

# Experiments in Transforming the Global Workplace:

## Incentives for and Impediments to Improving Workplace Conditions in China

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This article highlights current economic conditions in China and analyzes existing obstacles to improving workplace conditions and labor practices. There are significant disincentives to strengthening workplace protections, and downward pressures are currently worsening conditions in a number of economic sectors. However, there are also potential strategies for motivating multinational corporations (MNCs) and Chinese government agencies to improve workplace conditions and to implement international and national laws and corporate codes of conduct. Four key principles are discussed that hold promise for creating incentives and sustainable mechanisms to improve factory conditions: transparency, verification, and accountability for MNCs and Chinese government agencies, and greatly strengthening worker participation. *Key words:* China; worker representation; workplace protections; regulation; multinationals; health and safety.

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**B**arreling down the highway from Shenzhen to Guangzhou, through the heart of China's Pearl River delta, past hillsides turned into gravel quarries, rice fields transformed into cities, buildings converted to billboards for the world's leading brands, and factory after factory producing goods destined for the world's markets, it is hard to avoid feeling that this is one of the centers of economic globalization. And perhaps more importantly, that southern China is where the world's new workplace labor standards are being determined.

Virtually every developing country in the world now looks to, and competes with, southern China on productivity, wage rates, tax incentives, infrastructure, and regulatory standards. Corporations—whether they pro-

duce in China or not—are similarly connected to Chinese factory conditions as they compete with China's high productivity and low costs. China's labor laws and implementation of workplace protections are emerging as a key component of this competition.

Because China is the fastest growing economy in the world, consumers around the world are also increasingly connected—whether they like or not—to Chinese factory conditions through the shoes, clothes, electronics, toys, and appliances they purchase. Workers are similarly connected to, and impacted by, Chinese factory conditions. Freeman's famous query about whether American wages are set in Beijing<sup>1</sup> might now be amended to ask whether the world's health and safety standards, working hours, and labor conditions are set in the coastal zones of China.

For some, China represents all that is problematic about competition in the global economy. Critics argue that the country's vast supply of cheap labor, lax enforcement of regulations, and suppression of labor and human rights groups make it both a magnet for socially irresponsible multinational corporations and a troubling model for countries seeking to attract foreign investment and develop domestic enterprise.<sup>2,3</sup> For these critics, China has emerged as a leading symbol of the global "race to the bottom," with workplace health and safety conditions as one example of the downward pressures created by China's development model on all producers in the global economy.

Critics argue that there are major incentives against effectively regulating industrial activities by the Chinese government, particularly local officials. The government is simply more interested in attracting foreign investment, promoting domestic industry, and creating jobs and taxes, than in protecting workers or the environment. Current economic trends are increasing these disincentives to regulation and increasing downward pressures on workplace conditions. State-owned enterprises (SOEs) are in crisis, with "restructuring" leading to massive layoffs of industrial workers. An estimated six million state workers were laid off in 2000.<sup>4</sup> Workers report declines in conditions in SOEs and failures of SOEs to pay even basic salaries, pensions, or benefits.

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There has been a rapid growth in small-scale private firms and town and village enterprises, both of which are reported to perform poorly with respect to health and safety protections. An official Ministry of Health survey found that over the last two decades more than 20 million township businesses have been created and that 60% of these have “minimal industrial safety measures.”<sup>5</sup>

Growth in foreign direct investment (FDI) and multinational corporation (MNC) production has also led to increased competition and declining export prices for factories in China, with resulting pressures on wages and working conditions, and demands on factories to work longer hours to meet “just-in-time delivery” schedules.<sup>6,7</sup> Increased competition between domestic and foreign firms has created new pressures on Chinese enterprises to increase productivity and lower costs, often at the expense of health and safety. Worker demands for improved conditions are also undermined by the addition of some five million new workers searching for jobs each year and an estimated 140 million migrant workers willing to accept whatever jobs are available, even when conditions and pay are extremely poor.

Local government agencies are under particular pressure to attract foreign investment and create local tax revenues as central funding from Beijing has recently been reduced.<sup>7</sup> Both national and local labor inspectorates attempting to regulate workplaces find themselves underfunded, overworked, and too weak to enforce laws on politically-connected firms. This has been a recipe for widespread failure of government agencies to enforce national labor laws and regulations.

