

Patrik Aspers

**The Altruistic
Donor and the
Opportunistic
Well-doer**

Labelling Fashion
Markets in Theory
and Practice

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1 Sweatshops are not a recent issue in the garment sector; they were an issue more than 100 years ago (Wilson 2003:68–90), not least for Marx.

2 This way of conceptualising the consumer transcends the economic actor proposed by neoclassical economics (cf. Hausman 1992; Beckett 2005) and rational choice political scientists (cf. Føllesdal 2004:18–19).

3 In business-to-business transactions actors, e.g., firms, invest heavily to know the market, but as every day consumers it is impossible to know much about the details. When consumers are asked about unethical firms, many mention, for example, H&M, Shell, Nike, and Ikea (Uusitalo and Oksanen 2004:218–219). But it is actually unlikely that they are the most unethical firms. It is much more likely that one finds the unethical firms among those who are smaller, who operate as importers, who do not have buying offices in production countries, and who cannot afford to have people employed to control the Code of Conduct programs of the firm, if such a program exists in the first place (Aspers 2006). These firms, and their activities, are not known to regular consumers, nor, it seems, to political activists or journalists. Larger firms, in contrast, are more scrutinized by journalists, and they are also of course well known among the consumers who are asked to name unethical firms. See Hiß (2006) for a general discussion firms' social responsibility.

It is clear that consumers are important and that they have power in contemporary market society (cf. Slater 1997). The growing debate surrounding the ethical and political dimensions of consumption, for example on 'sweatshops', must be seen in this light.¹ Consumers are reflexive and able to make deliberated choices (Warde 1994). The ethical consumer, in contrast to other consumers, does not only care about the price, but also, for example, about how the product was made, by whom, under what conditions, as well as the environmental consequences of production and consumption. This consumer tries to include these aspects in the consumption decisions, which means that she includes super individual ends.² Hence, she does not only maximise her own utility in a narrow sense, but tries to improve the conditions of others, or the conditions of the environment. Ethical and environmental consumers accept, by and large, the idea of consumption and the market system, but use their purchasing power in markets as tools (cf. Micheletti, Føllesdal, Stolle 2004:xi, xiv) to promote 'political' ends. Political consumption is embedded in an economic context, which sets it apart from traditional politics within the state or that use the state as a means.

If consumers want to promote some ends in markets, e.g., ethical, environmental or political, it is usually assumed that they must know about the products and the production conditions of the products. Thus, one problem is how to convey this information in the final consumer markets so that consumers do not have to be expert consumers (cf. Jordan, Wurzel, Zito, Brückner 2004).³ However, information that links conditions of production with the actual consumption situation is neither easy to generate nor to convey. Thus, even if the consumer is reflexive and reasonably well informed, it is unlikely that she can know about the production of all the commodities she purchases (cf. Hayek 1945). The global economy implies that many commodities are produced in the developing world, but consumed in the developed world (Gereffi, Humphrey and Sturgeon 2005). This distance makes it even more problematic for consumers to know how the commodities are produced.

The approach suggested here assumes that markets are efficient mechanisms of production as well as of distribution of global flows (cf. von Mises 1963 [1966]:257–326).

4 In making suggestions one should be aware that it is by no means clear that good intentions, even if supported by activities, lead to improvements for those in question (cf. Follesdal 2004:15–19).

5 There is substantial literature, for example within the field of political economy (cf. Jessop 2002), which calls for restrictions on the market. This literature is not considered here. It has been shown that political solutions, in a broad sense, are problematic. To be effective they must encompass all actors, not impede the market, and not merely punish those who do not comply (Prasad, Kimeldorf, Meyer and Robinson 2004:60–61). The state is of course a key player in determining the rules of the economic game (Fligstein 2001).

6 This approach does not imply that markets emerge as natural phenomenon; instead, I follow new economic sociology and argue that markets are social constructions (cf. Swedberg 1997).

Regardless if one accepts this or not, one has to recognise that the current economy is capitalistic and market based. In this paper I discuss ways to improve the conditions of the environment and of the workers producing garments that comply with the current market system.⁴ I look for solutions that do not hamper economic activities. In other words, what is produced in a market need not necessarily be harmful (cf. Prasad, Kimeldorf, Meyer and Robinson 2004).⁵ By this approach I separate the market as an arena of exchange from the content of what is exchanged.⁶ Furthermore, only by exploring the market model on its own terms can one seriously identify its weaknesses as well as its strengths.

