University of Michigan

President’s Advisory Committee on Labor Standards and Human Rights

Committee Activities 2001-2003

Lawrence S. Root, Chair

Summary

The President’s Advisory Committee on Labor Standards and Human Rights was created in 2000 to provide consultation on labor conditions of those manufacturing University-licensed goods. Prior to the two-year period covered by this report, the Committee had adopted a code of conduct for licensees and their suppliers and endorsed continued participation in the Fair Labor Association (FLA) and the Worker Rights Consortium (WRC) to support monitoring of the code. In that first year, the Committee also engaged directly with one major licensee in rectifying problems identified in a supplier plant in Puebla, Mexico.

During 2001-2003, the Committee continued to work with the WRC and FLA in developing and responding to monitoring of the University’s code of conduct and developing related educational and research activities. Specifically, the Committee

• Participated in the FLA and the WRC, receiving/reviewing information concerning possible violations of the University’s code of conduct;

• Recommended that licensees be required to participate in FLA-developed internal and external monitoring
  Recommendation accepted and implemented

• Communicated directly with three licensees when informed by the WRC and/or FLA that there were concerns about violations of codes

• Recommended that a licensing relationship be terminated because of failure to be responsive to evidence presented about code violations
  Recommendation accepted, licensing relationship terminated; subsequently re-instated after satisfactory resolution the identified problems

• Developed contract language for licensing agreements that required participation with our monitoring agents when there are reasonable grounds for believing that there may be violations of our code of conduct
  Recommendation accepted and implemented; UM language also adopted by other colleges and universities
• Developed and implemented educational and research programs through Labor and Global Change program at ILIR, partnering with the International Institute and other campus entities to support on-campus and off-campus activities related to international labor issues, including:
  - Public forums on codes of conduct and their monitoring/enforcement
  - A major international conference on labor issues in China
  - Research support for 14 faculty-student research teams addressing labor issues, including the development of a health care initiative for textile workers in Bangladesh
  - Created an experiential learning component for undergraduates in a *maquiladora* area of the Mexican border
Committee Membership

2001-2002

Lawrence S. Root (chair)
Professor, School of Social Work and
Director, Institute of Labor and Industry Relations

Kristen Ablauf
Director of Licensing
Athletic Department

David Deeg
Student, Residential College (LS&A)

Louis Green
Director, Responsible Purchasing
Purchasing Department

Siobán Harlow
Associate Professor, School of Public Health
Associate Director, International Institute

James Hines
Professor, Economics Department,
Schools of Business and Public Policy

Robert Howse
Professor, School of Law

Veronica Johnson
Director, Lansing Office
State and Community Relations

Kevin Kolben
Student, School of Law

Steven Rosenberg
Student, LS&A

Maryangela Pledl
Staff to committee staff

2002-2003

Lawrence S. Root (chair)
Professor, School of Social Work and
Director, Institute of Labor and Industry Relations

Kristen Ablauf
Director of Licensing
Athletic Department

Mary Gallagher
Assistant Professor, Political Science Department

Louis Green
Director, Responsible Purchasing
Purchasing Department

Siobán Harlow (vice chair)
Associate Professor, School of Public Health
Associate Director, International Institute

Lauren Heidtke
Student, LS&A

Veronica Johnson
Director, Lansing Office
State and Community Relations

Emily Squires
Student, School of Art and Design

Katherine Terrell
Professor, School of Business
and School of Public Policy

Matt Whittman
Student, Rackham Graduate School

Ada Verloren
Staff to committee staff
Introduction

The President’s Advisory Committee on Labor Standards and Human Rights was created in September 2000 to provide consultation on labor conditions of workers involved in manufacturing University-licensed merchandise. During 1999-2000, an ad hoc committee, chaired by Professor John Chamberlin, laid the groundwork for the University’s efforts. They recommended that all University licensees disclose the locations of their factories and direct suppliers. The ad hoc committee also developed a draft code of conduct for licensees. In order to monitor compliance with its code, the University also joined with four other universities (Harvard, Notre Dame, Ohio State, and University of California) in a study of conditions in textile factories manufacturing university apparel. One of the recommendations of the ad hoc committee was the establishment of a standing committee to advise the administration concerning these issues. In addition, during that year, the University also decided to participate in both the Worker Rights Consortium (WRC) and the Fair Labor Association (FLA).