A kind of “grow now, regulate later” attitude has led to a string of industrial tragedies—from factory fires, to mining catastrophes, shockingly high occupational amputation rates, acute toxic exposures, and chronic occupational health problems throughout industry.<sup>3,8-12</sup> Recent industrial growth has also attracted more and new forms of hazards, particularly in the high-tech sectors, with workers working longer hours at an increased pace of work with increased risks of accidents and increased exposures to chemical contaminants.

Nongovernmental strategies for addressing occupational health and safety problems—such as through independent trade unions, nongovernmental organizations (NGOs), and worker education programs—have also been limited or blocked outright by the government.<sup>13</sup> Repression of free trade unions and the imprisonment of leaders of labor organizing efforts continue.<sup>14-16</sup>

China’s sole official union, the All-China Federation of Trade Unions (ACFTU), remains under the control of the Chinese Communist Party and state, and has to date made little progress in occupational health and safety issues or in supporting independent worker actions.<sup>17</sup> The government continues to block the formation of independent free trade unions.<sup>15</sup> And while strikes are not officially illegal, recent wildcat strikes and independ-

ent labor actions have been handled with a combination of brutal repression and minor financial concessions.<sup>9,14,18</sup> Recent legal changes that provide opportunities for workers to sue their employers for compensation from industrial accidents, while welcomed by workers and their advocates, still face courts that generally side with the state and enterprise management.<sup>19</sup>

With severely constrained political freedoms and huge surpluses of laborers searching for jobs, workers struggle to protect themselves on virtually every level: to increase wages, reduce working hours, set reasonable production goals, curb physical and sexual harassment, and even minimally improve workplace safety conditions.

These trends have created multiple incentives against workplace protections, continued downward pressure on actual conditions in factories producing both domestic goods and products for foreign markets, and mounting pressures against strict enforcement of labor laws. These incentives and impediments are obviously major challenges to efforts to protect workers’ rights and to improve workplace conditions.

## GOVERNMENT POLICY RESPONSES TO DATE

The government of China is, of course, aware of problems in state-owned, private, and foreign-invested factories, and has taken a number of steps to reform labor laws and administration. The government has promulgated a range of laws, regulations, and decrees that codify workers rights and health and safety protections (see the article by Pringle and Frost<sup>20</sup> in this volume for a detailed discussion).<sup>21</sup> A new Labor Law came into effect on Jan. 1, 1995. A revised Trade Union Law was announced October 28, 2001. A Law on Occupational Diseases Prevention and Control became effective May 1, 2002. A Law on Safe Production (also known as the Work Safety Law) came into effect November 1, 2002. The government has also advanced a range of regulations specifying health and safety standards in industrial operations, such as: Regulations on Safe Management of Dangerous Chemicals; Regulations on Labor Protection for Using Toxic Substances in Workplace; and, Regulations on Protection against Radioisotopes and Radiation-Emitting Apparatus.<sup>22-25</sup>

China has been a member of the International Labor Organization (ILO) since 1919, and is a signatory to 23 ILO conventions, but only three of the ILO’s core conventions (#100 on equal remuneration, and #138 and #182 on the abolition of child labor).<sup>26</sup> Nonetheless, the country voted in 1998 to respect ILO core labor standards,<sup>27</sup> and is currently working with the ILO to implement a capacity-building project, “Improved Human Resources Development and Management and Labour Management Relations in Chinese Economic Development Zones.”<sup>28</sup> China is also a signatory to the International Covenant on Economic,

Social, and Cultural Rights, which requires respect for the right to form trade unions and to protect worker health and safety.<sup>27</sup>

While this new round of laws, regulations, and international commitments would seem to indicate that workplace rights and protections are rising on the agenda of the government, the actual implementation of these laws remains problematic. Occupational health and safety is officially regulated by the State Administration of Work Safety (SAWS), under the State Economic and Trade Commission and the Ministry of Health.<sup>29-31</sup> There are currently approximately 20,000 officers enforcing labor laws in China.<sup>29</sup> However, this results in only approximately one government inspector for every 35,000 workers. Even in the Pearl River delta, an industrial hotbed, there is only one government inspector for every 20,000 workers, compared with one per 4,000 workers in Hong Kong.<sup>32</sup> Recruitment and retention of competent inspectors is also a problem in China, as capable inspectors can make substantially higher incomes, with greater career opportunities, in the private sector.

