to defer health investments during temporary than permanent increases in work hours and sustained growth permits the purchase of consumption goods (like safer cars) that benefit health.”*

⁵⁷ The last one occurred on December 20, 2015, in Shenzhen, China.

⁵⁸ It has been seen many MNC develop efforts to monitor their codes and their SA 8000 accreditation with mitigate success.

Beyond that global dilemma of health linked to the sweatshops, a particular preoccupation is more specially concerning the western citizens; this is the one of the children at work.

The special problems of worst child labour in sweatshops

Historians have become customary to acknowledge that children have always worked. But, until recently, their work has never been the social problem it is nowadays (Hindman, 2006, p. 125). However, Anker (2000, p. 257) points out two facts: *“first that many children work willingly and with the support of their parents”*; second that *“in the good circumstances, it can be good for children to work. For example, there is widespread agreement that non hazardous forms of work can teach children self reliance and responsibility.”*

A globally accepted definition of child labour, used in for the official statistics considers it as the *“work undertaken inside or outside of the home, with or without remuneration, for at least one hour per week, in the production of marketable goods”*⁵⁹. But this definition and these statistics are greatly imperfect and very controversial. Miscalculations are numerous: the importance of none directly marketable home work, the one of the illegal and of the immoral child work, the multiple statistical difficulties (Anker, 2000)... So there are very few reliable tools to really monitor the phenomenon.

Since 1996, the ILO points out that nearly 250 million of children are working through the world (ILO, 1996). In a great worldwide investigation, the ILO approximate at nearly 120 million the number of working children, aged between 5 and 14 years⁶⁰, who are working full time and are involved in work that is

⁵⁹ Census of India’s definition of child labor that leaves out all non-economic activities (www.censusindia.net) quoted in (Galli, 2001, 9-10).

⁶⁰ Aiming at the abolition of child labor, the ILO Minimum Age Convention (N°138, 1973), fixes the minimum age for admission to employment at 14 years old, in the less developed countries and 15 years old in the developed countries. This age has to permit the completion of a compulsory schooling. In 1997, only 59 countries have ratified this convention. One can also point up that this convention came very late in the history of the ILO which was created in 1919.

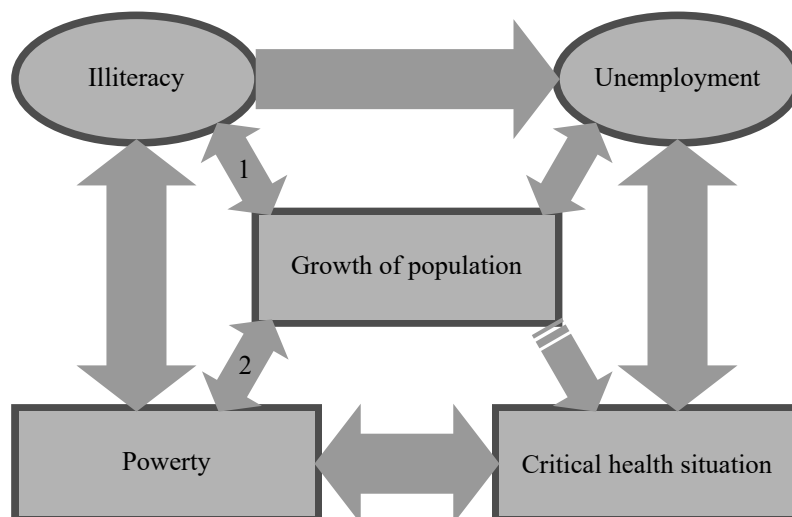
hazardous and exploitative (ILO, 2004). Two years latter another study numbered at 75 million, the child labourers engaged in hazardous work that can affect adversely their safety, they health or their moral development (ILO, 2006). Levison and Alii (2007) insist that, beyond the empirical evidences of the ILO, intermittent employment is also a crucial characteristic of child labour, which must be recognized to capture levels of child employment adequately and identify child workers.⁶¹

Consequently, child work's matter became a huge societal dilemma linked with the globalization of the economy (Dinopoulos and Zhao, 2007). The UNICEF (2006) explains clearly the links between anticipated growth and the use of child labour in sweatshops: *“Countries without economic prosperity looked toward child sweatshops to boost the economy. Therefore, these countries deliberately set the minimum wage below the standard of living to support a family or an individual to allow the elite class to enjoy the corrupt manipulation of globalization. Countries with stable economies that spread their corporations globally seek to find cheaper labour to produce a mass amount of goods for the cheapest price. Ignoring the country's loose child labour laws,*

corporations concentrate on their monetary gain instead of the wellbeing and lives of children. Corporations separate themselves from the production of their goods and take no responsibility for the labour rights violated in foreign nations. Multi-national corporations seek employees in countries with low wages, no unions, and a diligent work force.”