The purpose of this paper is to present a way in which markets can deal with ethical coding, or labelling, of commodities. It is partly based on my own previous research in this field (Aspers 2006), and the philosophical ideas underlying the current system. The suggested solution does not depend on the political power of the state. This, obviously, does not exclude concerted activities of consumers or producers in markets (e.g., Peretti 2004). Though ideas along similar lines have been voiced (Prasad, Kimeldorf, Meyer and Robinson 2004), the suggestion here is unique since it does not propose to rearrange the entire garment production industry by implementing various standards and so on. The argument is also relevant to other markets in which commodities are subject to rapid change.

The paper is restricted to a discussion of larger garment retailers (such as The Gap, Marks and Spencer, Topshop, H&M and Zara). These firms dominate the final consumer market for garments. It is also only within this market segment that firms have the capacity to control their production chain.

This paper begins by discussing the problem of signalling and conveying product information to customers. Then I discuss the fashion industry, which creates special problems for a labelling system. The following sections discuss the problem of connecting buyers and producers, which leads to a solution.

Underlying Material and Method

This paper is based on empirical research on branded retailing chains. These are examined in European fashion markets, focusing on Sweden and the UK. I have also studied the garment manufacturers that retailers face in the market upstream of the production chain, in two countries with both high-fashion production (including much of the design input and demanding production) and low-fashion production (production of standard commodities), India and Turkey. The idea is not to make a comparative study with countries as units; the variation has instead been used to safeguard the generality of the empirical findings at the level of firms.

The empirical material consists of interviews with persons in the garment industry in these countries as well as documents from the industry. Documents on ethics and codes of conduct produced by larger garment importers have been used. In total 27 interviews made in 2002–2004 have been conducted with merchandisers, designers, owners, and buyers. Participant observation was carried out at factories and in industrial fairs. Most of the interviews were held in India and Turkey, and the majority of the respondents were theoretically sampled, which means that I traced the chain from a retailer, through a buying office, to its manufacturers. I have conducted fieldwork for two months in India and for one month in Turkey, and much more time has been spent in Sweden and in the UK. In addition, industry magazines and web sites are included in the empirical material of this study. There are also other published studies that draw on the same empirical material (Aspers 2006, 2005b). The study was not designed to address the issue of ethical labelling as such, but the issue was discussed, and frequently raised by the interviewees themselves. I employ a hermeneutical approach and use the whole of my material as a background for writing this more policy oriented text.

What can be signalled in a market?

Economists see prices as signals that convey information. This information enables actors to navigate and make decisions in the complex market system. Prices, it is argued, inform us about the relative scarcity of commodities. But the traditional price theory comes with an informational gap problem. Prices do not necessarily reflect the quality of products. Put differently, the same price can denote products of quite different quality. It is, in these cases, unclear what prices signal, and this is sometimes called an informational gap (Spence 2001:408). Economists have addressed this problem equipped with the idea of signalling (Spence 2001). Markets characterised by this gap, such as labour markets and used car markets, i.e., markets in which the information that comes with the price tag is not enough to determine the value of the product, cannot rely on price alone. To signal using other means than price, such as educational credentials in labour markets, is the general strategy to overcome this problem. These signals however, can easily be imitated by others in the market. Trust, gossiping and local knowledge therefore become additional means as well as strategies that can be used to bridge the informational gap.

Sociological research has shed some light on this process, and it is clear that producer markets (e.g., White 1981), i.e., a market in which products come out of the production chain (garments, food or cars), do not operate as the neoclassical economic model predicts. It has been shown that one must separate actors in producer markets using the notion of identity (White 2002; Aspers 2005a; 2005b). In many producer markets, firms are ranked according to quality or status, and each firm has a market niche, making the mix of identity, products, prices and customers of firms different. Given this sociological approach to markets prices are consequences of the status position of firms' market identities. A further consequence is that the more status a firm has, the higher price it can charge its customers, and there are yet other economic advantages associated with high status (Podolny 1993, 1994, 2005). Firms in these markets are not only signalling the quality of the product by price, but also advertising

and marketing strategies are included to separate actors (producers) from each other.

This discussion indicates that there may be additional routes that can be used to communicate the ethical dimension across markets. Status, however, has the disadvantage that only those who know the status orders in a market will be able to interpret and realise this extra information that comes with the goods bought in a market. Status, seen in this light, is a form of local 'capital'.

