Third World Quarterly, Vol. 30, No. 3, 2009, pp 581–598

Routledge
Taylor & Francis Group

Labouring under an Illusion? Lesotho's 'sweat-free' label

GAY W SEIDMAN

ABSTRACT *In 2007 Lesotho's apparel manufacturers took a remarkable step: they voted unanimously to adopt a national 'sweat-free' strategy, promising to protect and strengthen workers' rights in the tiny, landlocked country. This paper seeks first to explain why manufacturers supported the move, in the context of changing market prospects as well as global pressure from multinational brands and international agencies. The paper then asks whether Lesotho offers a shining example or a cautionary tale for developing countries facing similar dilemmas about how to protect citizens' rights at work.*

In late 2008 Lesotho's apparel manufacturers took a step that would have struck most observers as remarkable, if only anyone had noticed: the major employers of this tiny mountain kingdom voted unanimously to create a 'sweat-free' label, pledging to work with Lesotho's government, labour unions and the International Labour Organisation (ILO) to ensure that the nation's apparel factories complied with international labour standards. Amazingly, instead of cutting costs and undermining labour standards, Lesotho's factory-owners voted unanimously to aim for a new niche market: in order to appeal to ethical consumers—people who pay attention to the conditions under which goods are made, and are willing to pay slightly higher prices for their beliefs—they agreed to support government efforts to strengthen labour law enforcement, inviting public inspectors to police their compliance with internationally recognised labour codes.

The market for ethical goods has certainly grown, but the move was nevertheless surprising—especially coming from Lesotho, hardly known for good governance or strong public institutions. Over the past 30 years the apparel industry has defined our image of global sweatshops: restless, mobile capital moving to the cheapest, least-regulated export-processing zones, where small manufacturers compete for contracts to produce for global brands, employing low-skilled workers who have no choice but to accept poor conditions or lose their jobs. Changing trade patterns have created new opportunities for low-wage areas, and Lesotho's apparel factories—which

Gay W Seidman is Professor of Sociology, University of Madison-Wisconsin, 8112B Social Science, 1180 Observatory Drive, Madison, WI 53706, USA. Email: seidman@ssc.wisc.edu.

ISSN 0143-6597 print/ISSN 1360-2241 online/09/030581–18 © 2009 *Third World Quarterly*
DOI: 10.1080/01436590902742347

make clothing destined almost exclusively for the US market—have over the past decade become the cornerstone of the country's economic growth.

That very growth, however, makes the country's sweat-free label effort even more surprising: with estimates of unemployment rates ranging between 25% and 50%[1], most analysts would expect this small southern African kingdom to offer a prime example of the 'race to the bottom', in which government officials effectively agree to sacrifice labour standards and working conditions in order to create jobs and attract private investment. In an industry known for the relentless competitive pressures it places on small businesses, what would prompt such employer enthusiasm for improved working conditions? Why would employers and the government decide to strengthen public regulation, when to do so might raise costs and frighten away future investors? Does Lesotho offer an inspiring model, an example of how government officials and a committed group of manufacturers can resist the relentless downward pressures of a cut-throat industry?

The story behind Lesotho's label is a convoluted one, and involves details specific to the apparel industry, to southern Africa and to international bodies like the ILO. But this story also raises broader questions about how we approach regulation and monitoring in a competitive global market. What is the most effective approach to regulating working conditions in global supply chains, when all the incentives push employers to undercut competitors, and workers find they must choose between bad conditions or losing their jobs? In countries where the state really is too weak, especially in relation to foreign investors, to protect citizens' rights and dignity, can international consumer pressures lead to effective public regulation? What role can international institutions play, how responsive can they be to local citizens, and can they assert global standards? What lessons might Lesotho's effort hold for transnational labour activists and policy makers in other parts of the world?

Lesotho's apparel explosion

Lesotho's apparel sector is a new phenomenon and, to those familiar with the country's history, a stunning development. Until the late 1990s Lesotho's entire manufacturing sector was barely visible. Indeed, few outside the region notice the country, landlocked, dwarfed and surrounded by its far more powerful neighbour South Africa. Lesotho is something of an anomaly in the international state system, created in the late 19th century when Chief Moshoeshoe persuaded Queen Victoria to declare it a protectorate, to preserve it from encroaching European settlers. In doing so, Moshoeshoe gave South Africa his kingdom's most fertile land (and, although he did not know it, most of its mineral deposits), leaving his descendants to rule over barren mountains and isolated villages. Although international agencies frequently adopt rhetoric describing Lesotho as a land of self-sufficient peasants, most analysts fully recognise that the kingdom depends on sending workers across the borders to toil in South Africa's mines and on its farms: in the late 1970s well over half Lesotho's labour force worked in South Africa, sending back remittances that comprised some 70% of Lesotho's rural household income.[2]

Since 1990 Lesotho's situation has become more desperate: the country has been hard hit by the AIDS epidemic, and its miners have been sent home by South Africa's shrinking mining sector. Political instability, corruption and elite in-fighting have hardly improved the picture; and, in a crowning irony, international donors who once demonstrated opposition to apartheid by favouring Lesotho have now transferred their concern to a democratising South Africa—leaving tiny Lesotho more neglected, and even poorer, than it was before.[3]

But over the past decade, thanks in large measure to US trade policy, Lesotho can boast one visible area of economic growth: since 1999 its apparel industry has grown to about 50 000 jobs, comprising half the country's formal sector employment and accounting for about 75% of its exports in 2004. Sprawling industrial sites around Maseru have expanded, offering Lesotho's citizens a surprising bright spot in an otherwise rather dismal economic scenario.

As global apparel brands learned to navigate new opportunities in US trade policy—and as US trade policy makers, in turn, tried to point brands towards particularly impoverished nations—Lesotho become a favoured site for apparel production. Since the early 1980s US apparel brands have shifted away from direct manufacturing, instead sourcing from subcontractors around the world. Many major brands today own no factories; instead, large companies concentrate on designing and marketing clothes, contracting production to second- and third-tier suppliers around the world—who must engage in cut-throat competition to get the brands' contracts, a pattern which creates fierce pressures on subcontractors to cut costs.