In general, enforcement rates are low, labor inspectors have limited technical capacities, and corruption remains a major concern.<sup>8,10,16</sup> So while recent reforms are encouraging, there continue to be major barriers and impediments to more effective implementation of labor laws and workplace protections, the most glaring disincentive being simply the conflict at the local level between attracting investments, jobs, and tax revenues, versus regulating industry. Local labor agencies are simply not strong enough to shut down or even seriously fine violating firms. County- and provincial-level health departments, which are responsible for inspecting occupational diseases, are not adequately trained, are underfunded, are susceptible to corruption, and are politically barred from “discouraging” economic development.<sup>16</sup>

Internal reforms in China are nonetheless critical for strengthening workplace protections, and should be supported. However, it is important to recognize the limited influence outsider advisors currently have on Chinese government policy. Traditional strategies of aiding, shaming, or bullying a government to change its policies have all had limited effect in China. The Chinese government has to date been largely impervious to international condemnation of its repression of political, labor, religious, and ethnic groups. China has made clear that it does not need foreign aid to carry out its development projects and plans. Diplomatic bullying has shown little effect on the world’s most populous country and rising economic power.

## **STRATEGIC GOALS FOR IMPROVING LABOR CONDITIONS IN CHINA**

It is critical to ask what measures might motivate changes in workplace conditions in factories inside

China, and what measures might motivate Chinese government officials to improve enforcement of labor laws. Essentially, what points of leverage exist within China that might provide incentives to improve workplace conditions? And looking at institutions and organizations outside China, what responsibilities and points of leverage do Western governments, companies, and civil society actors (consumers, trade unions, anti-sweatshop NGOs, students, and occupational health professionals) have to improve workplace conditions in countries such as China?

There has been a long-standing debate in the international trade union movement and among human rights groups about “engaging” China.<sup>33-35</sup> Does it make sense to engage in discussions, negotiations, or even partnerships with Chinese government agencies and the ACFTU, a branch of the state and party? Should international unions cooperate with and help to strengthen the ACFTU? Or would it be more effective to continue exposing poor conditions in China and to denounce the government and the ACFTU for their failures to protect workers’ rights? And should concerned stakeholders simply denounce firms sourcing products from China, and concerned consumers boycott “Made in China” goods until the government enforces international standards and allows the formation of truly independent trade unions?

The engagement debate exists as well on the issue of engaging MNCs and their “corporate social responsibility” and “labor practices” activities in China. Should advocates cooperate with MNC health and safety departments to jointly address workplace conditions in contract factories? Will this engagement result in genuine improvements and the development of multi-stakeholder initiatives, or only superficial efforts designed primarily to improve corporate public relations?

While the question of engagement remains important, much of the debate, even among unions and NGOs, has moved to the question of what form of engagement should be pursued.<sup>33-35</sup> Advocates argue that too many firms are relocating production to China, too many workers are at risk of hazardous conditions, and too many other countries and workers are being impacted by Chinese standards, that it is simply irresponsible not to engage.

So the question persists: how to engage firms, government agencies, and unions in China to create incentives for improvements in factory conditions and labor law enforcement? Recent evidence from experiments in China and around the region indicate that it is possible to influence both factory practices and government regulation. These are by no means full-scale solutions to problems in China—or other workplaces around the world—but rather experiments that hint at steps that may build toward lasting strategies to empower workers, strengthen state enforcement of labor regulations, and ultimately improve workplaces.

## MOTIVATING MULTINATIONAL CORPORATIONS TO IMPROVE WORKPLACE CONDITIONS

The first key challenge is to create incentives for multinational corporations producing or sourcing in China to improve conditions in their owned, contractor, and subcontractor factories. This will require management commitment to respecting international standards of wages, hours, health and safety, and labor rights; commitment to allocating the resources necessary to monitor compliance with these standards; and commitment to implementing processes for workers, unions, and NGOs to participate meaningfully in verifying factory compliance and responding to problems. MNCs are increasingly being asked to prove that they actually have “one global standard” across their supply chains; to compensate contractors and subcontractors for meeting these standards; and to take account of the impact of MNC purchasing policies (such as steadily decreasing prices paid to contractors and ever-shorter delivery times) on contractors’ ability to comply with labor laws and codes of conduct.

Motivating MNCs to commit to improving their factories will likely take serious pressure and incentives for changing current supply-chain dynamics. Consumer awareness and activism is already beginning to exert pressure on companies sourcing from “sweatshop” factories. NGOs and student activists in the United States and Europe have been extremely successful in applying pressure to name-brand firms to improve conditions in their supply chains. Union “framework agreements” are also beginning to influence global firms. A small number of progressive firms are also taking a lead in improving their own supply chains. Nonetheless, additional organizing, education, and advocacy will be necessary to motivate more firms to commit to improving conditions.