Labelling of commodities should be seen as yet another way of conveying information to the consumer about the product, in much the same way as status, but without the contextual knowledge that is needed in order to know what goes on in status markets. The solution is to turn the commodity into an 'ethical' commodity. This information may imply a link between products and consumers, i.e., that the products, for example, are produced in a certain way.

The final consumers in these markets, however, are unlikely to know details of production and so on. Moreover, research shows that ethical consumption is problematic, partly due to a lack of signalling effects (Uusitalo and Oksanen 2004). What I mean is that customers are not only uncertain about the actual conditions of production, but also of the different labelling systems. How, then, can one connect the consumption situation with the conditions of production? Below I will look at the possibility of at least partly bridging the gulf between production and consumption in the fashion industry, which clearly is an industry in which the problem of signalling is aggravated

Production of Fashion

All marketers know that it is difficult and often costly to create information links between the product, the producer and the consumer. To establish a credible labelling system in the consumer market takes additional time and effort. The problem of creating labels is even larger in the fashion industry, due to the structure of the production system, but also due to the logic of fashion.

It is first of all unlikely that all customers would buy all their clothes from retailers who sell clothes produced according to ethical and environmental demands. This is

7 There are of course different consumer types as well as different ways of buying, including, mail ordering.

8 Larger retailers handle this by having a number of core suppliers, with whom they cooperate closely, but in addition to these they are also buying from others who operate in the market.

9 It is not primarily the technical side of garment production that is complicated, but the aesthetic input of the producers, the short production cycle and know-how of deliverance and the like.

because large consumer groups would, most likely, see the clothes as too expensive, given their limited budgets. One must also design a system that is suitable for the logic of garment consumption and fashion, for example that the consumer in most cases decides on the spot if she will, or will not buy, an item.⁷

Garments are perishable, if they are brought late to the market, there is a risk that they will not sell, or have to be sold with a large reduction. In response to this, the lead-time of garments is decreasing. This means that the time from deciding to buy or manufacture a garment to having it in stores is shortening, and it is for some commodities less than a month. It is important to realise that the logic of the garment industry poses particular problems of supply chain management. It may be rather easy to have different production chains for coffee, where taste patterns among consumers are stable (cf. Raynolds 2002), which means that producers can assume a fairly stable demand. The matter is much more complex in the final consumer market for fashion garments, which is characterised by fluctuation and insecurity.

The market share of labelled fashion products, which comply with stricter ethical and environmental demands, may not even be possible to measure since it is so small. Moreover, in the ethical production chain, which is often characterised by small-scale production, production quality is not easy to maintain, which diminishes the likelihood that consumers will continue to buy from these stores and brands. The consequence is that the ethical production chains often struggle in fashion markets, which means that they have little direct impact as helping hands for the intended beneficiaries, i.e., people in developing countries.

In order to increase the possibilities of establishing efficient and effective ethical and environmental production chains within this industry, further discussions of the fashion industry are needed. The great variation of fashion products that is sold in a store, made from different fabrics, and with different kinds of skills which can only be found in a few countries, or sometimes only in a small industrial district, means that each retailer must use multiple manufacturers.⁸ Quick deliverance and quality of production is another dimension.⁹ It is moreover costly and difficult to establish a long term working relationship with the

10 Several more general standards have been suggested, such as SA8000 and the WRAP (Worldwide Responsible Apparel Production).

producers upstream of the production chain. It is easier to establish this if the traded volume is large. Consequently, even if the ethically labelled buyer is successful and convinces its suppliers to produce according to the stricter standards, the buyer, given the fluctuation in fashion, cannot promise to always buy from the supplier in the future, and certainly cannot promise to buy a certain amount. This suggests that not only the stores, but the entire supply chain upstream of the retailers operating in the fashion market must be able to meet the fluctuation of fashion.