Over the past three decades 'the logistics revolution' has interacted with new trade policies encouraging multinationals to source their production around the globe, especially in the apparel industry: US trade policy has made it easier for large brands to import clothes rather than to produce them in the USA. Since the early 1970s US trade policy has eased access to US markets for certain countries, and for certain items. The apparel industry moved quickly to take advantage of this changing terrain: large brands became adept at sourcing clothing in countries with unused 'quota', avoiding tariffs as they imported clothing destined for US retail markets. Over the past 25 years or so second-tier suppliers from countries like Taiwan, South Korea and, increasingly, mainland China have moved to take advantage of the new possibilities: as subcontractors competed for contracts with large brands—contracts that came with access to the world's richest consumer markets—manufacturers located their production in sites that combined low wages and tariff breaks. They built new apparel factories from the Dominican Republic to Mauritius, often in places that had never before exported a single sock or skirt.[4]

By the mid-1980s US policy makers saw new possibilities in this pattern: trade deals were re-imagined as a form of development aid. Policy makers suggested that, if tariff reductions could prompt US brands to source production overseas, these new trade deals offered irresistible win-win possibilities: US trade rules could provide incentives for manufacturers to invest in the country's allies and create new jobs in poor regions, while lowering prices on imported goods for US consumers. Following this logic, the Clinton administration lifted tariffs on clothes sewn in poor African countries. The African Growth and Opportunities Act (AGOA) of 2000 was heralded by its supporters as offering 'tangible incentives for African countries to continue their efforts to open their economies and build free markets'.[5]

South Africa, as a middle-income country, was ineligible for AGOA's tariff breaks, but Lesotho fitted the bill perfectly. Chinese-speaking manufacturers—including some originally attracted to the region by apartheid-era incentives, when the South African government tried to bring new jobs to bantustan industrial zones[6]—now moved across the border into Lesotho, where they were joined by new immigrants from China's mainland and Taiwan. Today nearly all Lesotho's 40-odd apparel and textile plants are owned by Asian immigrants, a racially stratified reality that has certainly created its share of cultural tensions over the past 10 years.[7] But the new investments have also produced a remarkable growth spurt in employment: the country's apparel sector expanded from 9847 jobs in 1999 to 53 087 jobs in 2004, more jobs than were included in the country's entire civil service.[8]

Lesotho's expanding apparel sector does not, of course, present an entirely rosy picture. The jobs these factories offer to Basotho workers are generally low-paid—with legal wages averaging about $100/month[9]—and they create some oddly gendered tensions in Lesotho's households, as apparel factories generally hire younger women, not the former miners laid off by South Africa's mines. Indeed, the resultant jostling within households about control over money and resources may help explain the occasional flare-up of anti-Chinese violence in Maseru, as well as the fact that many apparel manufacturers feel safer living across the border in South Africa, commuting in every day to their Maseru workshops.[10]

Nevertheless, by 2006 apparel jobs made up about 80% of all jobs in Lesotho's manufacturing sector.[11] Clearly, Lesotho represents precisely the kind of situation in which analysts would predict a 'race to the bottom': when poor, Third World countries depend on foreign investors to create jobs and economic growth, why would any government want to enforce labour laws, if doing so might chase away the very investors on whom the country's export sector depends?

Strengthening state capacity

Most discussions of the 'race to the bottom' focus on government connivance at the exploitation of their citizens: elites around the world, it is often implied, are anxious to attract investors, and government failure to enforce labour rights reflects an active decision to turn a blind eye. But in many poor countries governmental corruption is clearly exacerbated by lack of capacity: even if Lesotho wanted to enforce its laws and improve working conditions, it is hardly in a position to do so. As in many countries, Lesotho's labour ministry is under-funded and under-staffed. Although its labour commissioner is widely acknowledged to be energetic, effective and competent, she freely acknowledges in interviews the constraints her department faces: chronic shortages of resources make it difficult to protect citizens' rights at work. For the foreseeable future it seems unlikely that Lesotho's government would be able to alter that scenario on its own: Lesotho's government institutions are impoverished, weak and unstable. Repeated crises—including coups, counter-coups and even a brief South African incursion—have left both the current government and its opposition weak and unpredictable.

Lesotho seems precisely the kind of fragile state that prompts policy makers to see hope in private monitoring schemes: perhaps ethical consumers threatening to boycott brands are more likely to police factories than weak or incompetent governments, who depend on these same subcontractors to sustain their economies. This approach—in which it is hoped that consumer pressure will create 'stateless' institutions to monitor working conditions—is often compared to the international human rights movement. But it is worth noting a key difference: as they seek to change the way repressive states treated their citizens, international human rights activists generally work through democratic states and international institutions, and often seek to construct new democratic institutions to protect citizens into the future.[12] By contrast, since the mid-1990s activists hoping to improve working conditions in the apparel industry have tended to focus almost entirely on companies, leaving states out of the equation and pinning their hopes on multinational corporations.[13]

This 'stateless' approach is based on the logic of the market: it assumes that if the threat of global consumer boycotts pushes brands to adopt voluntary codes of conduct, they will hire independent NGOs—considered a more reliable source of information and pressure than governments who cannot, or will not, protect their own citizens—to monitor suppliers' factories. Over the past decade this approach has become ubiquitous, and companies frequently respond to scandals by creating new monitoring schemes to police their suppliers' compliance with voluntary codes. In 2007, for example, when Indian activists found 10-year-olds working in Gap's New Delhi supplier, it took the multinational less than a week to announce its support for a new certification programme, designed to reassure future Gap customers that no children had worked on their clothes.[14]

