2980617 ath: Code Conduct

Dear President Bollinger:

We, the undersigned, are supporters of the nascent student organization SPEED (Students Promoting Export-oriented Economic Development.) We view with concern the prospect that the University of Michigan may implement an "anti-sweatshop" code along the lines proposed by SOLE (Students Organizing for Labor and Economic Equality.) We believe there is a danger that such a step would satisfy our consciences at the expense of workers in developing countries. Whether such a policy would be a good one depends on matters of fact that remain unclear. To implement any code would be unwise without further deliberation.

It is legitimate for the University of Michigan community to try to achieve consensus regarding our stance toward the labor practices of the companies who supply our athletic wear. The conversation has thus far been dominated by a strident minority of students. In contrast to SOLE's pronouncements, we believe that enacting a stringent code would not necessarily benefit developing countries, but would certainly be costly to the taxpayers of the State of Michigan.

We take it as given that the economic well-being of workers in developing countries matters, and we share SOLE's concern for the suffering of these often impoverished people. What these workers need is economic development through trade with, and investment from, more developed nations such as the United States. Ever since the spectacular growth of late 19th-century Japan, poor countries have used textile production as a ladder to higher levels of prosperity. Anything that interferes with these nations' ability to produce textiles cheaply is likely to impede their development and worsen the situation of their people in the long run. After all, companies invest in these countries in search of the high profits they can obtain by employing low-wage labor. The more expensive it is to invest in developing countries, with their small domestic markets and rudimentary infrastructure, the more investment will go instead to the industrialized nations.

These considerations reveal the danger of any policies which make it more expensive for corporations to hire workers in developing countries. In particular, any policy requiring a "living wage" for these workers, if it has any substance, may well result in higher unemployment, lower investment, and greater misery in the poorest of these countries. To insist that working conditions and hours in these plants, which are often quite poor by American standards, be immediately improved is to risk interfering with the processes of development which are the only sustainable source of such improvements in the long run. Despite the attempts of groups such as SOLE to vilify major Western corporations, it is clear that pouring vast quantities of capital into developing nations cannot fail to have a beneficial effect. Indeed, a wholly selfless philanthropist who wished to help Asian and Latin American countries develop might find herself behaving quite a bit like Nike.

Of course, an "anti-sweatshop" policy, if effectively enforced, would probably improve the lives of many workers – those, at least, who kept their jobs. Its beneficial effects might possibly outweigh its tendency to impede investment. Our contention, though, is that the question requires much more empirical investigation than has been carried out, to our knowledge, either by SOLE or by the University of Michigan. These reservations do not apply to all the provisions of the code proposed by the Fair Labor Association, or that promoted by the Collegiate Licensing Company. There are some such provisions which we confidently support. We agree that the University has a clear responsibility not to buy products made by prisoners and children. But we question both the moral legitimacy and the actual consequences of any attempt by the University to control the terms of contracts between its suppliers and free, adult laborers, who presumably understand their own interests better than the University does.

We share the University's desire to benefit workers in developing countries. But, we believe there is a danger that a strong "anti-sweatshop" code will harm their interests. Of course, the University has other obligations, notably to the taxpayers of the State of Michigan and to its own students. It is clearly in the interest of taxpayers and students that the University buy products from the cheapest available sources. A code setting stringent labor standards would probably, by raising costs of production, increase the prices the University would have to pay for athletic gear. Further, any strong code would require significant funds for inspection and enforcement. We believe that these considerations of economy put the burden of proof on SOLE. In the absence of a compelling moral case for a change in the University's policies, those policies should remain in place.

We urge the University of Michigan to take more time to study the merits of the issue, and to seek more detailed information about the probable economic effects of an "anti-sweatshop" code. It is the University's responsibility, both to the members of its own community and to the workers of the developing world, to be careful in making this decision.

Students in support of this letter include:

The College Libertarians