During the 2000-2001 academic year, its first year of operation, the Committee finalized and implemented the code of conduct and recommended that the University intervene to encourage the quick resolution of situation in a factory in Puebla, Mexico, which supplied both Nike and Reebok with university apparel. The committee also worked closely with both the WRC and the FLA in their institutional development. The Committee maintains a website (http://www.ilir.umich.edu/colshr/), which includes a minutes of meetings and links to other relevant sites, such as a chronology of University activities in this area.

This report provides an update on the work of the Committee during the last two academic years, 2001-2002 and 2002-2003. The Committee is made up of three students, three staff members, three faculty members, and the chair. The membership list for these two years is appended to this report. The Committee’s charge during this period was to advise the University concerning policies and practices to ensure that that corporations engaged in the manufacture of licensed goods, bearing the University of Michigan name and/or logos, are not engaged in unlawful or unconscionable labor practices. Specifically, the Committee was responsible for monitoring the code of conduct for labor standards, addressing complaints raised about licensees, and developing research and education to advance understanding of issues of globalization and labor.

Monitoring the Code of Conduct

The efforts of the University to monitor and enforce its code of conduct begin with its contractual relationship with licensees. The University of Michigan uses the Collegiate Licensing Company (CLC) as its legal agent for its licensing program. The CLC, which provides this service for many universities, has incorporated Michigan’s code of conduct into the licensing agreement used for U. M. licensees. By signing this contract, licensees agree to abide by this code.
The University participates in both the Fair Labor Association (FLA), and the Worker Rights Consortium (WRC) to monitor compliance with our code of conduct. These two organizations offer complementary. The FLA focuses on internal and external monitoring. They have developed monitoring protocols for companies. By joining the FLA, companies agree to abide by this monitoring regime. In 2002, the Committee recommended that all licensees must join the FLA and this has become a requirement for licensees.

In June 2003, the FLA made public its factory monitoring tracking charts from external monitoring visits. The FLA also issued its first 155-page annual public report on the companies’ monitoring and remediation efforts. This report can be found on the FLA’s website: http://www.fairlabor.org.

In contrast to the FLA approach, the WRC focuses on problems identified through complaints from workers. Using a network of affiliated student groups and NGOs, they collect information about possible violations and develop investigations to follow up on these allegations. They have been instrumental in bringing attention to a number of situations of potential problems and have engaged with licensees in remediation when appropriate. The activities of the WRC are reported on the WRC’s website: http://www.workersrights.org.

Universities play a critical role in both of these organizations and have been a dynamic force leading to changes that have increased their effectiveness. In the WRC, universities are key participants and provide its connection to licensees. The FLA began with focus on corporate members but universities have become an essential part of their organization. The decision by many universities to require their licensees to participate in the FLA monitoring system led to a massive increase in corporate membership in the FLA. University participation in the FLA has also been critical to increasing “transparency” in the monitoring process. From their initial entry into the FLA, schools have pressed for information about specific companies and individual factories. The FLA process is now making this information available. The publication of monitoring information on the Internet “… marks a breakthrough in corporate accountability to the public,” according to FLA Executive Director Auret van Heerden.

Both the FLA and the WRC are seeking to address labor rights issues on a regional basis. One of the FLA’s most noteworthy accomplishments of the past year has been its successful efforts to build a common consensus on labor standards in Guatemala. In June 2003 FLA Executive Director Auret van Heerden spent a week in Guatemala working with representatives of local unions, management, FLA participating companies, accredited monitors and the Guatemalan government to mediate a settlement at two factories that were threatened by the Guatemalan government with withdrawing their export licenses if a collective agreement was not signed within 30 days. On July 16, the Ministers of Labor and the Economy officially recognized the collective bargaining agreement hammered out by the new unions and management in eleventh hour negotiations as well as the reinstatement of previously fired workers as proof that real improvements had been made in the factor’s compliance situation. This saved the jobs of 1,200 predominantly women workers and strengthened the only union in the export
garment sector in Guatemala. These cooperative efforts provide an example of the need for multi-stakeholder collaboration in today’s global economy.