Given global enthusiasm for this voluntarist approach, why would Lesotho's employers, government officials and unionists join in a collective effort to support a mandatory 'sweat-free' label, backed by strengthened national labour law and compulsory participation in monitoring? To a large extent the shift to a more state-centric strategy reflects the lessons of experience: after a decade of experimentation with private schemes, the limitations of the approach are widely recognised. Even enthusiasts of voluntarist regulation acknowledge that private schemes often involve tiny, under-funded NGOs, who depend on the companies they monitor not only for funding, but also for access to suppliers. Even more problematically, NGOs or brands who find violations have few sanctions except to cut the suppliers' contract— a sanction that blocks monitors from future factory visits and raises the likelihood that workers will lose their jobs. Finally, voluntary schemes allow companies to choose their own monitors: companies who aren't concerned about working conditions—that is, the very companies most likely to cut corners on labour standards—can choose monitors who won't make a fuss. Very few consumers, no matter how much they care, can distinguish one monitoring group from another, meaning that only the most well-meaning companies are likely to invite rigorous monitors to monitor suppliers.[15] Thus, even the most enthusiastic proponents of private regulation recognise that voluntarism has its limits: voluntary monitoring programmes may help improve compliance among well intentioned, high-end producers, but without some form of public enforcement, there is a real danger that rogue operators will cut corners, under-cutting more ethical competitors. Empirical studies of voluntary regulatory schemes have repeatedly concluded that, in industries where competitive pressures create an incentive for under-cutting, public regulation must set a floor under working conditions, to protect workers from abusive or unethical employers.[16]

In response to mounting empirical data about the pitfalls of 'stateless regulation', labour activists have begun to consider other approaches—especially approaches that would strengthen public regulation, rather than bypassing it entirely. Most countries, especially developing ones, have adopted model labour conventions from the ILO; in most cases, the laws on the books, even if flawed, would offer workers protection if only they were actually implemented. Instead of giving up on labour laws, activists and policy makers are increasingly asking whether international institutions could help shore up public regulation, by working with governments and labour unions as well as companies to protect citizens' rights.

Bringing in international support

Around the world activists seeking to strengthen public enforcement of labour law look to international agencies for support: if national governments are unable, or unwilling, to protect their citizens, can international agencies help? By chance, just as proponents of ethical trade campaigns were asking how international agencies could strengthen labour rights on the ground, the ILO—the oldest international institution, and one specifically designed to help raise labour standards—was looking for new ways to help.

Programmes to actively engage within actual workplaces, especially in the private sector, represent something of a department for the venerable ILO, which dates from the aftermath of World War I. Since its founding most of the ILO's work has involved asking national states to pass the model labour codes drawn up by its experts: the ILO has worked with and through local governments, as a multilateral international institution which never transgresses the sovereignty of member states. For nearly a century the agency's main emphasis has been on elaborating international standards, and hoping that local governments will live up to them.

Created when corporatist ideas dominated European industrial relations theory, all the ILO's decision-making bodies include representatives from unions, employers and governments—a tripartite structure that complicates efforts to move beyond the standard-setting approach. Yet, as most ILO staff members acknowledge, ratification is only a first step: even the best codes are meaningless if they are not enforced, and far too many member states have ratified ILO conventions without ensuring that labour laws are implemented. In the postcolonial era—that is, over the past 40 years or so—the strategy has become increasingly frustrating: many governments pay little attention to laws even if they pass them. Especially during the several decades when the USA refused to pay its share (as much as 25%) of the ILO budget, the organisation seemed to verge on irrelevance: hampered by a tripartite structure and by its dependence on member states, it struggled to make a difference in workers' actual experiences.[17]

Lesotho's appeal for assistance came just as the ILO was debating how to respond to globalisation. In 1998 the ILO had tried a new approach, insisting that member states must comply with what it identified as 'core' labour rights: prohibitions on child labour, forced labour and discrimination; and affirmative rights to free association and collective bargaining. In theory this new approach had marked a significant change: the ILO could now demand that the international community impose sanctions against states that transgressed against core rights—as it did, in fact, in 2000, in response to the Burmese government's use of forced labour. But, as the ILO soon realised, it has no mechanism through which to prevail on its members, and the Burma experiment has not been repeated. While proponents of this approach continue to insist that the 'core' labour rights approach offers hope in the face of new global pressures,[18] many observers are more critical, arguing that, in the context of a global shift toward neoliberal economic strategies and private regulatory schemes, the focus on negative rights has undermined the institution's support for efforts to strengthen industrial relations systems.[19] In 2008 a former staffer published a blistering critique of the 10-year-old effort to strengthen labour protections through the Declaration of Fundamental Principles and Rights at Work:

> It is doubtful whether the Declaration has actually had any positive effect, other than to bring in millions of dollars to the ILO from the US Administration to support it. Governments are obliged to make a commitment to the relevant Conventions, but immediate application of them has not been enforced. In a sense, it is akin to the apocryphal prayer of St Augustine, 'Lord, give me chastity ... but not yet!'[20]

As the 'core' rights approach seemed to stall, ILO staffers began to look for alternatives. During the 1990s several industries faced with concerns over labour violations had turned to the ILO for help, including the apparel industry in Bangladesh and the soccer ball industry in Pakistan.[21] By about 2006 the ILO was embarking on the Better Work programme, a new effort to help countries in poor and developing areas protect workers' rights on the ground.

A major impetus to the ILO's Better Work approach came from its experiences in Cambodia's apparel industry, where, in the late 1990s, then-US trade representative Mickie Kantor had offered Cambodia a deal. If the country adopted new labour laws and allowed the ILO to train a team of Cambodian factory inspectors, the USA would allow Cambodian-made clothes duty-free access to its markets. The Cambodia programme involved something for everyone along the global apparel supply chain, from multinational companies and local employers, to local unions and labour-friendly NGOs, and to development strategists. Linking participation in the programme to increased access to global markets, the programme changed the incentives in the apparel sector, rewarding companies that raised working conditions with the prospect of greater market share. Local employers liked the programme's emphasis on training and productivity, which would make them more competitive; unions and workers appreciated the insistence on better working conditions, hoping that over time local norms would change as employers learnt to respect labour rights.[22] At the same time government officials and unionists recognised that the programme could strengthen public regulatory capacity, while expanding exports and creating jobs.[23] Finally, multinational brands were enthusiastic: if the programme prevented scandals that might tarnish their image, while including tariff breaks that would lower their prices on the US retail market, so much the better.[24]