Varieties of Labelling Systems

This calls for further analyses of alternatives, but I will first discuss the existing systems. All larger branded garment retailers, to my knowledge, have Codes of Conduct and have more or less good knowledge of their suppliers. This is partly because they prefer to have long-term relations with their suppliers (cf. Aspers 2005b; Lane and Probert 2006). By having long term relations with suppliers they can control the quality, and also get some design input. The Codes of Conduct that firms have are usually based on the International Labour Organisation's principles.¹⁰ The demands of the ILO are like a baseline that BGRs do not undercut. This means that the garment suppliers, who today are often engaged in 'full-package solutions' (Gereffi, Humphrey and Sturgeon 2005), have to fulfil these demands in order to become suppliers. These demands are part of a larger set of demands that the BGRs put on their suppliers to maintain quality. Thus, air-conditioned factories do not only mean that the working conditions are improved, it also means that clothes get less stained from people who perspire. Many 'ethical' demands also serve the purpose of improving the quality of the garments produced.

A problem with any system that aims to monitor the industry is to see where the threads of the industrial networks lead. The garment chain, like any global production chain, has numerous links. It is a difficult task to know all the different links, and to control or certify that they are 'ethically secured'. This often means that the production chain is extended, and the further away from

11 This means that the firms cannot get around this issue by having a number of suppliers who do not manufacture, but they cannot be responsible for every activity 'upstream' the production chain.

12 To avoid the material focus that comes with the global commodity chain approach (Gereffi 1999), I prefer to refer to the works by Harrison White (e.g., 2002). White does not focus on the production steps, but on chains of markets. This is an important distinction that I cannot go into details about here but see for example Aspers (2005b).

the global buyer a worker comes, the worse the physical, mental and financial working conditions. Subcontracting can even reach into the homes of women and this work can also include their children. This work is usually undertaken under unpredictable economic conditions and with no legal rights (Hale and Willis 2005).

I will here restrict the discussion to the production units, the factories. This means that I do not go further and demand that the entire chain, i.e., the production of cotton is 'ethical'. This is a practical restriction that all labelling systems are subjected to. Even if some firms demand that their suppliers do not outsource production, it is difficult to control this. I have been informed in talks with manufactures that, if they have problems finishing an order, they have to use plants other than their own to make it. Regardless of the ethical labelling system one chooses this problem remains. From a philosophical point of view it is not reasonable to stop by at any particular step in the chain; why not continue and demand that the animals, and the workers who support the workers who work in the factories that produce the tools that the farmers are using are 'ethically controlled'? I claim that the responsibility of Branded Garment Retailers should be restricted to the first tier of manufactures given that they produce the garments, but not to the suppliers further up in the production chain.¹¹

The question that I will address now is if, and how, one can develop a labelling system that extends beyond this and the minimum level of the ILO. Below I discuss two possible ways of implementing labelling systems in the garment commodity chain.¹²

Differentiated Production Chains

The first solution is to have different fashion lines clearly identifiable in the stores, one for ethical, and possibly one also for environmental production, and one for the traditional production. This solution implies two (or three) different production chains, with different requirements. It would mean that the fabrics available, made according to the stricter ethical or environmental demands, are different

13 The clean clothes campaign is one such organisation www.cleanclothesconnection.org (accessed May 19, 2006).

from those that are available for actors in the regular production chain. It would also mean that more people, such as merchandisers, designers, buyers, as well as staff working at buying offices with sourcing and controlling the standards, must be employed. It is unlikely that there would be as many ethical and environmentally concerned fabrics manufacturers. This solution is possible to implement, though it comes with an increased cost. To date we have not seen this to a significant extent in the fashion industry, due to variety of production of fashion discussed above.

Present Labelling Systems

The second solution is to continue with the current 'labelling' systems. Could it be a blue print also for the rest of the fashion industry? There are two versions, first the so-called Code of Conduct (COC) that one finds in the mainstream industry, and then the more demanding labels one finds in the alternative segments of the fashion market.¹³ Firms in the garment industry have developed minimum levels of environmental and ethical responsibility as a response to the demands of final consumers (Aspers 2005b). It is thinkable to have a system in which all manufactures must meet the minimal demands set by the retailer, or an independent organisation (such as ILO). This solution, however, will not meet the more advanced demands of larger consumer groups.

Independent organisations have stores with products that meet the high demands of ethical or environmental organisations. These labels are often strong on environmental and ethical issues, but even according to themselves, weak on fashion.

A conclusion is that though the current system of labelling has been successful in the relatively stable coffee market, it is unlikely to be successful in the more volatile fashion industry. In order to meet the higher demands of some consumers, while retaining the minimum standard, I will look into what could be called a market solution.

14 The suggestion, of course, does not prevent different chains from developing. The important point is that this is not demanded.