The WRC has also engaged in a range of approaches to the systemic labor problems in different regions. For example, they initiated a research project concerning the bilateral trade agreement between the United States and Cambodia that incorporates labor issues designed to increase respect for the rights of Cambodian workers. This agreement provides Cambodian exporters with privileged access to the US market in exchange for a commitment from the Cambodian government to enforce Cambodian labor rights protections. The WRC will study the impact of this program by looking at Cambodian factories that produce university logo goods and drawing relevant lessons for factory monitoring and code of conduct enforcement.

In practice, the WRC and FLA have demonstrated increasing cooperation in addressing possible violations of university codes of conduct. In a number of situations, particularly in the last year, they have worked together, drawing upon each of their unique strengths to both identify and address problems of violations in codes of conduct. For example, the WRC and FLA collaborated on remediation efforts in a plant producing collegiate apparel in a free trade zone in the Dominican Republic. This resulted in the first collective bargaining agreement in seventeen years at the BJ&B/Yupoong factory in the zone. The free trade zones in the Dominican Republic and elsewhere are often cited for violations of codes of conduct. This success represented the first contract to provide workers with an income above the legally mandated minimum wage. Universities’ codes of conduct opened the door for this breakthrough.

University actions in cases of alleged violations. During 2001-2002, serious allegations concerning violations of labor rights were raised by the WRC about the New Era Cap Company, a New York-based licensee. The Committee requested a formal response to these charges from the company. The initial written response provided by New Era was considered too general and not responsive to the specific issues raised. After further attempts failed to yield a satisfactory response, the Committee recommended that the University terminate its licensing agreement with New Era. This action was taken. After a number of months and following the end of a long-term strike at New Era, the WRC and the FLA determined that improvements in the situation at New Era appeared to have addressed the allegations raised. As a result, the University reinstated the contract with New Era.

The Committee regularly received reports about ongoing investigations by the WRC and the FLA. When requested, the Committee has communicated directly with companies when allegations of code of conduct violations have been raised.

Creating the “Michigan language” for CLC contracts. The New Era experience brought to light the fact that the standard licensing contracts had no provisions for responses to potential violations of a code of conduct. As a result, the Committee, under the leadership of Kevin Kolben, a student member of the Committee from the Law School, worked with the Office of the General Counsel to develop language that provided a
mechanism for monitoring of licensees if there are allegations of violations of codes of conduct.

This language became a part of the U.M. licensing agreement. The CLC has adopted this language and it is not being incorporated into the licensing agreement applied to other colleges and universities represented by the CLC.

**Educational and Research Activities**

The Committee has been committed to stimulating opportunities for the University’s teaching and research capabilities to be used to raise awareness of labor standards and human rights. Towards this goal, the committee has organized public forums and continues to examine and initiate programs within the curriculum to address these issues.

The Committee itself has organized forums and sponsored visits of key individuals to talk about labor standards issues in a global context. The committee has brought scholars engaged in monitoring labor standards to UM for educational symposia. For example, following the successful intervention in the Kukdong plant in Puebla, Mexico, the Committee sponsored, along with the SOLE, the student labor rights group, a WRC-organized presentation on the background and implications of this international effort. This session, in December 2001, included worker-organizers from the plant, a Mexican professor who helped mediate the settlement, and the executive director of the WRC.

During the 2002-2003 academic year, the Committee sponsored a forum in which the executive directors of the Fair Labor Association (FLA) and the Worker Rights Consortium (WRC), Auret van Heerden and Scott Nova, participated in a panel discussion, “Monitoring International Labor Standards: Challenges for the Future.” The panelists addressed the respective approaches of the two organizations, their methods of operation, their accomplishments, and the challenges they see for the future of the monitoring and enforcement of labor rights.

The Labor and Global Change (LGC) program of the Institute of Labor and Industrial Relations (ILIR) was created to dovetail with the work of the Committee. Although a separate initiative, LGC has worked closely with the Committee and has taken a central role in stimulating research and educational programs in conjunction with the work of the Committee. LGC has developed curricular and extracurricular educational opportunities. For example, an experiential learning opportunity was created as part of an LS&A course. It brought students to the *maquiladora* area on Mexico’s border south of Tucson, where they visited factories, met with local officials and NGO, and lived with the families of workers.