Needless to say, the programme was hardly perfect. Sympathetic analysts acknowledge that the programme did not eliminate corruption; others raised questions about the danger of creating a 'regulatory enclave', where labour protections and citizenship rights are extended only to workers in export sectors.[25] Further, the programme's annual reports tended to accentuate positive gains, and programme reports for 2004–05 failed to mention the murder and imprisonment of prominent Cambodian unionists during the periods under review. Did the focus on technical grievance procedures and 'core' labour rights lead international agencies to overlook the broader challenges facing Cambodian workers' organisations?[26]

Some of the experiment's most enthusiastic support came from international development agencies, which viewed the Cambodian programme as a model for private sector engagement with developing economies. In 2004—just as the US apparel quota incentives came to an end, as the global apparel trade came into compliance with the World Trade Organization's (WTO) insistence on free trade and a 'level playing field'—global financial aid institutions began to ask whether Cambodia suggested a model through which socially responsible companies could be persuaded to support programmes that would simultaneously create jobs and new exports, while strengthening protection for labour rights. In 2005 the Foreign Investment Advisory Service (FIAS), a joint project of the International Finance Corporation, the World Bank and several national development agencies, reported that many multinational corporations ranked labour standards high on their list of concerns in sourcing apparel. Insisting that 'the courage of the Cambodian government and private sector to invest in CSR is paying off',[27] the FIAS suggested that over the next few years, international organisations could help Cambodia's apparel industry move away from dependence on quotas 'toward a more market-led and sustainable strategy'—and that Cambodia's approach held out promise for other countries.

Crucially these large development agencies implied that they could raise funding for expanding the Better Work programme to other apparel production sites. Funding, of course, is always a key issue for international agencies, perhaps even more for the ILO than for others. As Standing notes, because as the ILO has shifted from being primarily a standard-setting organisation to one that tries to act as a kind of development agency, offering 'technical assistance' to countries around the world, its budget has remained relatively stagnant—even after the USA resumed paying its share. To engage in 'technical assistance' projects, ILO staffers must first raise 'soft money', usually by negotiating with global funders like the World Bank or UNDP, or national aid agencies like USAID—and of course, these projects must generally reflect funders' goals. Especially as it was urged on by larger, more powerful international agencies, and even more since these agencies also held out the hope of funding for these programmes, the ILO was ready to experiment further.[28]

The Better Work programme, as it became known, involved a bold new step for the institution: for the first time the ILO would become directly involved in strengthening government capacity to implement labour laws, by training labour inspectors while also working with the private sector to improve productivity and helping employers understand that skills training could be combined with new attention to health and safety codes or efforts to help local small businesses navigate the global market. In line with its corporatist mandate the ILO describes its Better Work approach as one that helps enterprises

> improve practices based on core ILO labour standards and national labour law ... with a strong emphasis on improving worker–management cooperation, working conditions and social dialogue. Enhancing respect for labour standards helps enterprises meet the social compliance demands of global buyers, improves conditions for workers, and helps firms become more competitive by increasing productivity and quality.[29]

But after Cambodia, where would the Better Work programme go?

Changing views of corporate social responsibility

As the ILO's Better Work programme took shape, the agency debated where to locate its pilot sites. One obvious candidate was Vietnam, where the apparel industry had been expanding dramatically since the end of the Multi-Fiber Agreement in 2004, and where Cambodia's example clearly resonated with government officials and international agency observers. Jordan was another likely site: in 2006 a New York labour rights group revealed abusive conditions in some of Jordan's expanding apparel factories,[30] and US policy makers, concerned with sustaining economic growth in a geopolitical ally, urged international agencies to provide support for improved working conditions.

By mid-2007 a third possible pilot site, of not quite such obvious geopolitical importance, had been identified: tiny Lesotho. In March 2006 the World Bank and the US Trade and Development Agency funded a draft report, put together by the FIAS, entitled *Lesotho: Corporate Social Responsibility in Lesotho's Apparel Sector*, suggesting that Lesotho could imitate Cambodia's 'sweat-free' approach: if producers, government and unions in Lesotho worked together with the ILO and other international agencies, a national effort to create a 'sweat-free' label might result in increased productivity while raising labour standards and warding off the risk of scandal.[31]

Why Lesotho? Why, given all the possible developing countries where apparel sector workers would appreciate international assistance in protecting their rights, would international agencies propose to put a pilot programme in tiny Lesotho? Why would the ILO consider setting up an experiment in strengthening labour laws in a country most people around the world probably could not locate on a map, much less identify as a growing source of apparel for US markets?

Although few of the participants in those early discussions are willing to say this explicitly, they often hint at an answer that jumps out from the documentary evidence: key US brands began pushing hard for international agencies to help Lesotho strengthen its labour laws for reasons that stretch far beyond Lesotho's borders—and perhaps have more to do with current discussions in the USA about corporate social responsibility than with local dynamics in Lesotho.

Since the mid-1990s discussions of social responsibility have led to the rise of a new kind of corporate philanthropy, in which multinationals increasingly move proactively, first by advertising widely their engagement in activities that demonstrate their involvement in socially responsible projects, and second, by taking concrete steps to prevent scandals in supplier factories, hoping to avoid the kinds of consumer boycotts that can tarnish corporate images and hurt sales. This assertion of constructive involvement with workers and their communities represents a significant shift within corporate culture writ large. Thirty or 40 years ago most US businessmen rejected the idea that their companies owed anything to the communities where they operated; the 'business of business', as the common saying went, was 'business, not politics' and corporate spokespeople insisted their companies were not responsible if the countries in which their factories were located failed to enforce labour laws. More recently, however, corporate branding has taken a new twist: as anyone who watches TV could tell you, large companies now tend to advertise their philanthropic activities, appealing to ethical consumers on the basis of their socially responsible behaviour.[32] Corporate social responsibility programmes sometimes simply hope to create a more positive corporate image, as companies announce their commitment to better environmental or labour practices. But in many cases, the strategy has gone several steps further, as companies increasingly advertise their promise to donate some share of their profits to community organisations or other charities.[33]