15 This, in moral philosophical terms implies a Rawlsian (1973) baseline, but essentially puts the trust in a Nozickian (1974) potential. What I mean is that the baseline secures a minimum standard that is regulated, but it is only by the willingness of people to give money that a substantial change can be accomplished.

Towards a Solution

The solution I propose sees the market as a starting point. Given an ethical baseline standard, final consumers are given the opportunity to pay an extra sum for the item they purchase in the store, and the whole of this sum then travels the opposite direction of the item, i.e., back to the workers or an environmental organisation. According to the solution proposed all garments are produced in the same way. This is to say that there are not different production chains, some being more 'ethical' than others.¹⁴

The discussion of the garment industry raises the issue of how one could combine the special conditions of the industry and the demands of consumers to create progress for workers and the conservation of the environment. Is it possible to generate such a system if one starts from the assumption that the market is able to deliver results, not only seen from the perspective of the economists who wish to increase the efficiency of the economy, but also from the perspective of the ethical consumer? What changes, if any, must be made in order to have a useful labelling system for fashion, and other fields of a similar kind? What, in essence, may such a system look like? I will in this section restrict the discussion to the issue of improving the workers' conditions.

The solution that is suggested here is that the minimum standard set by the ILO that many retailers already use should be kept as an ethical baseline. However, consumers should be given the choice to spend money, so to speak, above this minimum level, and thereby affect the environment and the working conditions further.¹⁵ The information that the consumer needs is essentially that the extra money she pays goes to the workers of the plant producing the garment. This, in other words, is a way of connecting the final consumer with the producer of the garments, without too many middlemen, and without further complicating the COC system.

Thus, the detailed accounting and quality control system of the full package solutions that many retailers use means that it is known where and when each item was produced. External accountants, which all large firms must have, can be used for controlling the transfer of money, as well as providing some form of legitimacy and transparency

of the process. This means that it is relatively easy, seen from this side, to send money back to the point of production.

The system has a clear limit, since it will not affect everyone in this industry; only those who work for the suppliers of the BGRs are directly affected. There is, however, likely to be a trickle down (cf. Simmel [1904] 1971) or a vacancy chain (cf. White 1970) effect, since these workers will get more money, and their working positions will be popular, which may force other firms to also improve their conditions. Moreover, this solution does not exclude political and union activism from the workers. In fact, the economic resources actors gain can be used for these kinds of activity.

The suggested economic transaction implies that workers get more money, though the working conditions themselves may not change. Consequently, the working conditions may still be harsh. The underlying assumption is that it is better to give the workers money, and let them decide how to use it, than to impose Western values on the workers, i.e., stating that the restroom must be of a certain size, that the air temperature must not exceed a certain limit, that they must have breaks of this or that length and so on, which are the practical implementation of the COC (Aspers 2006). From my observations of slum areas in New Delhi and elsewhere, there are many more urgent problems that workers face, such as clean water, to put their children in school and so on, than to have certain standards for the size of the toilets (though these requests do not exclude each other).

It is a philosophical argument that the 'recipient' decides what is best for her, or in other words, set her free to determine what is best, instead of implementing 'universal' (Western) values proposed by various 'well-doers'. It is a liberal principle, supported by active donors, not the Western hand of benevolence, which underlies this proposal. Furthermore, since money is generated through trade, rather than by generalised aid, it will not belittle workers in developing countries; instead it is likely to strengthen them. That is, they are given resources because of what they do, rather than because of their precarious situation. This is also a way of preserving cultural autonomy.

Moreover, the suggestion largely brackets the layer of capitalists in both the developed and the developing world. It is instead an attempt to 'connect' consumers directly

16 An experiment by Prasad, Kimeldorf, Meyer and Robinson (2004) provides support for my idea. In their study, they create a new brand, and sell identical products labeled with this brand. Thus, their analysis covers a different setting than what is proposed here. They assume an entire chain of production that is organised according to 'Good Working Conditions' (the name of their brand name).

with workers or with organisations that work for the environment. This suggestion should be seen in contrast to the ethical codes that ultimately increase the cost of production, and diminish the only substantial competitive advantage that producers in developing countries have, namely low labour costs. The suggestion, then, is a way of endowing actors with power and improving the workers' condition of life through the means of trade, instead of moulding them according to our idea of a good life.