But, contrary to the most common opinion, it seems impossible to condemn globally child labour without considering its alternatives already studied (Powell, 2014a). Furthermore, many studies prove that child labour contribute as much as 20% of the family income. This earning is generally critical since children are sent to work when parent's earning are insufficient to guaranty the survival of the family (Galli, 2001; Dessy and Pallage, 2001).

Even if, in the short run, child labour is crucial to children's survival and important to poor countries' economic growth, it poses two kind of long run mortgage on this growth. The first one is linked with the health effect of too young an entrance of children at work. The second is due to the huge need of high level of education in the information society. Negative effects of children's work may be summarized with the Scheme below:



1 : less educated women have larger families ;

2: High population growth rate increase the proportion of the young who are dependant from the income of others. Growth of young unskilled population accelerates the urban concentration and the high rate of unemployment in the cities.

⁶¹ The problem is then to determinate how to investigate such a link of work which occur often inside the families, at home or in the fields...

Scheme 2. Negative effects of children's work

According to Stiglitz & Walsh (2002, p. 478) this scheme means “*a vicious circle. Little or no education, malnutrition, and the poor health care reduce productivity and thus incomes. With low incomes, people of less developed countries cannot afford better education, more food and better health care.*” Every means available to break this circle may be a benediction for most of the two third of the humanity.

It has been seen that sweatshops may be one of these means. But to be obvious, this development’s path has to respect few rules, according the Kantian ethical precept: “do not harm”. Then, “*if educational level can be improve, the virtuous circle can be turn in virtuous circle*”⁶² (Stiglitz & Walsh, 2002, p. 481). To attain this aim, sweatshops have to escape to traps of poverty due to work’s worst conditions: (1) illiteracy and (2) chronic illnesses or diseases.

Children work and the needs of the information society.

Sweating systems have to be reconsidered in the light of the economy of knowledge. Indeed, nowadays, the flow of foreign direct investment to the more advanced industrial sectors in developing countries is roughly twenty-five times larger than the flow of low skill, labour intensive operations. If accumulated stocks are used for the comparison, the ratio of foreign direct investment in the more advanced sector to foreign direct investment in lowest-skill sector is more than ten to one (Moran, 2002, p. 5). In practice, firms hire more and more workers who are well educated, creative and imaginative; not unskilled ones. Two realities are then face to face:

1. on the one hand, the view of minimally sufficient education for children depends

62 The authors precise « *more educated women have smaller families, lowering population growth rate. These lower rates reduce the proportion of young and make the task of further improving educational levels easier.*”

on country level of economic development (Donaldson, 1989);

2. on the other hand, demands of the globalized economy concern more and more high skilled workers. Corelation between the economic growth and education’s level has been observed on the long run. Galor & Moav (2000) provide several historical examples to argue that, as soon as the second phase of the Industrial Revolution, the capitalists were among the prime beneficiaries of the potential accumulation of human capital by the masses.

Hence, children’s presence in firms, mainly the youngest one, will be an important factor of the future exclusion of the adults they will become. Unable to go to school, they will never accumulate enough knowledge to become skilled workers; maybe simply to count and to read properly. In the absence of such basic knowledge, the future adults will have no chance to evolve in a developing society; they will be condemned to poverty and perpetual unemployment.

Another preoccupation is linked to this one. Children wages are very low. This low level may induce a substitution effect between work of children and work of the less skilled adults who are paid a better wage. Even if this substitution did not really occur, there is no doubt that child wages’ lowness attracts the general level of unskilled work towards the bottom. It may be a powerful limitation to the capacity of growth of the country.

Dessy and Pallage (2001) do not share those fears. They argue that the existence of harmful forms of child labour helps keeping wages for child labour, high enough to allow human capital accumulation. It seems dubious. Nevertheless, unless appropriate mechanisms are designed to mitigate the decline in child labour wages, caused by reduced employment options for children, a ban on harmful forms of child labour will likely prove undesirable in poor countries (Powell, 2014a).

Beyond these considerations, the main preoccupation concerning children's work is consequences it induces on their physical development and on the youngest workers' health.

Long run health consequences of children work.