One such scheme—perhaps the most visible of all—had direct consequences for Lesotho's apparel workers. In 2006 the Irish rock-star-turned-global-activist Bono launched the global 'Buy (RED)' campaign, calling on companies to produce products bearing the 'Buy (RED)' label, and to then donate some percentage of profits from these products to the Global Fund for AIDS, Malaria and Tuberculosis. Since the programme's inception, consumers have generated more than \$22 million for the Fund by buying iPods, T-shirts, watches, cologne and, most recently, laptops, with all of them branded '(Product) RED'. The campaign does not reveal how much from each item goes to charity; the share of profits that companies may donate for labelled goods ranges widely, from a set amount per item to a share of net profits. Thus, for example, Dell computers promised to donate \$80 for each (RED) desktop computer sold; Gap promised to donate 50% of net profits for an entire line of (RED)-labelled apparel. Within two years the campaign was said to have donated a total of \$59 million to the Fund, a little under 2% of the Fund's total.[34]

Critics argued that the campaign may be more about advertising than philanthropy: in 2007 the magazine *Advertising Age* reported that RED companies had collectively spent as much as \$100 million in advertising, but raised only \$18 million.[35] In response campaign officials told the *New York Times* that the magazine's figures were exaggerated: the companies had spent \$50 million on advertising and the amount raised was \$25 million. Nevertheless, *Advertising Age* stuck by its story—and the *New York Times* pointed out that even the campaign's own figures suggested that about twice as much money had been spent on advertising products for the (RED) line as had been donated to the Fund. Tamsin Smith, current president of RED who previously worked as the head of Gap's governmental affairs department, defended the ratio of advertising to giving, pointing out that, 'Red is a charity, not a business', adding 'We're not encouraging people to buy more, but if they're going to buy a pair of Armani sunglasses, we're trying to get a cut of that for a good cause'.[36]

Whatever the true ratio of advertising to philanthropic donation, the goods sold under the (RED) label may carry a special risk. As Nike discovered in 1997 when an accountant's report revealed labour and environmental problems in one of Nike's Vietnamese suppliers, a single scandal in a supplier factory can damage a company's reputation, sometimes beyond repair.[37] How much more damage might be done if a labour scandal erupted in a factory producing goods that were destined to be part of a philanthropic corporate campaign?

Where are clothes sold under the (RED) label made? One company made an explicit decision: early on, Gap announced it would source its Product (RED) T-shirts through one of Lesotho's biggest apparel manufacturers, Precious Garments. Gap had already worked with the manufacturer: in 2002 the multinational had become involved in a labour dispute there, and had pushed managers—through repeated phone calls, emails and factory visits—to speak to the union.[38] In 2006 Gap boasted that its ongoing production orders, coupled with its investment in HIV testing and treatment options for garment workers and its donation to the Global Fund, would help take 'steps toward hope'.[39] In its 2005–06 report on its corporate social responsibility the company noted that it had 'established relationships with progressive factories in Lesotho and South Africa that could make the iconic Gap INSPI (RED) t-shirts ... [and was] actively partnering with our approved manufacturers in Lesotho and other sub-Saharan countries to help them improve their production capabilities', in the hope that 'this work will help them attract more business and ultimately build vibrant, thriving economies'.[40]

Moving production of an entire clothing line to an AIDS-affected country would, of course, be a brilliant move in terms of social responsibility: it would, as Gap noted, deepen the charitable campaign beyond advertising and donations, to help with job creation in AIDS-affected areas, as well as with providing a steady stream of income that could be used for buying anti-retrovirals. In a country like Lesotho, where estimates of HIV infection rates run as high as a quarter to a third of working age adults, a programme that both created jobs and contributed to the purchase of anti-retrovirals could make a significant difference to workers' lives.

But, of course, this move carried real risks: any scandal in Lesotho's factories would discredit the specific line of clothing, the brand and the whole Buy (RED) campaign. Needless to say, corporate executives might well be especially concerned to prevent problems in factories supplying the Buy (RED) programme, to prevent tarnishing both the specific campaign and the company's broader image. These concerns clearly resonated in international agencies and donors. Although the ILO did not necessarily initiate the focus on Lesotho, it did not object—especially given the institution's awkward dependence on other donors for most of its project funding.

Initial discussions of a 'sweat-free' label in Lesotho suggested the programme would be voluntary—a marked divergence from the Cambodia system, where, under pressure from the US trade representative, export licences were directly tied to co-operation with, and providing some funding for, a special team of apparel-industry inspectors who would have free access to factories. Initially several employers and major exporting brands in Lesotho suggested that participation might be voluntary—a proposal that worried international donors, who clearly thought that Lesotho's programme would be far more credible if employers were required to participate.[41]

Soon, however, the consensus among Lesotho's employers shifted: in October 2007 the country's apparel manufacturers' association voted unanimously to create a compulsory programme, pairing compulsory monitoring for labour rights with promises of donor funding for training of seamstresses and mechanics, and for new infrastructural investments around Maseru. To a large extent this shift seems to reflect pressure from global brands: sub-contractors across Lesotho apparently received similarly worded letters from their multinational partners, asking them to support the ILO's new initiative.[42] Needless to say, subcontractors could hardly ignore the requests: if future contracts depended on agreeing to compulsory participation in a programme that would strengthen labour law, subcontractors had little choice but to agree. The effort seemed set to go ahead: by early 2008 Lesotho seemed on the verge of setting up a new, compulsory programme to declare its apparel industry 'sweat-free'. With international support, Lesotho would make compliance with international labour standards a cornerstone of its export sector, hoping that the appeal to ethical consumers around the world would attract more global contracts.

Competitive pressures

But the story doesn't end there, for reasons that have very little to do with Lesotho's new efforts to comply with labour standards. In the past couple of years the global trade regime has gone through some major shifts, with immediate impact on Lesotho's viability as an export platform for the USA's clothes.

Perhaps the most important shift has nothing to do with labour standards or ethical sourcing. In 2004 the long-standing set of rules known as the Multi-Fiber Agreement—under which the USA set tariffs and quotas on imported clothing, tariffs under which the AGOA trade preferences really did give Lesotho's apparel producers a price advantage—came to an end. Since then, under WTO rules, the USA may no longer offer preferential access to its allies, either for geopolitical reasons or as a form of developmental aid. From Mexico to Mauritius clothing factories created to take advantage of 'quota' under the Multi-Fiber Agreement have faced new pressures, as they find themselves competing with subcontractors located mainly in China and Southeast Asia.