This idea goes directly against mainstream literature, and the many well intended help programs, which have clear-cut solutions with detailed suggestions about how things should best be done. Moreover, we must acknowledge that the so-called COC, by and large, are produced within a Western context, reflecting Western interests, sentiments and values. It is as I have indicated unlikely that these values and sentiments are of equal importance to people in developing countries (cf. Aspers 2006).

The Practice

The section above outlined the theoretical and philosophical ideas behind the suggestion, and below I discuss some of its more practical aspects. There are two issues that must be addressed, the first is the interface between consumers and garment retailers, and the second is the feedback loop that ensures that the money reaches the workers or the environmental organisation.

I start from the consumer market. My suggestion is that the price tag should be coded so that the consumer can choose to support, one or two of the particular ends, e.g., labelled 'environmental concerns' and 'ethical concerns'.¹⁶ Hence, the product is the same, what differs is the amount the customer pays, and to what causes it is directed to. Figure 1, shows the alternatives customers face when buying garments in stores, within the four boxes showing prices and the colour (shades of grey if printed in black and white) marks. The suggestion is that the endowment should be a small sum, like one Euro, or one Pound. An assumption is that there are different kinds of monies, or put in other words, money can be given different meanings (cf. Dodd 2005).

17 The important issue is that there is a direct link, and not a small percentage of the 'production cost'.

18 The money generated is a form of charity, and it is not unlikely that BGRs would consider making these figures official to gain public respect.

19 This is often a condition that buyers want to know about the financial status of manufactures in order to work with them. This means that this task is also essentially within the normal procedure of the interaction between manufactures and their buyers.

20 A central point is that the monitoring of working conditions that is often made by Non Governmental Organisations is not central to the solution proposed here (cf. Esbenshade 2004). See for example www.amrc.org.hk (accessed November 24, 2005) for examples of monitoring work. This work can continue, but the solution does not essentially depend on them.

The consumer can support one or two of the ends, ethical and environmental. If the consumer buys a commodity with an ethical tag, it would be the responsibility of the firm to send the money back to the workers of that factory. To organise this will probably induce transaction costs, but the advantage would be that the extra cost of the garment could be transferred directly to the workers.¹⁷ This means that each worker is free to use her share of the 'ethical money' that is transferred to her as she pleases. Though the workers only get a small percentage of the price of the item in the store, this value in absolute terms is much more than the manufacturer pays the worker for producing the item.

Figure 1. Example of ethical and environmental concerns and different prices, which the customers can choose from when at the cashier.

Kinds of consumer concern	Standard ethical concern	Additional ethical concern
Standard ethical concern	23 euros	24 euros
Additional ethical concern	24 euros	25 euros

The practical details of how workers and organisations will receive money can only briefly be discussed here. The sum that the customer chooses is registered at the point of sale, which means that the ethical and environmental sums generated are known.¹⁸ I mentioned that firms have knowledge of their monetary and material flows, and it would be possible to have the 'ethical sum' that is generated at one factory distributed among the workers of that factory (according to each workers proportion of the total sum of the wage).

Moreover, it is not uncommon that the manufactures have an open bookkeeping, so that their buyers actually know the financial situation of the manufacturer.¹⁹ This makes it easier to have control of this money so that it reaches the right recipients. It would, in the end, be the responsibility of the BGRs to make sure that the money is given to the workers.²⁰ When it comes to 'green money', i.e., money given to organisations working with the aim of improving the environment, it may be suitable that a foundation gets this sum, such as WWF. This sum can then

21 As has been analysed, this is a big hindrance (Prasad, Kimeldorf, Meyer and Robinson 2004:72–73).

be used for the purposes the organisation finds best, such as putting pressure on firms, including garment firms, states and consumers to promote environmental ends.²¹ To maintain a signalling effect of the way consumers spend their money, each garment may have a green and a yellow clothing tag (that are shown in Figure 1) that will be removed by the cashier if the consumers does not pay the extra sum for the environmental and ethical purposes. If the customer pays one or both of these additional sums, one or two tags, respectively, will be retained. Thus, these tags would essentially allow the consumers to convey information about the values they support (in a similar way as status does in the example discussed above), and to maintain the signalling the different tags could be made visible on the garments. This makes it possible for the consumer to buy in order to maintain or create and publicly state her identity.