Many empirical studies, concerning children work's consequences in the long run, have been carried out. Their observations may be summed up through the conclusions of O'donnell & Alii (2005, 459): *"In the longer-term, child work appears to have negative repercussions for health. Individuals working in childhood are significantly more likely to report illness up to five years later. (...) The result is robust to different empirical specifications and identification strategies and is consistent with evidence from Brazil showing that self reported health in adulthood is lower, the younger the age at entry to the workforce (Guiffrida et al. 2001; Kassouf et al. 2001). (...) The nature of the effect differs by gender. For females, work participation appears to provoke illness, in the long-term. For males, there is no work participation effect but illness propensity is increasing with the period of time spent in childhood work. While childhood work raises the risk of future illness, the health impact is not sufficiently large to impede the growth of the child. There are two general pathways through which the long-term effect may operate. First, it may be that a child suffers a workplace accident with long-term consequences for health. Second, it may be that there is a latency period in the development of child work related health problems. For example, conditions such as the cumulative effects of sustained exposure to chemicals, poor posture or heavy lifting. The evidence that male illness propensity is increasing with past job tenure is consistent with the latent development of health problems. This supports the particular concern*

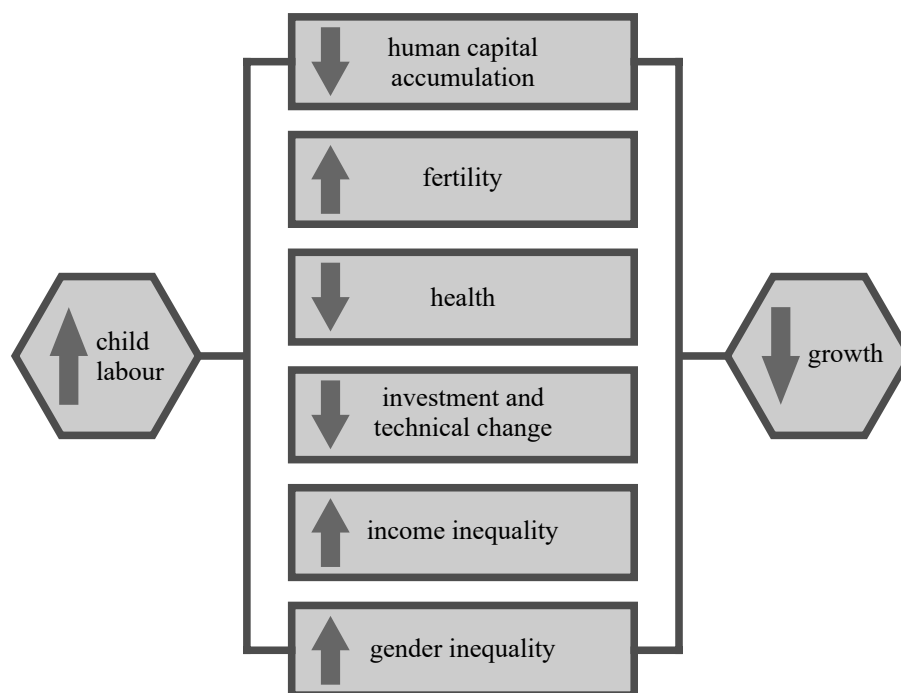
voiced by the ILO over extended periods of work by children (ILO 2002)." There is very few to add.

However, on the economic ground, it is possible to anticipate the macroeconomic effects of this situation. One may consider the huge cost of all these diseases and argue on the society's development. Two scenarios are then possible to support:

1. The first is to deal with familial solidarities. Invalid or ill unproductive adults will then be sustained by their families. That's what happens in the traditional societies. It may always be the case in the future, but at one essential condition the transformation of societies must not blow up the traditional structures of familial solidarity. That is doubtful: Castel(1999) explains how, in Europe and particularly in France, the industrialisation destroyed these structures.
2. The second is to consider that growth will become high enough to sustain an efficient system of public health to care on those people. But that means heavy taxes. Even if taxes system is efficient, it is obvious that the huge sums used to sustain those people should have been used more properly to sustain a further development through productive investment.

In both cases, one can reasonably think, that the cost of these cares will be uncomparably higher than what would have been the one of children work's decent conditions. Such a situation may then constitute an heavy mortgage on future economic growth.

Concluding on the matter of children's work is very hazardous. As pointed out by Becchetti and Trovato (2005), determinants of child labour are a too complex phenomenon to allow a simple answer in black & white. If we consider now the particular relationship between child labour and growth, the situation is also very intricate. Galli (2001, p. 6) worked on this special matter and synthesizes its very interesting survey of literature through the following scheme:



Scheme 3. Child labour and growth

This balance seems quite unenthusiastic.