Some production stayed in place, of course; the tariff rules are still tangled and both the USA and Europe have limited imports of some Chinese footwear and clothing, despite the WTO's insistence on open markets.[43] Moreover, some brands have continued to place orders in different countries, either to take advantage of existing relationships, or because they believe that diversification might provide insurance against unforeseeable global events. But the overall trend is clear. Barring what producers in Central America or Lesotho would consider a miracle, that trend is likely to continue. Contracts are moving to Asia, where brands know they can count on finding solid infrastructure for exports, low-waged workers and competitive pricing. From early 2005 a steady increase in clothing from China, Vietnam, India and Indonesia imported to the USA matched a steady decline in imports from places like Mexico or Honduras—and, as the Asian Development Bank succinctly noted, 'Going forward, it is likely that . . . preferential non-Asian suppliers will continue to see contraction while . . . Asian suppliers increase their market shares . . . Asian suppliers' price competitiveness has won them greater market share.'[44]

For landlocked Lesotho, an added problem exacerbates the impact of the changing global trade regime: rising transport costs make it even harder for Lesotho's manufacturers to compete for global contracts. Most textiles sewn in Lesotho are brought in by boat—remember, the AGOA legislation required that participating exporters use textiles made either in poor countries or in the USA, and Lesotho has only one textile plant, producing denim. Prohibited by the AGOA from sewing South African textiles for clothing destined for US markets, most of the textiles used in Lesotho's apparel factories are first shipped to Durban's port, then are driven to Lesotho from

Durban—some 10 hours around the mountains and then back again with the finished product.

As diesel costs have risen, brands have recalculated the costs of sourcing their clothing in Southern Africa, and it doesn't look good: without the added advantage that was built into US trade policy throughout the past decade, it seems unlikely that Lesotho's producers can easily compete. As everyone connected to Lesotho's apparel industry recognises, the future is not a rosy one. Lesotho's exports to the USA have declined steadily since 2005,[45] a trend that seems all too likely to continue.

By 2008 Lesotho manufacturers' decision to champion the 'sweat-free' branding effort seemed to reflect a sense of desperation running through a country that had come to depend on its temporary position as a duty-free export zone for apparel production. If tariff advantages no longer compensate for price or accessibility, perhaps Lesotho's manufacturers could compete for contracts among brands seeking privileged access to the small, but growing, niche market of ethical consumers in Europe and North America, willing to pay more for clothes bearing a label promising, roughly, that 'no humans were harmed in the production of this sweatshirt'.

A cautionary tale?

With multinational brands backing off from their initial enthusiasm, international donors were failing to come through with funding; lacking funding, and with the ILO scaling back its involvement,[46] international involvement in the branding effort seemed to be dissipating—raising questions about whether Lesotho's efforts should be viewed as a moral example, or as a cautionary tale.

Does an approach to regulation rooted in consumer tastes and good intentions really offer a strategy for protecting workers on the ground? An optimistic scenario emphasises the very real commitment of Lesotho's employers and government officials to a 'sweat-free' industry as a marketing strategy: surely all workers, employers and government officials will actively seek to make sure that labour laws are enforced, to prevent any risk that a scandal would tarnish the entire country's economic prospects?

But proponents of this approach rarely acknowledge that more pessimistic scenarios are perhaps equally likely outcomes of national branding efforts: branding an entire national industry 'sweat-free' might silence workers' voices, rather than encouraging them, if the entire country's exports depend on presenting production as problem-free. As classic texts in sociology point out, it is possible to confuse formal organisational rules with real compliance; in some contexts formal organisational rules may serve more as myths and fairytales than as guides to actual action, replacing evaluation with ritual, performing ceremonial inspections instead of effective monitoring of performance.[47]

The combination of shrinking demand and declining international involvement in strengthening Lesotho's regulatory system should raise very real concerns about whether market pressures will erode credible labour monitoring in Lesotho. Once global brands have turned elsewhere, neither donors nor the ILO are likely to prioritise Lesotho's factories. Without global oversight, it is hard to see why anyone in Lesotho would want to reveal poor labour practices, when doing so might tarnish the country's only hope of gaining access to global markets. In Cambodia, when factories faced a decline in orders in about 2005, observers found clear evidence that workers remained silent about violations, even with outside monitors visiting their factories regularly: employers apparently found it easy to evade monitoring by failing to register worksites and outsourcing production to unmonitored locations, and workers were reluctant to report abuses like forced overtime or violations of minimum wage laws.[48] By 2008 Lesotho's branding programme seemed to lack international support for strengthening its public regulatory capacity—an external support which was central to Cambodia's claim to ethical production. Even in Cambodia workers have been reluctant to complain to ILO-trained monitors; without that external support for monitoring and oversight, how likely is it that Lesotho's workers will make their complaints public, if doing so might not only cost the worker her job, but also tarnish the entire country's effort to market the 'sweat-free' brand that represents the country's best hope to appeal to global consumers?

Lesotho's dependence on its apparel exports creates a regulatory conundrum: if workers' jobs and the country's economic livelihood depend on defending a 'sweat-free' brand, why would participants willingly reveal problems at work, when to do so might undermine the industry's appeal to global markets? When a regulatory system operates through the logic of the global market—when Lesotho hopes to appeal to a niche market, where sales depend on the country's claim that their apparel has been produced under strictly ethical conditions—is there a danger that workers and employers alike will hide problems, rather than revealing them? As long as Lesotho depends on creating a 'sweat-free' reputation to gain access to global markets—as long as its government, its apparel producers, and its workers fear that any scandal might endanger the export potential of an already-shrinking apparel industry—how likely is it that participants will want to attract attention to any problems in the industry?