Here I suggest keeping markets as the fundamental mechanism of the economy, though adding ethical and/or environmental dimensions. It is obviously possible to make the voluntary sum compulsory, and thus generate an ethical and environmental tax. This, however, is merely to return to the current system: the value added tax is withdrawn from the market, and then distributed by the state through various agencies, all of which cut their share of the sum. Figure 2 shows the different responsibilities according to the alternative suggestion made here.

Figure 2. Overview of the responsibility of the actors.

Issue	Responsibility:		
	Firm	Consumer	State
Paying		x	
Administration of the system		x	
Control	x*		

* This control could also be performed using the accounting firm of the BGR.

Shortcomings

What problems does this approach face when imposing labelling? Some problems have to do with the credibility of labelling systems. This is partly a general problem, but it is

likely that firms have lower credibility than independent bodies, and in some countries also than the state. The market solution means that money-transfer from the buyers to the producers of the garments is organised with the help and at the cost of the firms. This cost, however, is limited. Moreover, if people are willing to pay extra to improve the environment or to support the condition of life for workers, this also signals their sentiments to the firms, which by itself is likely to have an impact on the construction of the market, how firms market themselves, and how they source their garments and so on.

The market is not a natural entity, which one cannot control. In fact, empirical research has shown that markets are social constructions embedded in society as well as in other markets (cf. Fligstein 2001). This means that a market is constantly reconstructing itself, and thus involved in processes of change. Given this insight, it is not a contradiction to market logic to propose suggestions to reconstruct the market, as I have done here, especially if one is sensible to how real markets operate.

The suggested argument does not alter the fundamental logic of markets, i.e., that the power in markets is determined by the amount of money you have. Thus, a customer with less purchasing power will never be able to buy the most expensive commodities; she is always restricted by her budget. She will, however, be able to buy ethical commodities, though only within the range of her purchasing power.

This approach, however, will not directly affect firms, nor will it directly promote what we in the west call human rights. For this purpose organised political activities, economic boycotts, as well as individual decisions of where to buy and not buy may still be useful, and can of course complement the type of activities discussed here. The approach, finally, does not account for the positive effect that mobilisation of people in groups and organisations create. It is, however, unlikely that large groups would take part in collective efforts, since this traditional form of political activism has become less popular in the Western world (Sörbom 2002).

Summary and Conclusion

In this paper I start with the assumption that both consumers in developed countries and workers in developing countries know what they want. Also environmental organisations are seen as knowledgeable actors in their domain. Consumers are given the right to distribute their wealth according to their preferences, and workers and environmental organisations are given the power to determine how to use the money. The market is essentially seen as a mechanism, not only of efficiency, but also, potentially, of distribution 'upstream' the production chain. This latter aspect is less explored in the existing literature, but should be studied more in detail. The analysis focuses on the possibilities and problems of the market, which is less well known, and less analysed in this area than the traditional 'solution', i.e., political regulations.

One underlying idea of this paper, which follows the arguments of Hayek, von Mises, Schütz and others, is that knowledge is unevenly distributed in society, and that it is not always efficient to have centralised decision-making (cf. Føllesdal 2004). In this system it is essentially the consumers who have to make up their minds. Consumers cannot blame the state, 'the market' or the anonymous other, 'das Man' (Heidegger [1927] 2001:126), for the poor conditions of workers. One may assume that the producers or the entrepreneurs steer the economy, 'But they are not', says von Mises, 'They are bound to obey unconditionally the captain's orders. The captain is the consumer' ([1963] 1966:270). This is perhaps an overstatement in today's world with huge companies that have power to influence consumers in many different ways. Still, the power of the consumer should not be underestimated. Moreover, the customer does not need to know the details of the specific labelling system she buys, which here is simplified to two different colours; it is enough for her to make the decision of contributing or not contributing to the different ends, a decision she can make when facing the cashier.

The solution proposed here is, as it were, a hard test on the willingness of consumers to pay for improving the conditions of workers and the environment. To test this would be of great interest since surveys seem to overstate the proportion of consumers who actually will pay the extra

costs; real world experiment settings indicate that the actual number is much lower (at most one out of four, Prasad, Kimeldorf, Meyer and Robinson 2004:72).

One should not deny that there are problems at the level of implementation. However, the current systems are not doing well in the fashion garment sector, and there are, in my opinion, problems with this way of approaching the more fundamental issues of inequality and threats to the environment. We may consequently have to rethink some older solutions, and I have proposed a suggestion that can be implemented in the present market economy.

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