We are more optimistic. An ethicist would say that everything is a question of “ordinary decency”. Children may have more chances of development in sweatshops, than in the street. If compounds or firms respect their specifics needs: work adaptation to health and schooling necessities, sweatshops may be a good thing, even for children. If this ordinary decency is not respected, generally human dignity is not; sweatshops have then to be condemned because they may do more bad than good to children, but also to society. In fact, it seems that situations have to be studied one by one, in each case. Every global conclusion on children’s work is otherwise hazardous.

CONCLUSION

In this work, the aim was to obtain a balanced view of sweatshops. That was not an easy task due to the shortage of data, for this situation which is often occult and contrary to the law.

It was first important to clarify the phenomenon, which was the most documented part of

the work, due to the important amount of publications on the subject through the history of industrial capitalism.

Then, in a first part, we asked the question of the economic value added of sweatshops for the economy. Through two sections, it has been possible to pinpoint the conditions in which sweatshops may be beneficial for the economic growth. First, we saw that the utility of sweatshops depend largely on the aims pursued by investors. If they look for immediate cash back of their investment, what we called “financial direct investment” sweatshops conditions of work are generally just blameable. Furthermore, those kinds of sweatshops are dangerous for the growth of countries for two reasons. First because, those investments may be extremely volatile: the factories may be closed as quickly as they have been opened. Second because they do generally respect nothing, neither the environment, neither the people they employed. At the opposite, if considered as long term, stable investments, sweatshop may be the mean of capital and knowledge accumulation that are the steps of economic growth.

And in fact, in many cases, sweatshops are an antipoverty weapon. Rarely sweatshop’s workers may be assimilated to slave, even if

it is some time the case. Most of them have the freedom of choice (Stakes, 2015); First, sweatshops give work where there is not work. Second most of them pay better than the normal wage of the area. For Rivoli (2003, p. 231) “on virtually any dimensions, today’s textile and apparel factories are better place to work than their historical counterparts in New England, American South, Great Britain, Japan, and 1949 China”. More, by giving formation and earning to woman, even sweatshops may be considered like a mean of emancipation of women. And researches have demonstrated that this is a powerful way to stimulate economic growth⁶³. Thus, sweatshops may contribute to “wealthcare”⁶⁴ of people and to the growth of nations if they respect human dignity and contribute to elevate the level of skill of populations⁶⁵.

In a second part, we analyse the worst consequences of sweatshops systems, to wonder if they are may constitute a barrier to the sustainable development. First, arguments against sweatshops are examined through the development of antisweatshops law and the action of the civil society to ban sweatshops. Antisweatshops laws are often hypocritical: behind their appearance of humanity, they frequently look to protect the competitiveness of the national industry. But, they are important when they attract our attention on the fundamental principle describe by ILO de define basic human rights at work.

Then, we treat the worst consequences of sweatshops on the health of people and particularly the one of children. So many people seem trapped between extreme poverty (potentially starvation, prostitution, deals

... death) and the worst sweatshops working conditions (illness, accidents, potentially death). Exceptionally, sweatshops are even worst. But in fact, facts seem to confirm that generally people do choose to work in sweatshops because it is better than the alternatives (Powell, 2014a). So the question is not to completely ban sweatshops but to be able to enforce a minimal regulation, to make sure, that they cope with an “ordinary decency”.

To conclude temporarily on this question, sweatshops are like many Asiatic courses: sour and sweet. Sweet, because they may constitute, a first step on the path of growth. They don’t need a lot of investments to create and may permit to accumulate the knowledge and the capital to climb the economic ladder. Sour, because they are often far from the western standards of comfort at work. Worst, some of the sweatshops are dangerous and may kill workers. That is not bearable.

Of course, this work has to be completed, to be refine and illustrated with new data, new analyses. But, we hope that it will contribute to the understanding of the actual situation. Then, this intelligibility may help to escape the worst conditions of sweatshops, with the help of really informed consumer, and responsible legislators. Subsequently we can hope that sweatshops will disappear and that, at least, ILO standards will be the norm.

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63 For example, South Korea ; Taiwan ; Singapore and Hong-Kong began their growth with sweatshops. Nowadays they are “the gang of four tigers”

64 Term used by Machan, 2007.

65 According to Arnold & Bowie (2003, p. 222) “Kant’s conception of human dignity provides a clear basis for grounding the obligations of employers to employees. In particular, we argue that respect of dignity of workers require that MNEs and their contractors adhere to local labor law, refrain from coercion, meet minimum safety standards, and provide a living wage for employees.”

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