Instead of viewing this as an exemplary model of how to strengthen labour rights, perhaps we should see Lesotho's experiences in terms of a cautionary tale, carrying a lesson about the importance of economic diversification in a competitive global economy. In the 1990s development aid from the USA and from international agencies persuaded Lesotho to put all its economic eggs in one basket: trade policies and aid policies sought to attract apparel manufacturers to a small, out-of-the-way location. In the context of a highly mobile industry, marked by flighty manufacturers and cut-throat competition, Lesotho's only comparative advantage was artificially constructed through manipulation of trade barriers—an advantage which all participants should have realised would face a drastic shift in 2004, when the world was scheduled to come into compliance with WTO rules. As US policy makers and global aid agencies should have been able to foresee, the shift toward what World Bank consultants views as 'a more market-led and sustainable strategy' has left Lesotho's apparel factories at the mercy of forces far beyond the country's borders: even the best-intentioned multinational corporation will probably consider price, quality and convenience far ahead of the kinds of ethical considerations built into the 'sweat-free' effort.

That strategy almost certainly leaves Lesotho, and its citizens, facing an uncertain future. Even if wealthy consumers begin to insist on buying clothes from countries which guarantee protections for workers' rights, Lesotho's 'sweat-free' label will face stiff competition from other, similar labels from places like Cambodia, Jordan or Vietnam. Dependent on multinational brands, foreign manufacturers and foreign consumers, Lesotho's apparel industry is likely to continue to see its orders decline; and, as orders decline, the ethical sourcing effort is likely to lose steam. In the long run, Lesotho's citizens would almost certainly have been better served if foreign donors and international agencies had helped its government pursue strategies involving economic diversification and regional integration—rather than hanging hopes for better-protected workers' rights on the slender thread of global competition.

Notes

I am grateful to the many people in Geneva and Lesotho who agreed to be interviewed for this paper; and for help from Andries Bezuidenhout, Bridget Kenney, Atul Kohli, Anne Posthuma, Marc Schneiberg and Andrew Schrank. The research discussed here was supported by the University of Wisconsin-Madison's Graduate School and the Princeton Institute for International and Regional Studies.

1 Lesotho Bureau of Statistics, Ministry of Finance and Development Planning, 2008, at http://www.bos.gov.ls, accessed 8 November 2008; and Lesotho Clothing and Allied Workers Union, *Highlights of Current Labour Market Conditions in Lesotho*, Global Policy Network, 2006, at http://www.gpn.org/data/lesotho/lesotho-analysis.pdf, accessed 4 November 2008.

2 C Bundy, *Families Divided: The Impact of Migrant Labour in Lesotho*, Johannesburg: Ravan Press, 1981; and J Ferguson, *The Anti-Politics Machine: 'Development', De-politicization, and Bureaucratic Power in Lesotho*, Minneapolis, MN: University of Minnesota Press, 1994.

3 S Turner, *The Underlying Causes of Poverty in Lesotho*, Amsterdam: CARE, 2005, at http://www.caresa-lesotho.org.za/documents/Underlying%20causes%20of%20poverty%20in%20Lesotho.pdf, accessed 4 November 2008; and J Ferguson, *Global Shadows: Africa in the Neo-liberal World Order*, Durham, NC: Duke University Press, 2007.

4 E Bonacich & J Wilson, *Getting the Goods: Ports, Labour and the Logistics Revolution*, Ithaca, NY: Cornell University Press, 2007; J Collins, *Threads: Gender, Labour and Power in the Global Apparel Industry*, Chicago, IL: University of Chicago Press, 2003; and E Rosen, *Making Sweatshops: The Globalization of the US Apparel Industry*, Berkeley, CA: University of California Press, 2002.

5 Export.gov, 'African Growth and Opportunities Act, 2000', at http://www.agoa.gov/, accessed 5 November 2008.

6 G Hart, *Disabling Globalization: Places of Power in Post-Apartheid South Africa*, Berkeley, CA: University of California Press, 2002.

7 ComMark Trust, *Catalyst*, September 2005, at http://www.bdsknowledge.org/dyn/bds/docs/360/CommarkSeptember05Newsletter.pdf, accessed 5 November 2008.

8 M Bennett, 'Lesotho's export textiles and garment industry', in H Jauch & R Traub-Merz (eds), *The Future of the Textile and Clothing Industry in Sub-Saharan Africa*, Bonn: Friedrich-Ebert-Stiftung, 2006, pp 165–177; and Bennett, *Lesotho Info Pack: Overview of Textile and Apparel Industry*, at http://www.fibre2fashion.com/industry-article/8/754/lesotho-info-pack-overview-of-textile-and-apparel-industry1.asp, accessed 8 November 2008.

9 Lesotho Clothing and Allied Workers Union, *Highlights of Current Labour Market Conditions in Lesotho*.

10 UN Integrated Regional Information Network (UNIRIN), 'Lesotho: anti-Chinese resentment flares', 2008, at http://allafrica.com/stories/200801241040.html, accessed 4 November 2008.