The Labor and Global Change program also created a small-grants program, which has supported fourteen faculty-student teams working on research related to labor issues. These projects have addressed a range of issues—from exploring what happens to the families who stay behind when migrant workers go abroad, to labor rights in Cambodia, to how community structures in a Mexican village are re-created in immigrant neighborhoods in Los Angeles. The small grants have supported student researchers
from LS&A and Engineering, various disciplines in Rackham, and the professional schools (Business, Public Health, and Social Work). Their research is shared with the larger university community in the public presentations that the faculty-student teams make as part of the LGC “small-grants” requirements.

The Committee’s efforts, through the Labor and Global Change program and otherwise, has stimulated the development of larger scale events. LGC partnered with the International Institute (Advanced Study Center and Center for Chinese Studies) to mount a major international conference in March 2003: “The Labor of Reform: Employment, Workers’ Rights, and Labor Law in China.” This conference was led by an interdisciplinary faculty team of U.M. China scholars and co-sponsored by a number of university departments and schools. The two-day conference brought together experts from China, UM scholars, and other leading academics from the United States, Europe and Australia, to discuss the transformation of China’s labor market, the conditions facing China’s workers, and the responses of government and workers to recent changes. With the leadership of UM China scholars studying these issues, the conference served as an interdisciplinary forum examining the multiple facets of labor in contemporary China. Growing marketization of labor in China has brought with it opportunities as well as challenges, especially the need to provide social protection to dislocated workers. Conference sessions examined the impact of new legislation governing labor contracts, trade unions, and occupational safety and health, as well as reforms of the social security system and other labor policies; the implications of these changes and broader market reforms for rising inequality, especially cleavages associated with gender and rural-urban differences; and the effect that globalization has had on labor in China and worldwide, through the involvement of Chinese labor in global production processes, transnational activism to implement labor standards, and the effect of Chinese labor conditions on labor in other countries. Attendees included individuals from the World Bank, the State Department, non-governmental organizations such as Amnesty International, labor unions and workers rights organizations.

Another example of stimulating initiatives through cooperative endeavors is a partnership between the Center for International Business Education (CIBE) and MID, a Michigan-based NGO, has created opportunities for U-M students to make a direct impact on health care and working conditions in Bangladesh’s garment industry. Michigan International Development (MID), founded by the late Andrew Crawford, a 1964 graduate of the College of Engineering and an adjunct faculty member in that school, gave a generous gift to CIBE to provide U-M students with practical, real-world experience and to support student projects associated with MID. In the summer of 2002, these funds, along with a grant from ILIR’s Labor and Global Change program, supported five U-M students who undertook several projects in Bangladesh. The students worked under the supervision of Siobhán Harlow, associate professor of public health and associate director of the International Institute, to study the health of female workers, who make up 80 percent of the worker population in garment factories. Their work involved interviews with over 400 workers and compiling this information into a patient database. Students also worked to develop a medical record system and a program evaluation protocol, which will enable local personnel to measure the success of the new health care system.
Their research results have already had an impact. Their study found that 12.7 percent of the women surveyed were severely anemic and that overall nearly 28 percent had anemia to some degree. Anemia, which has a direct affect on productivity by impairing energy and cognitive abilities, is treatable. The research finding was important because it demonstrated to factory owners the strong link between their workers’ health and labor productivity. One of the students who worked on this Bangladeshi project, Richa Mittal, was subsequently employed upon graduation in June 2003 as a monitoring program officer at FLA. Her experience with the project was an important background qualification for this position.

The Committee has discussed a number of other potential initiatives in the research education, such as

- Certificate programs for students
  e.g., “international labor relations and human rights”;

- Summer program
  e.g., two-week intensive program for monitors

- Program for corporate managers in international operations

The committee has also identified and posted information on its website regarding internship opportunities for students who are interested in gaining experience with monitoring labor standards and human rights, such as the Verité Summer Internship Program, which is run in conjunction with the Fair Labor Association (FLA); internships at WRC; internships with International Labor Rights Fund; internships with National Labor Committee; and internships with Lawyer’s Committee for Human Rights.