Three key principles are critical to creating incentives and sustainable mechanisms for MNCs to improve factory conditions: transparency, verification, and worker participation.

### *Transparency*

Firms operating in China should disclose the names, locations, and conditions of their factories and subcontractors’ factories. This is a simple principle. If MNCs want to source in China (which many, many do), and don’t want to be associated with poor working conditions, then they must prove that their factories are not sweatshops. This can be accomplished by opening these factories to external scrutiny.

A first, but not sufficient, step in this transparency involves hiring external auditors and disclosing audit reports on conditions inside these factories. A number of multi-stakeholder codes of conduct and monitoring systems are already operating in China, and there has

been some convergence recently among codes to require implementation of ILO core standards (freedom of association, collective bargaining, no forced labor, no child labor, and no discrimination in employment) plus basic health and safety, and wages and hours protections.<sup>36</sup> MNCs should disclose both the performances of their factories with respect to these codes and their methods for monitoring compliance.

This disclosure would allow consumers to evaluate brands operating in China and support a process of identifying “best practices” and worst offenders. Transparency would show which standards really are being enforced, and what performance can currently be achieved in specific sectors and factories. Transparency would also help to identify where the worst problems remain, and which issues are the most intractable.

### *Verification*

Corporate self-monitoring and government inspections are currently not credible in China. It is thus not enough to say that a factory is “in compliance” with local laws or a company’s code of conduct. Corporations need to support independent mechanisms for verifying standards are being met. This requires first that firms employ third-party monitors to inspect their factories and subcontractors. There are already a number of monitoring initiatives operating in China and a set of processes for making these more transparent.<sup>36,37</sup> MNCs need to support processes for independent verification of audits that is both transparent and accountable. This will require that key stakeholders (workers, unions, NGOs, etc.) be involved meaningfully in monitoring, verification, and remediation. Firms will also need to financially support verification by contributing funds to a “foundation” or pooled fund, that would then support training of local NGOs, worker organizations, and government inspectors, and support unannounced verification visits. MNCs will also need to verify that the existing prices paid to suppliers and the delivery deadlines do not force contractors to violate the MNCs’ own codes with low wages and long hours of work.

### *Worker Participation*

Worker participation is critical for improving labor conditions and practices in China. Workers should be involved in the verification of conditions inside factories through safe complaint procedures, protection of their right to stop work in dangerous conditions, the establishment of health and safety committees, and ultimately the creation of unions that are responsive to their needs and concerns. Workers should also be involved in remediation processes. These forms of participation are actually already permissible under the revised Trade Union Law and newly enacted workplace safety laws.<sup>38</sup>

## SUPPORTING WORKER CAPACITY BUILDING AND PARTICIPATION

Meaningful worker participation requires strengthening institutional protections, increasing opportunities for participation, and building worker capacities on critical issues. Workers can benefit from training and technical assistance in issues such as identifying hazards, knowing their rights, and remediating problems. External assistance should thus also support longer-term development of means for workers to represent themselves and negotiate for improvements in health and safety and other workplace conditions.

One interesting experiment in worker participation recently took place in two Reebok shoe factories in China. In factories in Fujian and Guangdong Provinces in southern China, workers conducted open elections for their trade union representatives.<sup>39</sup> These elections are likely the first of their kind in foreign-invested enterprises in China, and represent an important precedent in showing that workers can organize and elect their own unions. Reebok played a critical role in supporting and pushing the local factories (which are managed by Taiwanese and Hong Kong investors) to allow these elections. As one reporter noted, Reebok's "aim with these elections is to produce a sustained improvement in working conditions by promoting better communication between management and the shop floor. . . . 'It's our hope that issues can be taken up by the worker representatives,' says Mr. Cahn. 'We have inspections of factories, both announced and unannounced. But you just don't have the assurance that things will be the same the next day. Factories in China are incredibly sophisticated at finding ways to fool us. The best monitors are the workers themselves.'"<sup>39</sup>

The Reebok experiment represents a small step forward in worker participation in China, and similar experiments have been reported recently in other foreign-invested factories in Guangdong, Fujian, Zhejiang, and Shandong Provinces.<sup>40</sup> Although it is still too early to evaluate the impact of these elections, the cases do show that MNCs can create windows of opportunity for worker organizing and real representation even in a country that has a government-controlled union. The revised Trade Union Law presents important opportunities for other MNCs to build on the Reebok experiment and to support real worker participation and representation.