11 Lesotho Clothing and Allied Workers Union, *Highlights of Current Labour Market Conditions in Lesotho*.

12 M Keck & K Sikkink, *Activists Beyond Borders: Advocacy Networks in Transnational Politics*, Ithaca, NY: Cornell University Press, 1998.
13 R Ambruster-Sandoval, *Globalization and Cross-Border Solidarity in the Americas: The Anti-Sweatshop Movement and the Struggle for Social Justice*, New York: Routledge, 2005; A Fung, D O'Rourke & C Sabel, *Can We put an End to Sweatshops?*, Boston, MA: Beacon Press, 2001; and J Ruggie, 'Taking embedded liberalism global: the corporate connection', in D Held & M Koenig-Archibugi (eds), *Taming Globalization: Frontiers of Governance*, Cambridge: Polity Press, 2003, pp 93–129.
14 D McDougall, 'Gap plans "sweatshop free" labels', *Observer*, 4 November 2007.
15 J Esbenshade, *Monitoring Sweatshops: Workers, Consumers and the Global Apparel Industry*, Philadelphia, PA: Temple University Press, 2004; and G Seidman, *Beyond the Boycott: Labor Rights, Human Rights and Transnational Activism*, New York: Russell Sage Press, 2007.
16 J Braithwaite, 'Rewards and regulation', *Journal of Law and Society*, 29 (1), 2002, pp 12–26.
17 H de la Cruz, G von Potobsky & L Swepston, *The International Labor Organization: The International Standards System and Basic Human Rights*, Boulder, CO: Westview Press, 1996; E Lorenz, *Defining Global Justice: The History of US International Labor Standards Policy*, Notre Dame: University of Notre Dame Press, 2001; and J Van Daele, 'Engineering social peace: networks, ideas, and the founding of the International Labor Organization', *International Review of Social History*, 50, 2005, pp 435–466.
18 B Langille, '"Core" labour rights: the true story', in V Leary & D Werner (eds), *Social Issues, Globalization and International Institutions*, Boston, MA: Martinus Nijhoff, 2006, pp 88–123.
19 P Alston, '"Core labour standards" and the transformation of the international labour rights regime', in Leary & Werner, *Social Issues, Globalization and International Institutions*, pp 1–87.
20 G Standing, 'The ILO: an agency for globalization?', *Development and Change*, 39 (3), 2008, p 367.
21 E Brooks, *Unraveling the Garment Industry: Transnational Organizing and Women's Work*, Minneapolis, MN: University of Minnesota Press, 2007; K Nadvi with S Kazmi, 'Global standards and local responses', paper presented at a workshop on 'The Impact of Global and Local Governance on Industrial Upgrading', Institute of Development Studies (IDS), Brighton, 13–17 February 2001; and NikeBiz, 'Nike resumes soccer ball production in Pakistan', 24 May 2007, at http://www.nikebiz.com/media/pr/2007/05/24_soccerball.html, accessed 4 November 2008.
22 S Polaski, 'Combining global and local forces: the case of labour rights in Cambodia', *World Development*, 34 (5), 2006, pp 919–932.
23 K Kolben, 'Integrative linkage: combining public and private regulatory approaches in the design of trade and labor regimes', *Harvard International Law Journal*, 48 (1), 2007, pp 203–256.
24 E Becker, 'Cambodia's garment makers hold off a Chinese challenge', *New York Times*, 12 May 2005; and Polaski, 'Combining global and local forces'.
25 A Posthuma, 'Challenges for promoting "decent work" in global production networks: emergence of "second generation" labor reforms', paper presented at the Society for the Advancement of Socio-Economics, Costa Rica, 22 July 2008.
26 C Hughes, 'Transnational networks, international organizations and political participation in Cambodia: human rights, labour rights and common rights', *Democratization*, 14 (5), 2007, pp 834–852.
27 FIAS, *2005 Annual Report*, p 21, at http://www.fias.net/fias.nsf/AttachmentsByTitle/2005FIASAnnualReport.pdf/$FILE/2005FIASAnnualReport.2005, accessed 11 November 2008.
28 Standing, 'The ILO'.
29 ILO, 'Better Work', 20008, at http://www.ilo.org/global/What_we_do/Projects/lang–en/WCMS_084616/index.htm, accessed 10 November 2008.
30 S Greenhouse, 'An ugly side of free trade: sweatshops in Jordan', *New York Times*, 3 May 2006.
31 Financial Investment Advisory Service, 'Lesotho: corporate social responsibility (CSR) in Lesotho's apparel sector', discussion draft, FIAS, March 2006.
32 D Vogel, *The Market for Virtue: The Potential and Limits of Corporate Social Responsibility*, Washington, DC: Brookings Institution Press, 2005.
33 S Strom, 'Charity's share from shopping raises concern', *New York Times*, 13 December 2007.
34 R Nixon, 'Bottom line for (Red)', *New York Times*, 6 February 2008.
35 M Frazier, 'Costly Red campaign reaps meager $18 million', *Advertising Age*, 5 March 2007.
36 Nixon, 'Bottom line for (Red)'.
37 K Hammond, 'Leaked audit: Nike factory violated worker laws', *Mother Jones*, 7 November 1997; and T Connor, *Still Waiting for Nike to Do It*, San Francisco: Global Exchange Press, 2001.
38 Ethical Trading Initiative, *ETI and Our Members in Action: Good Practice Examples*, at http://www.eti2.org.uk/Z/lib/2006/09/impact-press/eti-press-impactex-200610.pdf, accessed 18 November 2008.

39 Gap (RED), 'Taking steps towards hope: Gap Inc investing in Lesotho through (IPRODUCT) RED and other initiatives', 9 August 2006, at http://www.gapinc.com/red/progress_article_2.html, accessed 4 October 2008.
40 Gap, Inc, ''What is a company's role in society?', GAP Inc 2005–6 Social Responsibility Report, p 81, at http://www.gapinc.com/public/documents/CSR_Report_05_06.pdf.
41 Financial Investment Advisory Service, 'Lesotho', p 77.
42 Author interviews with subcontractors, 2008.
43 C Buckley, 'China to fight US limit on textile imports', *New York Times*, 17 May 2005; and J Kantor, 'Europe to phase in shoe tariffs', *New York Times*, 22 February 2006.
44 Asian Development Bank, *Asian Development Outlook 2006*, p 36, at http://www.adb.org/Documents/Books/ADO/2006/documents/ado2006-part1.pdf, accessed 18 November 2008.
45 AGOA.info, Trade Center for Southern Africa, at http://agoa.info/index.php?view=country_info&country=ls&story=trade, accessed 18 November 2008.
46 Minutes of MFA Forum, Lesotho Working Group meeting 8 September 2008, at http://www.mfa-forum.net/downloads/mfaforum_Lesotho%20Meeting_Minutes.pdf, accessed 18 November 2008.
47 J Meyer & B Rowan, 'Institutionalized organization: formal structure as myth and ceremony', *American Journal of Sociology*, 83 (2), 1977, pp 340–363.
48 A Marston, *Labour Monitoring in Cambodia's Garment Industry: Lessons for Africa*, Realizing Rights: The Ethical Globalization Initiative, 1 May 2007, at http://www.realizingrights.org/pdf/Labour_Monitoring_in_the_Garment_Industry_May2007_A_Marston.pdf, accessed 16 January 2008.

Notes on Contributor

Gay W Seidman is Professor of Sociology at the University of Wisconsin-Madison and a visiting fellow at the Princeton Institute for International and Regional Studies. She has written widely on labour movements in developing areas, especially in southern Africa and Latin America. Her most recent book is *Beyond the Boycott: Labor Rights, Human Rights and Transnational Activism* (Russell Sage Foundation Press, 2007).