Another "experiment" of this nature involved creating and supporting workplace health and safety committees in contract factories for multinational footwear companies in Guangdong (discussed in detail by Szudy, O'Rourke, and Brown in this issue<sup>41</sup>).<sup>42</sup> The creation of health and safety committees has been shown elsewhere to support significant reductions in injury rates.<sup>43-45</sup> This project sought to support worker participation in identifying and resolving problems inside factories, and in advancing broader systems of moni-

toring and corporate accountability. Participant factories (producing shoes for Adidas, Nike, and Reebok) created or expanded health and safety committees, began regular inspections of production areas, and worked with managers to eliminate or reduce identified hazards. The committees also worked to develop new and safer mechanisms for workers to report problems, new processes for identifying and eliminating hazards, and new systems of worker-management communication. In a number of cases, the committees have been able to identify and correct previously unrecognized hazards, as well as to highlight long-standing concerns of workers.

Several interesting lessons can be drawn from these experiments in worker participation. It is clear that the participation and cooperation of different stakeholders are critical to the success of even simply creating health and safety committees. It is currently virtually impossible for workers to create independent organizations on their own in China. These committees and elections show that multinational firms can play a critical role in supporting, protecting, and even funding worker participation. While the space for independent worker organizing remains constrained in China, foreign firms can open small spaces for workers to participate in important factory decisions, and can create mechanisms to respond to worker complaints and concerns.

NGOs can also play critical roles in supporting worker organizations in foreign factories and in advancing basic skills in communication, organizing, and negotiation, as well as technical knowledge of health and safety risks. This has already been the case with the two Reebok factories where elections have been held, and in the follow-up to the Guangdong training of health and safety committees. NGOs can also follow the progress of committees and complaints to make sure that managers respond to worker concerns. Local government officials can learn from these initiatives, and look more to workers as sources of information on factory conditions, rather than depending only on managers.

## MOTIVATING GOVERNMENTS TO IMPROVE REGULATION

The third key point of leverage over working conditions relates to local government implementation and enforcement of regulations. As noted above, there are currently major disincentives to enforcement of labor laws, and major impediments to effective policing of factory conditions. One obvious recommendation is to strengthen the government's capacities to inspect factories and remediate problems through aid and technical assistance. While this is clearly important, it will likely not be enough to motivate significant changes in enforcement. Political commitment must come before technical capacities can influence factory conditions.

Despite significant impediments, there is potential for the Chinese government to strengthen labor law implementation, to give force to the new Trade Union Law and Work Safety Law, and to increase the coverage of labor inspections to town and village enterprises, small private enterprises, and rural industry. Of critical importance is strengthening the capacity and power of labor and health inspectors. External aid programs could provide needed resources to these agencies, provide training support, and help to increase their capacity to inspect factories. However, ultimately it will be a political decision within the Chinese government about whether it wants to increase the power of these inspectors to fine or shut down dangerous and exploitive workplaces.

Advocates have identified a number of strategic goals for improving enforcement in China.<sup>10,20,30,38</sup> First, top government officials must demonstrate political support for strict implementation of labor laws to send a message down to provincial and city agencies. Second, the central government needs to dedicate increased human, financial, and technical resources necessary for effective regulatory enforcement. Third, the government must seriously attack corruption in the agencies currently responsible for enforcement, especially on the local level. Finally, they must create legal and political mechanisms to block downward competition, as exemplified by offering subsidies, tax breaks, and weakened regulations and enforcement, among cities, provinces, and regions aggressively seeking to attract foreign investment.

How might external actors create incentives for the Chinese government to commit these resources and political will to improve regulation and enforcement? Here again, transparency, accountability, and participation are key to strengthening regulation in China.

Foreign investors themselves have been calling for years for increased transparency, reduced red-tape, reduced corruption, and the enforcement of key laws strengthening the rule of law in China. These investors, however, have to date been more interested in protecting intellectual property and profits than workers' rights. By extending calls for improved governance in China to workplace and environmental issues, it would be possible to evaluate the performances of local government agencies in enforcing labor laws. By making the performances of government agencies public (as Transparency International has done on corruption issues<sup>46</sup>), it would be possible to create incentives for strengthening regulation, and to make "good governance" a competitive issue for provinces and cities. The ILO is currently developing standardized measurements in a "decent work index," which might also be comparatively applied to localities. International stakeholders could publicly rate which cities and provinces in China are best for workers, and perhaps even put pressure on socially concerned MNCs to locate in

regions that have proven they seriously enforce labor and environmental laws.

Already there is some movement in China showing competition among locales to attract investment through their provision of "soft" infrastructure such as respect for the rule of law and "fair" governance. In Beijing, for instance, two business districts have recently competed to show they are better business environments by opening themselves to a practice known as *wan ren ping zhengfu*, or "10,000 people criticize the government." One of the districts even sent a survey to foreign and domestic business managers asking them to rate the performances of government departments.<sup>7</sup> The southern city of Shenzhen is conducting a similar experiment in political reform—involving a separation of powers and administrative reforms—in order to convince foreign investors the city is a "fair" environment for investment.<sup>7</sup> Foreign investors, and their customers in the United States and Europe, could play a critical role in supporting and advancing these transparency and accountability reforms.

With China's ascension to the World Trade Organization (WTO), it may also be possible for other governments to exert some pressure on China through multilateral or bilateral trade agreements to improve the enforcement of labor standards. It is unlikely that any country in the world could require China to sign a trade agreement along the lines of the U.S.–Cambodia agreement that ties increased import quotas to labor enforcement. Moreover, the WTO itself is quite hostile to including any kind of social, labor, or environmental clause in WTO rules. However, it remains a long-term goal of many unions and NGOs to advance some form of global regulation of these issues, and the WTO may be the only international organization strong enough to influence China.

Nonetheless, it still makes sense for individual countries to use diplomatic and economic incentives to pressure China to respect workers' rights, to release political prisoners such as trade union organizers, and to allow the formation of independent trade unions. Chinese labor regulation could also be strengthened by assisting or pressuring the country to come into conformance with ILO standards and conventions on core labor rights—particularly freedom of association and collective bargaining. External assistance could support this development. However, here again it appears that it is internal political decisions that are needed to overcome current barriers to developing independent free trade unions and more effective regulation in China.

## CONCLUSIONS

The challenges of improving workplace conditions in the literally hundreds of thousands of factories in China, and strengthening state regulation of these workplaces, can hardly be overstated. But the stakes for

Chinese and other workers around the world are such that those concerned about labor rights have little choice but to try to support improvements in Chinese laws, and more importantly, in the implementation and enforcement of these laws. In the longer term it will be critical to support independent worker organizing and broader public participation in China.

These strategies will of course require long-term commitments to reform in China. However, there are also actions that could have immediate impacts on workplace conditions in the factories of multinational corporations, and gradually help to support larger-scale reforms. By pressuring MNCs operating in China through consumer and activist campaigns, it may be possible to find points of leverage over factories and regulators. This would involve a few key principles.

First, consumers should demand transparency of firms operating in China. The simple demand is “if you want to produce in China and not be labeled a sweatshop producer, you must show us your factories are better than those we regularly hear about.” This transparency can also support comparison of firms in China to identify best practices and worst practices, and to establish goals and standards for other firms. NGOs can play a key role in focusing this comparison and publicly evaluating MNC brands.

Second, firms must be willing to allow external evaluation and verification of conditions in their factories. The public simply does not believe corporate claims or government inspections in China. Independent verification of auditing reports and government inspections is necessary for public credibility. Chinese inspectors essentially need to be held to the same standards as international auditing firms and NGOs.

Third, worker participation must be supported, fostered, protected, and funded. Workers can act as monitors, verifiers, and participants in remediation in factories. Worker health and safety committees offer one obvious strategy to begin the process of empowering workers to participate meaningfully in factory improvements. The international community can also support the emergence of independent unions in China.

Finally, there is a need to create mechanisms of transparency and accountability for local government agencies in China, and incentives for localities to compete on “good governance.”

The existing impediments to improved workplace conditions in China necessitate policies and programs that create multiple incentives for firms and government agencies to enforce labor standards and respect workers' rights. This will involve the cooperation and coordination of many actors from around the world providing external supports, technical assistance, public pressures, campaigns and exposés, and ultimately economic incentives for China to realize both the heavy costs of allowing a race to the bottom, and the benefits for all of improving the lives of workers.

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